

TAB 3

CITY OF PALMETTO
GENERAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2010

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDED SEPTEMBER 30, 2012

May 16, 2011

Board of Trustees
c/o Ms. Diane Ponder
City of Palmetto General Employees' Retirement System
P. O. Box 1209
Palmetto, FL 34220

Re: City of Palmetto
General Employees' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Palmetto General Employees' Retirement System. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian bank, Morgan Stanley Smith Barney, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

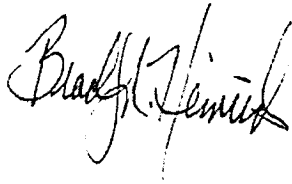
Ms. Diane Ponder
May 16, 2011
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To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Palmetto, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Palmetto General Employees' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.



By: _____
Bradley R. Heinrichs, FSA, EA
Enrolled Actuary #11-6901

BRH/lsw

Enclosures

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SECTION I
INTRODUCTION

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palmetto General Employees' Retirement System, performed as of October 1, 2010, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2012.

The funding requirements, compared with amounts set forth in the October 1, 2009, Actuarial Valuation Report (as performed by Gabriel Roeder Smith & Company), are as follows:

Valuation Date Applicable to Plan/Fiscal Year Ending	10/1/2010 <u>9/30/2012</u>	10/1/2009 <u>9/30/2011</u>
Total Required Contribution % of Total Annual Payroll	33.94%	28.47%
Member Contributions (Est.) % of Total Annual Payroll	5.00%	5.00%
Balance from City % of Total Annual Payroll	28.94%	23.47%
% of Total Annual Payroll (including payroll of DROP participants) (1)	24.88%	N/A

- (1) The effective funding rate, including payroll for DROP Members, is for illustration purposes only. The recommended minimum City contribution is the percentage shown in bold, identified as Balance from City.

Additionally, the City has a prepaid contribution of \$31,743 that may be utilized for the fiscal year ending September 30, 2011. This prepaid contribution represents approximately 1% of Total Annual Payroll.

During the past year the actuarial experience has been more favorable than expected on the basis of the actuarial assumptions. The primary sources of gain

included average increases in pensionable compensation that were less than the assumption by more than 4% and greater than expected employee turnover.

Additionally, the funding requirements have increased as a percentage of payroll, in spite of the net actuarial gain realized for the year. This is attributable primarily to a decrease in Total Annual Payroll, combined with a change to the Plan's Actuarial Asset methodology. The payroll decrease has the effect of increasing the cost of servicing the Unfunded Actuarial Accrued Liability, when expressed as a percentage of payroll.


The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:


Douglas H. Lozen



By:

Bradley R. Heinrichs, EA, MAAA

Plan Changes Since Prior Valuation

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

In conjunction with this valuation, the Plan's Actuarial Asset Value has been set equal to the Market Value of assets. In future years, investment gains and losses will be phased in over a four year period as illustrated in the following example:

	<u>Recognition Year</u>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Gain/Loss Year</u>				
2011	25%	50%	75%	100%
2012	--	25%	50%	75%
2013	--	--	25%	50%
2014	--	--	--	25%

The above change is recommended for the purpose of compliance with Actuarial Standard of Practice No. 44 – Selection and Use of Asset Valuation Methods for Pension Valuations.

Comparative Summary of Principal Valuation Results

	New Method <u>10/1/2010</u>	Prior Method <u>10/1/2010</u>	Prior Method <u>10/1/2009</u>
A. Participant Data			
Number Included			
Actives	69	69	77
Service Retirees	32	32	34
DROP Retirees	9	9	8
Beneficiaries	6	6	4
Terminated Vested	4	4	1
Disability Retirees	3	3	3
Total	<u>123</u>	<u>123</u>	<u>127</u>
Total Annual Payroll	3,062,945	3,062,945	3,194,420
Payroll Under Assumed Ret. Age	2,979,233	2,979,233	3,194,420
Annual Rate of Payments to:			
Service Retirees	404,250	404,250	413,955
DROP Retirees	173,526	173,526	164,717
Beneficiaries	20,650	20,650	13,369
Terminated Vested	38,595	38,595	19,108
Disability Retirees	22,190	22,190	22,190
B. Assets			
Actuarial Value	7,855,508	9,429,366	8,730,041
Market Value	7,855,508	7,855,508	7,223,742
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	9,197,203	9,197,203	9,118,059
Disability Benefits	439,647	439,647	437,747
Death Benefits	112,204	112,204	90,995
Vested Benefits	551,958	551,958	378,564
Refund of Contributions	142,724	142,724	179,003
Service Retirees	3,844,044	3,844,044	4,083,686
DROP Retirees *	1,964,781	1,964,781	1,880,587
Beneficiaries	141,570	141,570	84,463
Terminated Vested	378,057	378,057	148,637
Disability Retirees	202,585	202,585	211,870
Total	<u>16,974,773</u>	<u>16,974,773</u>	<u>16,613,611</u>

* Liabilities shown represent present value of future payments. Assets in item B., above, do not include accumulated DROP Account balances.

	New Method <u>10/1/2010</u>	Prior Method <u>10/1/2010</u>	Prior Method <u>10/1/2009</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	23,832,003	23,832,003	24,750,982
Present Value of Future Member Cont.	1,191,600	1,191,600	1,237,549
Normal Cost (Entry Age Normal)			
Retirement Benefits	334,651	334,651	336,741
Disability Benefits	20,238	20,238	18,936
Death Benefits	5,507	5,507	3,149
Vested Benefits	25,333	25,333	24,803
Refund of Contributions	33,614	33,614	37,216
Total Normal Cost	<u>419,343</u>	<u>419,343</u>	<u>420,845</u>
Present Value of Future Normal Costs	3,277,207	3,277,207	3,371,058
Actuarial Accrued Liability			
Retirement Benefits	6,501,468	6,501,468	6,156,880
Disability Benefits	252,998	252,998	250,335
Death Benefits	68,283	68,283	68,662
Vested Benefits	314,373	314,373	320,232
Refund of Contributions	29,407	29,407	37,201
Inactives	6,531,037	6,531,037	6,409,243
Total Actuarial Accrued Liability	<u>13,697,566</u>	<u>13,697,566</u>	<u>13,242,553</u>
Unfunded Actuarial Accrued Liability (UAAL)	5,842,058	4,268,200	4,512,512
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	6,531,037	6,531,037	6,409,243
Actives	2,658,056	2,658,056	2,627,775
Member Contributions	986,543	986,543	909,742
Total	<u>10,175,636</u>	<u>10,175,636</u>	<u>9,946,760</u>
Non-vested Accrued Benefits	<u>766,209</u>	<u>766,209</u>	<u>768,482</u>
Total Present Value Accrued Benefits	10,941,845	10,941,845	10,715,242
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	0	0	
New Accrued Benefits	0	(63,835)	
Benefits Paid	0	(494,656)	
Interest	0	785,094	
Other	0	0	
Total:	<u>0</u>	<u>226,603</u>	

Valuation Date Applicable to the Fiscal Year Ending	New Method 10/1/2010 <u>9/30/2012</u>	Prior Method 10/1/2010 <u>9/30/2012</u>	Prior Method 10/1/2009 <u>9/30/2011</u>
E. Pension Cost			
Normal Cost (with interest) % of Total Annual Payroll*	14.60	14.60	13.48
Administrative Expense (with interest) % of Total Annual Payroll*	1.01	1.01	1.84
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years (as of 10/1/10) % of Total Annual Payroll*	18.33	13.76	13.15
Total Required Contribution % of Total Annual Payroll*	33.94	29.37	28.47
Expected Member Contributions % of Total Annual Payroll*	5.00	5.00	5.00
Expected City Contrib. % of Total Annual Payroll*	28.94	24.37	23.47
F. Past Contributions			
Plan Years Ending:	<u>9/30/2010</u>		
Total Required Contribution	701,371		
City Requirement	556,459		
Actual Contributions Made:			
Members	179,165		
City	556,459		
Total	<u>735,624</u>		
G. Actuarial Gain (Loss)	345,059		

* Contributions developed as of 10/1/10 are expressed as a percentage of Total Annual Payroll at 10/1/10 of \$2,979,233

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2010	\$5,842,058
2011	5,714,404
2012	5,576,357
2022	3,418,552
2032	949,151
2038	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	3.20%	7.41%
Year Ended	9/30/2009	2.02%	7.43%
Year Ended	9/30/2008	7.20%	7.40%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

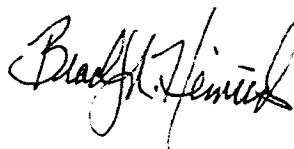
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2010	7.50%	7.50%
Year Ended	9/30/2009	1.40%	7.50%
Year Ended	9/30/2008	-5.80%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2010	\$3,062,945
	10/1/2000	2,068,992
(b) Total Increase		48.0%
(c) Number of Years		10.00
(d) Average Annual Rate		4.0%

Statement by Enrolled Actuary

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #11-6901

A copy of this Report is to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following address:

Mr. Keith Brinkman
Division of Retirement
Bureau of Local Retirement Systems
P. O. Box 9000
Tallahassee, FL 32315-9000

SECTION II
VALUATION INFORMATION

Reconciliation of Unfunded Actuarial Accrued Liabilities

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2009	\$4,512,512
(2)	City Normal Cost Applicable for the Year	261,124
(3)	Expected Administrative Expenses for the Year	56,796
(4)	Interest on (1), (2), and (3)	360,153
(5)	Sponsor Contributions to the System during the year ending September 30, 2010	556,459
(6)	Interest on (5)	20,867
(7)	Expected Unfunded Accrued Liability as of October 1, 2010 (1)+(2)+(3)+(4)-(5)-(6)	4,613,259
(8)	New UAAL due to Experience (Gain)/Loss	(345,059)
(9)	New UAAL due to Asset Fresh Start	1,573,858
(10)	UAAL as of October 1, 2010	5,842,058

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2010 Amount</u>	<u>Amortization Amount</u>
Assumption Change	10/1/1989	9	(14,353)	(2,093)
Amendment	10/1/1989	9	1,426	208
Assumption Change	10/1/1990	10	2,124	288
Amendment	10/1/1990	10	187,825	25,454
Assumption Change	10/1/1991	11	29,640	3,769
Funding Method Change	10/1/1992	12	290,953	34,990
Assumption Change	10/1/1992	12	(43,977)	(5,289)
Funding Method Change	10/1/1993	13	(277,810)	(31,803)
Amendment	10/1/1994	14	20	2
Amendment	10/1/1996	16	129,054	13,132
Experience Gain	10/1/1996	1	(761)	(761)
Experience Gain	10/1/1997	2	(89,769)	(46,507)
Assumption Change	10/1/1998	18	(156,500)	(14,999)
Amendment	10/1/1998	18	346,892	33,246
Experience Loss	10/1/1998	3	3,997	1,430
Experience Loss	10/1/1999	4	12,942	3,594
Experience Gain	10/1/2000	5	(139,176)	(31,999)
Experience Loss	10/1/2001	6	80,061	15,867
Assumption Change	10/1/2001	21	7,553	675
Experience Loss	10/1/2002	7	582,342	102,276
Experience Gain	10/1/2003	8	(10,019)	(1,591)
Experience Gain	10/1/2004	9	(80,228)	(11,700)
Experience Gain	10/1/2005	10	(111,035)	(15,048)
Experience Loss	10/1/2006	11	593,003	75,407
Experience Loss	10/1/2007	12	19,696	2,369
Assumption Change	10/1/2007	27	1,799,414	146,300
Experience Loss	10/1/2008	23	1,490,094	128,266
Assum. & Method Change	10/1/2008	28	(394,836)	(31,736)
Experience Loss	10/1/2009	24	354,687	30,041
Experience Gain	10/1/2010	25	(345,059)	(28,796)
Asset Method Change	10/1/2010	25	1,573,858	131,341
			<u>5,842,058</u>	<u>526,333</u>

ACTUARIAL ASSUMPTIONS AND COST METHOD

Assumptions

<u>Mortality Rates</u>	RP2000 with Generational Mortality – sex distinct. Disabled lives are set forward five years.	
<u>Interest Rate</u>	7.5% per year compounded annually, net of investment related expenses.	
<u>Normal Retirement Age</u>	<u>Number of Years after First Eligibility for Normal Retirement</u>	<u>Probability of Retirement</u>
	0-1	75%
	1-2	25%
	2-3	50%
	3+	100%
<u>Early Retirement Age</u>	<u>Number of Years after First Eligibility for Early Retirement</u>	<u>Probability of Retirement</u>
	0-1	25%
	1-2	10%
	2-3	10%
	3-4	10%
	4-5	10%
<u>Salary Increases</u>	<u>Years of Service</u>	<u>Rates</u>
	Less than 20	7.5%
	20-24	7.0%
	25-29	6.5%
	30 or more	6.0%
<u>Cost of Living Adjustments</u>	None	
<u>Payroll Increases</u>	None	
<u>Administrative Expenses</u>	\$28,923	
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method (Level Percent of Pay)	

ACTUARIAL ASSUMPTIONS AND COST METHOD
(continued)

Termination Rates Age and service based rates shown in table below.

<u>Sample Ages</u>	<u>Years of Service</u>	<u>% of Active Members Separating Within Next Year</u>
All	0-1	22.0%
	1-2	20.0%
	2-3	18.0%
	3-4	16.0%
	4-5	14.0%
	5-6	12.0%
	6-7	10.0%
	7-8	9.0%
	8-9	8.0%
	9-10	7.0%
30 and older	10 or more	2.0%

Disability Rates Age based table shown below.

<u>Age</u>	<u>Probability of Disability</u>
25	0.09%
30	0.12%
35	0.14%
40	0.25%
45	0.35%
50	0.55%
55	0.74%
60	0.97%
65 and older	1.19%

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the valuation year of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

SECTION III
TRUST FUND

City of Palmetto
General Employees' Retirement System

BALANCE SHEET
September 30, 2010

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	283,819.93	283,819.93
Pending Trades Receivable	22,709.20	22,709.20
Pending Trades Payable	(26,805.20)	(26,805.20)
Cash	31,828.49	31,828.49
Total Cash and Equivalents	311,552.42	311,552.42
Receivable:		
Member Contributions in Transit	20,186.69	20,186.69
City Contributions in Transit	3,323.94	3,323.94
From IRS	994.90	994.90
Accrued Income	24,423.00	24,423.00
Total Receivable	48,928.53	48,928.53
Investments:		
U S Govt/Govt Sponsored/Agency	1,015,603.07	1,074,295.04
Corporate Bonds/CMOs/REMICs	1,259,256.70	1,361,070.15
Corporate Stocks/REITs	3,450,181.56	3,975,500.34
Foreign/ADR Securities	985,052.07	1,109,557.48
Alternative Investment	500,000.00	515,285.00
Total Investments	7,210,093.40	8,035,708.01
TOTAL ASSETS	7,570,574.35	8,396,188.96
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Benefit Payments	2,515.04	2,515.04
Unpaid Administrative Expenses	161.87	161.87
Prepaid City Contribution	31,743.45	31,743.45
Total Liabilities	34,420.36	34,420.36
Net Assets:		
Active and Retired Members' Equity	7,029,893.75	7,855,508.36
DROP Plan Benefits	506,260.24	506,260.24
Total Net Assets	7,536,153.99	8,361,768.60
TOTAL LIABILITIES AND NET ASSETS	7,570,574.35	8,396,188.96

City of Palmetto
General Employees' Retirement System

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Market Value Basis

		INCOME	
Contributions:			
Member		144,438.05	
Buy-Back		34,727.00	
City		556,459.43	
Total Contributions			735,624.48
Earnings from Investments			
Interest & Dividends		163,301.26	
Miscellaneous Income		27,099.00	
Net Realized Gain (Loss)		802,290.83	
Unrealized Gain (Loss)		(299,599.50)	
Total Earnings and Investment Gains			693,091.59
		EXPENSES	
Administrative Expenses:			
Investment Related*		74,864.34	
Other		28,923.00	
Total Expenses			103,787.34
Distributions to Members:			
Benefit Payments		446,498.94	
Lump Sum DROP Balances		0.00	
Termination Payments		48,156.56	
Total Distributions			494,655.50
DROP Account Net Change			198,506.87
Change in Net Assets for the Year			631,766.36
Net Assets Beginning of the Year			7,223,742.00
Net Assets End of the Year			7,855,508.36

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

City of Palmetto
General Employees' Retirement System

ACTUARIAL VALUE OF ASSETS

	September 30, 2010	September 30, 2009
A. Last Year's Actuarial Value of Assets	9,037,794	8,684,800
B. Contributions	735,624	819,959
C. Disbursements	523,579	591,475
D. Time Weighted Cash Flow: 1/2(B-C)	106,023	114,242
E. Expected Investment Return: 0.0750*(A+D)	685,786	659,928
F. Expected Actuarial Value of Assets: A+B-C+E	9,935,627	9,573,212
G. Market Value	8,361,769	7,531,495
H. Percentage: F/G	118.8%	127.1%
I. Actuarial Value (within 20% of Market)	9,935,627	9,037,794
J. Less: DROP Account Balance	506,260	307,753
K. Final Actuarial Value of Assets	9,429,366	8,730,041

Investment earnings recognized in the Actuarial Value of Assets is computed as follows:

9,935,627	Actuarial Value this year
9,037,794	Actuarial Value last year
735,624	Contributions during year
<u>523,579</u>	Expenses during year
685,786	Net Return Recognized

(I) Net Investment Income:

1. Interest and Dividends	190,400
2. Realized Gains (Losses)	802,291
2. Change in Actuarial Value	(232,040)
3. Investment Expenses	<u>(74,864)</u>
	685,786

Actuarial Asset Rate of Return = 2I/(A+G-I):

7.50%

City of Palmetto
General Employees' Retirement System

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2010
Actuarial Asset Basis

INCOME		
Contributions:		
Member	144,438.05	
Buy-Back	34,727.00	
City	556,459.43	
Total Contributions		735,624.48
Earnings from Investments		
Interest & Dividends	163,301.26	
Miscellaneous Income	27,099.00	
Net Realized Gain (Loss)	802,290.83	
Change in Actuarial Value	(232,040.45)	
Total Earnings and Investment Gains		760,650.64
EXPENSES		
Administrative Expenses:		
Investment Related*	74,864.34	
Other	28,923.00	
Total Administrative Expenses		103,787.34
Distributions to Members:		
Benefit Payments	446,498.94	
Lump Sum DROP Balances	0.00	
Termination Payments	48,156.56	
Total Distributions		494,655.50
DROP Account Net Change		198,506.87
Change in Net Assets for the Year		699,325.41
Net Assets Beginning of the Year		8,730,041.00
Net Assets End of the Year**		9,429,366.41

*Investment Related expenses include investment advisory, custodial and performance monitoring fees.

**Net Assets may be limited for actuarial consideration

City of Palmetto General Employees' Retirement System
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Reconciliation of City's Prepaid Contribution for the
Fiscal Year Ended (FYE) September 30, 2010

(1) City Required Contribution Rate (from the October 1, 2008 Actuarial Valuation Report)	19.20%
(2) Pensionable Payroll Derived from Member Contributions	\$2,898,226.20
(3) Required City Contribution (Item 1 times Item 2)	556,459.43
(4) Less Actual City Contributions	<u>(588,202.88)</u>
(5) Equals City's Prepaid Contribution as of September 30, 2010	\$31,743.45

City of Palmetto
Retirement Plan
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2009 through September 30, 2010

Name	9/30/09 Balance	Additions	Investment Return	Distributions	9/30/10 Balance
Brown, Van	13,870.13	10,637.16	1,272.47	0.00	25,779.76
Carter, Jr., Richard	8,927.35	26,432.52	1,501.97	0.00	36,861.84
Clark, Eddie	78,860.82	25,598.76	6,206.03	0.00	110,665.61
Jones, Sharon	19,487.59	22,717.20	2,058.83	0.00	44,263.62
Kinn, Duane	164,403.19	44,209.20	12,227.74	0.00	220,840.13
Koper, Ronald	10,463.10	15,327.24	1,214.58	0.00	27,004.91
Martin, J. Scott	2,320.38	13,813.08	632.49	0.00	16,765.95
Walker, Robert	0.00	5,872.24	140.76	0.00	6,013.00
Williamson, Jr., George	9,420.82	7,761.60	883.00	0.00	18,065.42
Total	307,753.37	172,369.00	26,137.87	0.00	506,260.24

SECTION IV
MEMBER STATISTICS

ELIGIBILITY FOR RETIREMENT

Members are eligible for Normal Retirement based upon the following criteria:

- 1) Attained Age 60 with 10 Years of Credited Service
- or 2) 30 Years of Credited Service, regardless of Age.

Members are eligible for Early Retirement based upon the following criteria:

- 1) Attained Age 55 with 10 Years of Credited Service.

As of the date of this valuation, the following list of Members are eligible for:

<u>Normal Retirement</u>	<u>Early Retirement</u>
CANTU, GUADALUPE R	DOUGLAS, PATRICK N
CARTER, HAROLD D	GIDDENS, DEBRA A
ECKERT, ADOLPH B	MATHIS, CURTIS L
LEAKS, CHARLES	PITTMAN JR, RICHARD
MARTIN, BRADLEY W	PONDER, DIANE
	SEGER, GEOFFREY T

STATISTICAL DATA

	<u>10/1/2007</u>	<u>10/1/2008</u>	<u>10/1/2009</u>	<u>10/1/2010</u>
Actives	93	92	77	69
Average Current Age	46.2	46.5	47.0	48.2
Average Age at Employment	39.2	39.0	38.5	38.8
Average Past Service	7.0	7.5	8.5	9.4
Average Annual Salary	\$39,861	\$41,932	\$41,486	\$41,327

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	1	0	0	0	0	0	0	0	0	1
25 - 29	2	0	0	1	1	1	0	0	0	0	0	5
30 - 34	0	0	0	1	1	2	1	0	0	0	0	5
35 - 39	0	0	0	0	0	2	0	0	0	0	0	2
40 - 44	0	0	0	3	0	7	1	0	0	0	0	11
45 - 49	0	0	0	1	2	4	3	1	1	2	0	14
50 - 54	0	0	0	2	0	1	2	1	0	0	0	6
55 - 59	2	0	1	0	0	3	4	2	0	1	1	14
60 - 64	0	0	1	1	0	2	3	0	0	0	0	7
65+	0	0	0	0	0	3	0	1	0	0	0	4
Total	4	0	3	9	4	25	14	5	1	3	1	69

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/09	77
b. Terminations	
i. Vested (partial or full) with deferred benefits	3 *
ii. Non-vested or full lump sum distribution received	8
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	1
d. Disabled	0
e. Retired	0
f. DROP	1
f. Voluntary withdrawal	0
g. Continuing participants	64
h. New entrants	5
i. Total active life participants in valuation	69

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	<u>DROP</u>	Vested <u>Deferred</u>	<u>Total</u>
a. Number prior valuation	34	4	3	8	1	50
b. In	0	2	0	1	3	6
c. Out	2	0	0	0	0	2
d. Number current valuation	32	6	3	9	4	54

* Includes non-vested members awaiting a refund of contributions.

SECTION V
SUMMARY OF PLAN PROVISIONS

**SUMMARY OF PLAN PROVISIONS
(Through Ordinance 2010-11)**

<u>Latest Amendment</u>	August 16, 2010
<u>Eligibility</u>	Actively employed persons (except Police Officers) in the regular full-time service of the City.
<u>Salary</u>	Total compensation reported on the W-2, plus all tax deferred, tax sheltered, and tax exempt items of income, including lump sum payments for accrued sick and vacation time.
<u>Average Final Compensation</u>	Average of the five (5) best years of the final 10 years of service prior to termination or retirement.
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a General Employee with Member Contributions, when required.
<u>Normal Retirement</u>	
Date	Earlier of: 1) the attainment of age 60 with 10 years of Credited Service (the service component is 5 years for participants hired prior to January 1, 1995), or 2) the completion of 30 years of Credited Service, regardless of age.
Benefit	2.5% of Average Final Compensation <u>times</u> Credited Service.
Form of Benefit	Life Annuity (options available).
<u>Early Retirement</u>	
Date	Age 55 with the completion of 10 years of Credited Service. The service component is 5 years for participants hired prior to January 1, 1995.
Benefit	Determined as for Normal Retirement and reduced 3% for each year the Early Retirement Date precedes the otherwise Normal Retirement Date, determined as if the Member had continued employment.

Form of Benefit	Life Annuity (options available).
<u>Death Benefit</u>	
Pre-Retirement	
Not Vested	Refund of Member Contributions, with interest.
Vested	Accrued benefit, payable for 10 years at the Member's otherwise Normal Retirement Date (unreduced), at the otherwise Early Retirement Date (reduced as for Early Retirement), or immediately (actuarially reduced from the Early Retirement Date).
Post-Retirement	According to optional form of benefit selected at retirement.
<u>Disability Benefit</u>	
Date	Completions of 10 years of Credited Service (5 year requirement for participants hired prior to January 1, 1995).
Benefit	2.5% of Average Final Compensation <u>times</u> Credited Service, payable as of the date the Board determines such entitlement.
Form of Benefit	Life Annuity (options available).
<u>Termination of Employment</u>	
Less than ten years	Refund of Member Contributions with 4.0% interest per annum.
Ten or more years	Refund of Contributions, with interest, or vested accrued benefit payable at Normal (unreduced) or Early (reduced) Retirement Date, determined as if the Member had continued employment.
<u>Member Contributions</u>	
Amount	5.0% of Salary.
Interest	4.0% per year.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements
Participation	Not to exceed the date which is 5 years from the date on which the Member first becomes eligible for Normal Retirement.
Rate of Return	At Member's election: (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 6.5% per annum compounded monthly. Members may elect to change the form of return once while participating in the DROP.
Form of Distribution	Cash lump sum (options available) at termination of employment.

SECTION VI

**GOVERNMENTAL ACCOUNTING STANDARDS
BOARD STATEMENT NO. 25 AND No. 27 INFORMATION**

DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The schedule provided below has been prepared in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/10	7,855,508	13,697,566	5,842,058	57.35%	2,773,693	210.62%
10/01/09	8,730,041	13,242,553	4,512,512	65.92%	3,194,420	141.26%
10/01/08	8,518,496	12,697,837	4,179,341	67.09%	3,857,700	108.34%
10/01/07	8,107,177	11,176,288	3,069,111	72.54%	3,707,079	82.79%
10/01/06	7,545,546	8,894,866	1,349,320	84.83%	3,161,376	42.68%
10/01/05	6,955,448	7,745,220	789,772	89.80%	2,831,275	27.89%

The schedule provided below has been prepared in accordance with the requirements of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2010	556,459	556,459	100.00%
2009	639,605	640,483	100.14%
2008	495,147	516,320	104.28%
2007	394,861	397,559	100.68%
2006	390,060	397,805	101.99%
2005	370,979	370,979	100.00%

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/10

City	19.20%
Plan Members	5.00%

Actuarially Determined Contribution	556,459
Contributions made	556,459
Actuarial valuation date	10/1/2008
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, closed
Remaining amortization period	28 Years as of 10/1/2010
Asset valuation method	Market Value as of 10/1/2010
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increase*	6.0 -7.5%
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/10	573,265	97.07%	(269,042)
9/30/09	657,406	97.43%	(285,848)
9/30/08	512,925	100.66%	(302,771)

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, is 0.

The development of the Net Pension Obligation to date is as follows:

	<u>9/30/08</u>	<u>9/30/09</u>	<u>9/30/10</u>
Actuarially Determined			
Contribution (A)	495,147	639,605	556,459
Interest on NPO	(23,202)	(22,708)	(21,439)
Adjustment to (A)	40,980	40,509	38,245
	-----	-----	-----
Annual Pension Cost	512,925	657,406	573,265
Contributions Made	516,320	640,483	556,459
	-----	-----	-----
Increase in NPO	(3,395)	16,923	16,806
NPO Beginning of Year	(299,376)	(302,771)	(285,848)
	-----	-----	-----
NPO End of Year	(299,376) (302,771)	(285,848)	(269,042)