

TAB 3

CITY OF PALMETTO POLICE OFFICERS' RETIREMENT PLAN

ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2007

**ANNUAL EMPLOYER CONTRIBUTION IS DETERMINED BY THIS VALUATION FOR THE
PLAN YEAR ENDING SEPTEMBER 30, 2009**

GRS

May 30, 2008

Board of Trustees
City of Palmetto Police
Officers Retirement Plan
Palmetto, Florida

Dear Board Members:

We are pleased to present our October 1, 2007 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

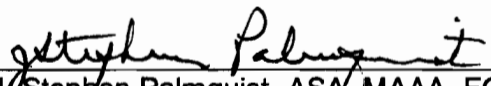
The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

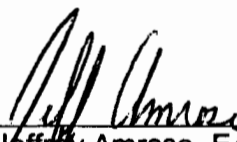
As indicated below, the undersigned is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY



J Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 08-1560



Jeffrey Amrose, EA
Enrolled Actuary No. 08-06599

Statement by Enrolled Actuary

This actuarial valuation and/or cost determination 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. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Joseph Paluzi
Signature

5-30-08
Date

08-1560
Enrollment Number

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SECTION A
DISCUSSION OF VALUATION RESULTS

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DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The minimum required employer contribution developed in this year's valuation is compared below with that of the previous valuation:

	For FYE 9/30/09 Based on 10/1/2007 Valuation	For FYE 9/30/08 Based on 10/1/2006 Valuation	Increase (Decrease)
Required Employer Contribution As % of Covered Payroll	\$ 281,987 15.25 %	\$ 260,206 15.13 %	\$ 21,781 0.12 %
Estimated State Contribution As % of Covered Payroll	\$ 101,867 5.51 %	\$ 101,867 5.92 %	\$ 0 (0.41) %
Required Employer Contribution As % of Covered Payroll	\$ 180,120 9.74 %	\$ 158,339 9.21 %	\$ 21,781 0.53 %

The required contributions listed above are calculated as though payments are made continuously throughout the plan year. The actual employer and state contributions during the fiscal year ending September 30, 2007 were \$111,600 and \$101,867, respectively, for a total of \$213,467. This total reflects the increase in allowable State Revenue from \$59,560 to \$101,867 due to Plan changes for that year.

The required employer contribution has been computed under the assumption that the amount to be received from the state in 2009 on behalf of police officers this year will be equal to the baseline amount of \$101,867. If the actual payment from the State falls below this amount, then the Employer must increase its contribution by the difference.

Revisions in Benefits

There have been no revisions in benefits.

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Revisions in Actuarial Assumptions or Methods

There have been no changes in actuarial assumptions or cost methods.

Actuarial Experience

There was a net actuarial gain of \$170,713 for the year which means that actual experience was more favorable than expected. The gain is primarily due to less than expected salary increases. The actuarial gain caused a decrease in the required contribution of 1.09% of covered payroll.

Analysis of Change in Employer Contribution

The components of change in the required employer contribution are as follows:

Contribution Rate Last Year	9.21 %
Actuarial Experience	(1.09)
Normal Cost	(0.30)
Change in Administrative Expenses	0.13
Amortization Payment on UAAL	1.38
Change in State Contribution	0.41
Change in Benefits	0.00
Change in Assumptions	<u>0.00</u>
Contribution Rate This Year	9.74 %

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

CHAPTER REVENUE

Increments in Chapter revenue over that received in 1998 must first be used to fund the cost of compliance with minimum benefits. Once minimums are met, any subsequent additional Chapter revenue must be used to provide extra benefits.

As of the valuation date, all minimum benefit requirements have been met. Thus, any additional revenue must be used to provide extra benefits.

Actuarial Confirmation of the Use of State Chapter Money	
1. Base Amount Previous Plan Year	\$ 59,560
2. Amount Received for Previous Plan Year	108,732
3. Benefit Improvements Made in Previous Plan Year	42,307
4. Excess Funds for Previous Plan Year: (2) - (1) - (3)	6,865
5. Accumulated Excess at Beginning of Previous Year	209,034
6. Prior Excess Used in Previous Plan Year	209,034
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6)	6,865
8. Base Amount This Plan Year: (1) + (3)	101,867

The Accumulated Excess shown in line 7 is being held in reserve to pay for additional benefits. The reserve is subtracted from Plan assets (see Section C of this Report). The Base Amount in line 8 is the maximum amount the employer may take as a credit against its required contribution; however, in no event may the employer take credit for more than the actual amount of Chapter revenue received.

SECTION B
VALUATION RESULTS

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PARTICIPANT DATA		
	October 1, 2007	October 1, 2006
ACTIVE MEMBERS		
Number	34	32
Covered Annual Payroll	\$ 1,777,974	\$ 1,653,654
Average Annual Payroll	\$ 52,293	\$ 51,677
Average Age	38.9	39.6
Average Past Service	8.6	8.3
Average Age at Hire	30.3	31.3
RETIREES & BENEFICIARIES & DROP		
Number	16	17
Annual Benefits	\$ 311,697	\$ 329,143
Average Annual Benefit	\$ 19,481	\$ 19,361
Average Age	62.1	60.7
DISABILITY RETIREES		
Number	2	2
Annual Benefits	\$ 25,376	\$ 25,376
Average Annual Benefit	\$ 12,688	\$ 12,688
Average Age	61.8	60.8
TERMINATED VESTED MEMBERS		
Number	4	4
Annual Benefits	\$ 64,141	\$ 64,141
Average Annual Benefit	\$ 16,035	\$ 16,035
Average Age	45.0	44.0

ANNUAL REQUIRED CONTRIBUTION (ARC)		
A. Valuation Date	October 1, 2007	October 1, 2006
B. ARC to Be Paid During Fiscal Year Ending	9/30/2009	9/30/2008
C. Assumed Date of Employer Contributions	Continuously	Continuously
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ (30,184)	\$ (32,596)
E. Employer Normal Cost	291,042	273,311
F. ARC if Paid on the Valuation Date: D+E	260,858	240,715
G. ARC Adjusted for Frequency of Payments	271,192	250,251
H. ARC as % of Covered Payroll	15.25 %	15.13 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	4.00 %	4.00 %
J. Covered Payroll for Contribution Year	1,849,093	1,719,800
K. ARC for Contribution Year: H x J	281,987	260,206
L. Estimate of State Revenue in Contribution Year	101,867	101,867
M. Required Employer Contribution (REC) in Contribution Year	180,120	158,339
N. REC as % of Covered Payroll in Contribution Year: M + J	9.74 %	9.21 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS		
A. Valuation Date	October 1, 2007	October 1, 2006
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 6,374,874	\$ 5,847,408
b. Vesting Benefits	220,115	196,833
c. Disability Benefits	430,320	433,744
d. Preretirement Death Benefits	114,886	109,689
e. Return of Member Contributions	42,274	37,767
f. Total	<u>7,182,469</u>	<u>6,625,441</u>
2. Inactive Members		
a. Service Retirees & Beneficiaries	3,303,854	3,423,233
b. Disability Retirees	237,543	242,030
c. Terminated Vested Members	383,067	353,201
d. Total	<u>3,924,464</u>	<u>4,018,464</u>
3. Total for All Members	11,106,933	10,643,905
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	7,968,530	7,616,584
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	7,142,802	6,786,427
E. Plan Assets		
1. Market Value	7,644,172	6,900,296
2. Actuarial Value	7,982,635	7,485,240
F. Unfunded Actuarial Accrued Liability: C - E2	(14,105)	131,344
G. Actuarial Present Value of Projected Covered Payroll	16,269,470	15,391,666
H. Actuarial Present Value of Projected Member Contributions	813,474	769,583

CALCULATION OF EMPLOYER NORMAL COST		
A. Valuation Date	October 1, 2007	October 1, 2006
B. Normal Cost for		
1. Service Retirement Benefits	\$ 285,004	\$ 268,889
2. Vesting Benefits	14,362	12,567
3. Disability Benefits	37,491	36,665
4. Preretirement Death Benefits	6,605	6,223
5. Return of Member Contributions	<u>5,955</u>	<u>5,366</u>
6. Total for Future Benefits	349,417	329,710
7. Assumed Amount for Administrative Expenses	<u>30,524</u>	<u>26,284</u>
8. Total Normal Cost	379,941	355,994
C. Expected Member Contribution	88,899	82,683
D. Employer Normal Cost: B8-C	291,042	273,311
E. Employer Normal Cost as % of Covered Payroll	16.37 %	16.53 %

**LIQUIDATION OF THE UNFUNDED ACTUARIAL
ACCRUED LIABILITY**

The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level dollar amount over the number of years remaining in the amortization period. Details relating to the UAAL are as follows:

A. UAAL Amortization Period and Payments					
Original UAAL			Current UAAL		
Date Established	Source	Amount	Years Remaining	Amount	Payment
10/1/87	UAAL	\$ 38,290	10	\$ 8,534	\$ 1,188
10/1/89	Amendment	271,917	12	100,030	12,421
10/1/90	Assump	(275,825)	13	(119,592)	(14,171)
10/1/91	Method Change	151,157	14	66,405	7,549
10/1/91	Amendment	55,458	14	23,089	2,625
10/1/92	Method Change	91,043	15	40,833	4,474
10/1/93	Exp Loss	60,956	1	2,767	2,767
10/1/94	Change Assump	88,286	17	42,433	4,369
10/1/94	Exp Gain	(152,375)	2	(20,099)	(10,447)
10/1/95	Assump	(37,254)	18	(25,703)	(2,578)
10/1/95	Exp Loss	223,414	3	50,964	18,351
10/1/95	Amendment	(397,919)	18	(222,636)	(22,327)
10/1/96	Exp Gain	(120,426)	4	(53,600)	(15,033)
10/1/97	Exp Gain	(143,141)	5	(61,034)	(14,215)
10/1/98	Change Assump	(386,694)	21	(268,820)	(25,269)
10/1/98	Amendment	635,071	21	436,072	40,991
10/1/98	Exp Gain	(129,264)	6	(57,047)	(11,486)
10/1/99	Exp Gain	(140,888)	7	(66,867)	(11,966)
10/1/00	Exp Gain	(253,148)	8	(130,285)	(21,143)
10/1/01	Exp Gain	(8,524)	9	(6,439)	(962)
10/1/02	Exp Loss	495,854	10	265,192	36,922
10/1/02	Amendment	31,264	25	18,257	1,614
10/1/03	Exp Gain	(79,047)	11	(54,492)	(7,137)
10/1/03	Change Assump	(39,346)	26	(32,095)	(2,803)
10/1/04	Exp Loss	46,245	12	31,117	3,864
10/1/05	Exp Gain	(265,366)	13	(218,568)	(25,898)
10/1/05	Change Assump	174,346	28	149,091	12,748
10/1/06	Exp Gain	86,234	14	73,352	8,339
10/1/06	Amendment	212,273	29	185,748	15,736
10/1/07	Exp Gain	(170,713)	15	(170,713)	(18,707)
		\$ 232,591		\$ (14,105)	\$ (30,184)

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Amortization Schedule	
Year	Expected UAAL
2007	\$ (14,105)
2008	17,399
2009	54,504
2010	83,361
2011	134,464
2012	173,509
2017	184,894
2022	253,518
2027	192,599
2032	88,707
2037	-

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year has been computed as follows:

1. Last Year's UAAL	\$ 131,344
2. Last Year's Employer Normal Cost	216,474
3. Last Year's Contributions	213,467
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	28,695
b. 3 from dates paid	6,438
c. a - b	22,257
5. This Year's Expected UAAL 1 + 2 - 3 + 4c	156,608
6. This Year's Actual UAAL (Before any Changes in Benefits or Assumptions)	(14,105)
7. Net Actuarial Gain (Loss): (5) - (6)	170,713

Net actuarial gains in previous years have been as follows:

Year Ended	Gain (Loss)
9/30/99	\$ 140,888
9/30/00	253,148
9/30/01	8,524
9/30/02	(495,854)
9/30/03	79,047
9/30/04	(46,245)
9/30/05	265,366
9/30/06	(86,234)
9/30/07	170,713

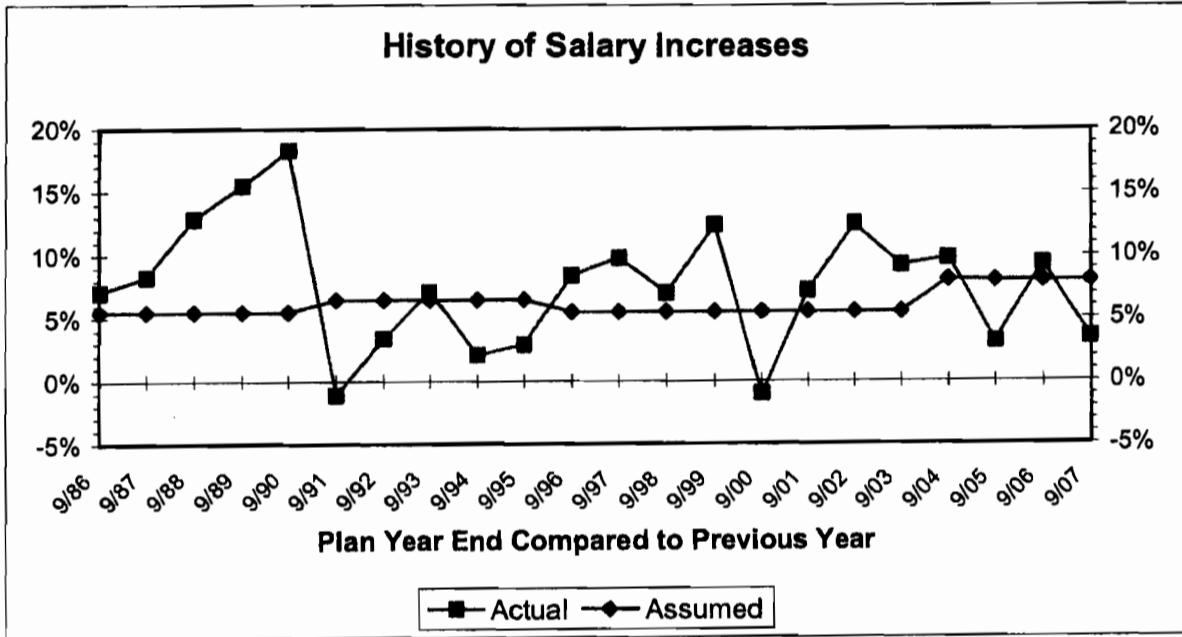
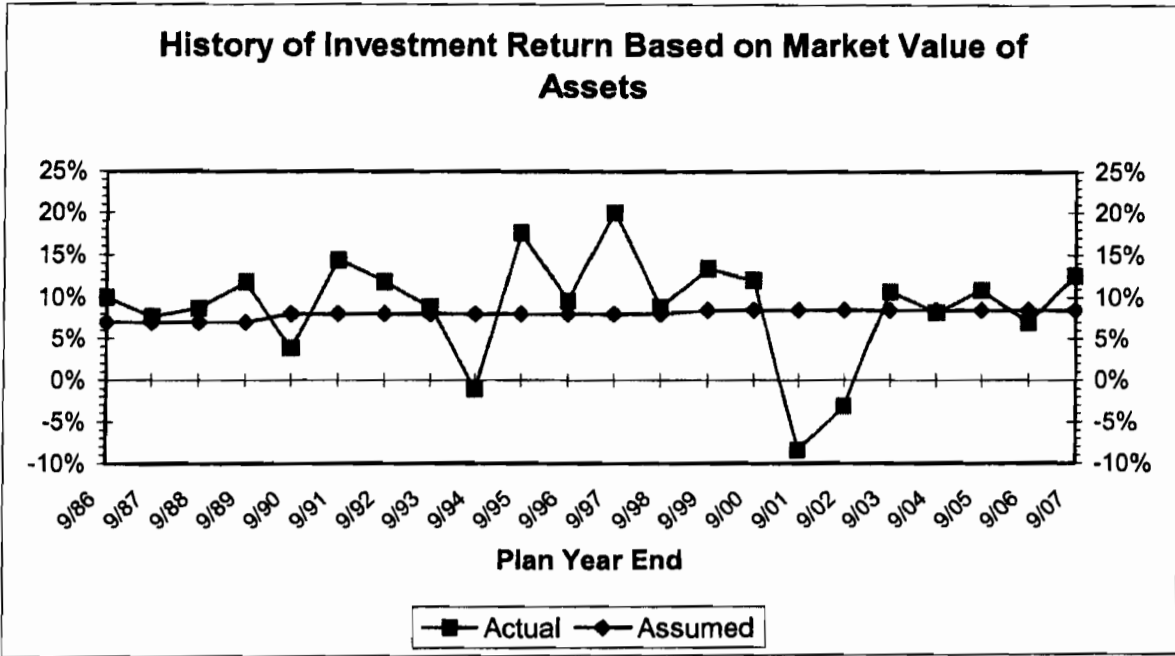
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The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan, so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/1986	10.0 %	7.0 %	7.1 %	5.5 %
9/30/1987	7.7	7.0	8.3	5.5
9/30/1988	8.7	7.0	12.9	5.5
9/30/1989	11.8	7.0	15.5	5.5
9/30/1990	3.9	8.0	18.3	5.5
9/30/1991	14.4	8.0	(1.1)	6.5
9/30/1992	11.8	8.0	3.4	6.5
9/30/1993	8.9	8.0	7.1	6.5
9/30/1994	(1.1)	8.0	2.1	6.5
9/30/1995	17.6	8.0	2.9	6.5
9/30/1996	9.6	8.0	8.4	5.5
9/30/1997	20.0	8.0	9.8	5.5
9/30/1998	8.9	8.0	7.0	5.5
9/30/1999	13.4	8.5	12.4	5.5
9/30/2000	12.0	8.5	(1.0)	5.5
9/30/2001	(8.4)	8.5	7.2	5.5
9/30/2002	(3.1)	8.5	12.5	5.5
9/30/2003	10.7	8.5	9.2	5.5
9/30/2004	8.2	8.5	9.8	8.1
9/30/2005	10.9	8.25	3.2	8.0
9/30/2006	6.9	8.25	9.3	8.0
9/30/2007	12.6	8.25	3.5	8.0
Averages	8.7 %	---	7.5 %	---

The actual investment return rates shown above are based on the market value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.

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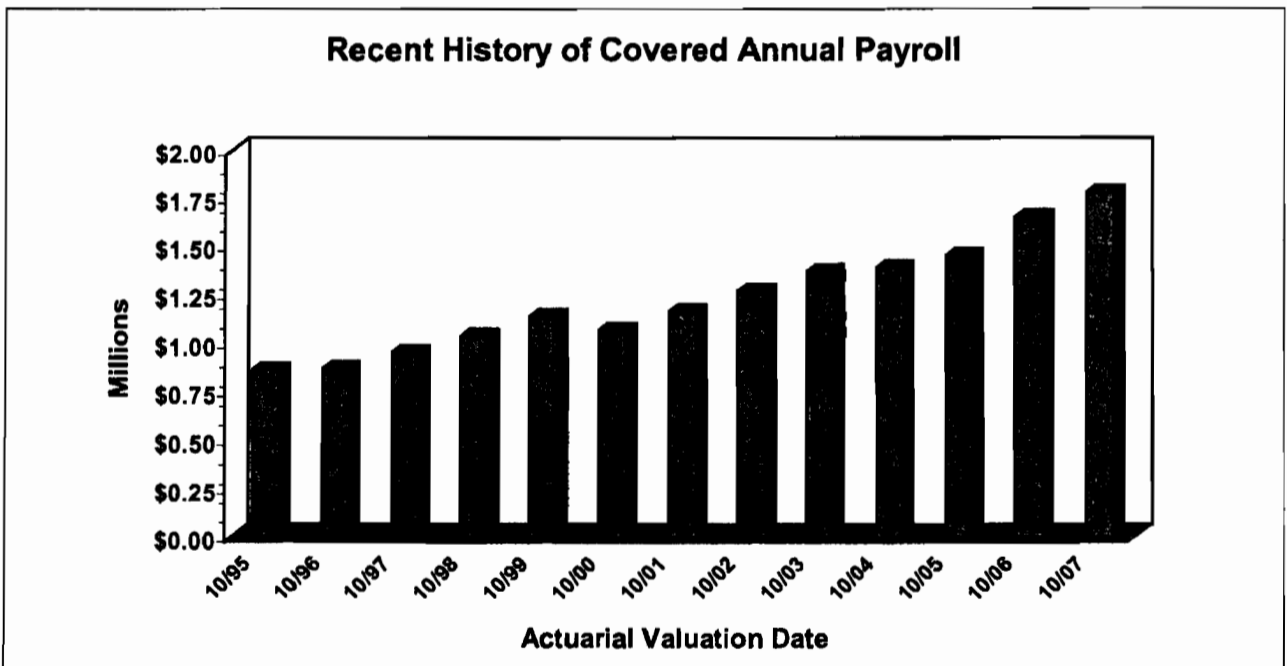


Actual (A) Compared to Expected (E) Decrements Among Active Employees														
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year	
	A	E	A	E	A	E	A	E	Vested		Other			Totals
									A	E	A	E		
9/30/2002	10	9	0	0	0	0	0	0	3	6	9	1	33	
9/30/2003	1	2	0	1	0	0	0	0	1	1	2	1	32	
9/30/2004	0	3	0	0	0	0	0	0	0	3	3	1	29	
9/30/2005	4	3	0	1	0	0	0	0	1	2	3	1	30	
9/30/2006	3	1	0	1	0	0	0	0	0	1	1	1	32	
9/30/2007	4	2	0	1	0	0	0	0	0	2	2	1	34	
9/30/2008				2		0		0				1		
6 Yr Totals *	22	20	0	4	0	0	0	0	5	15	20	6		

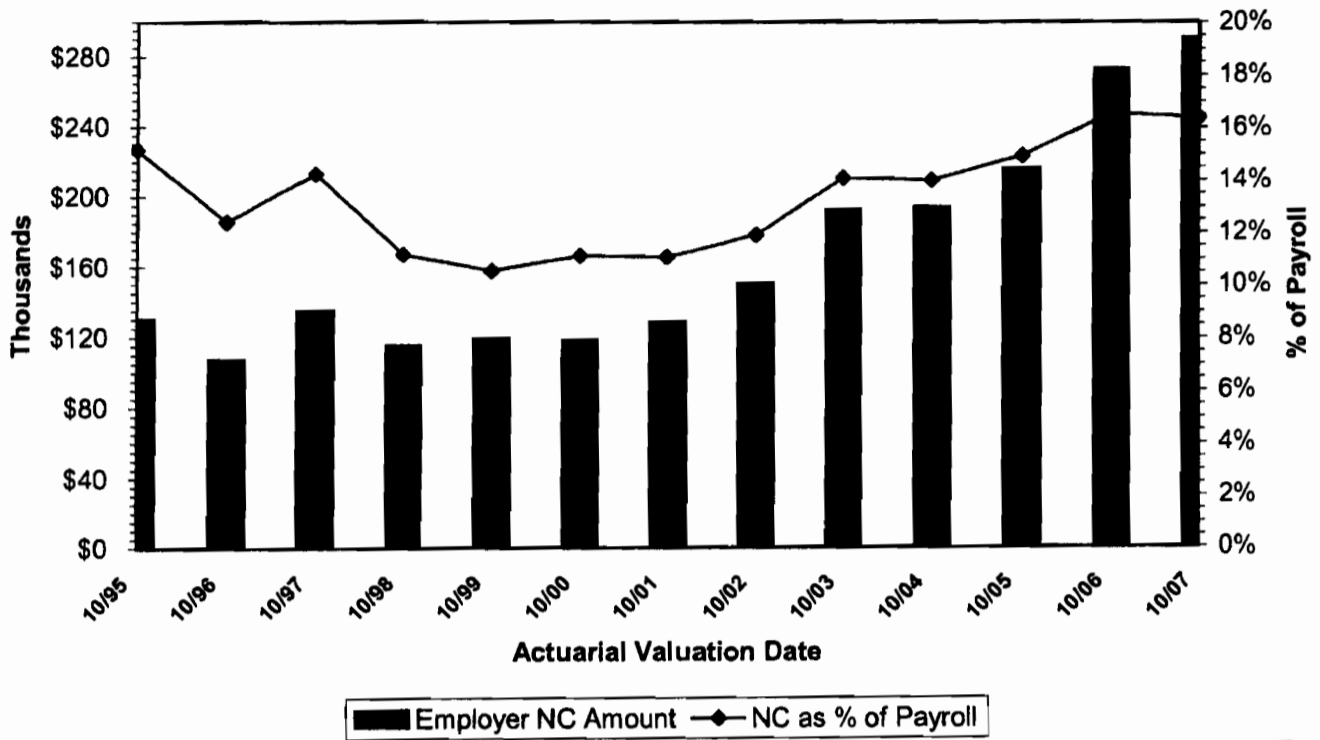
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RECENT HISTORY OF VALUATION RESULTS

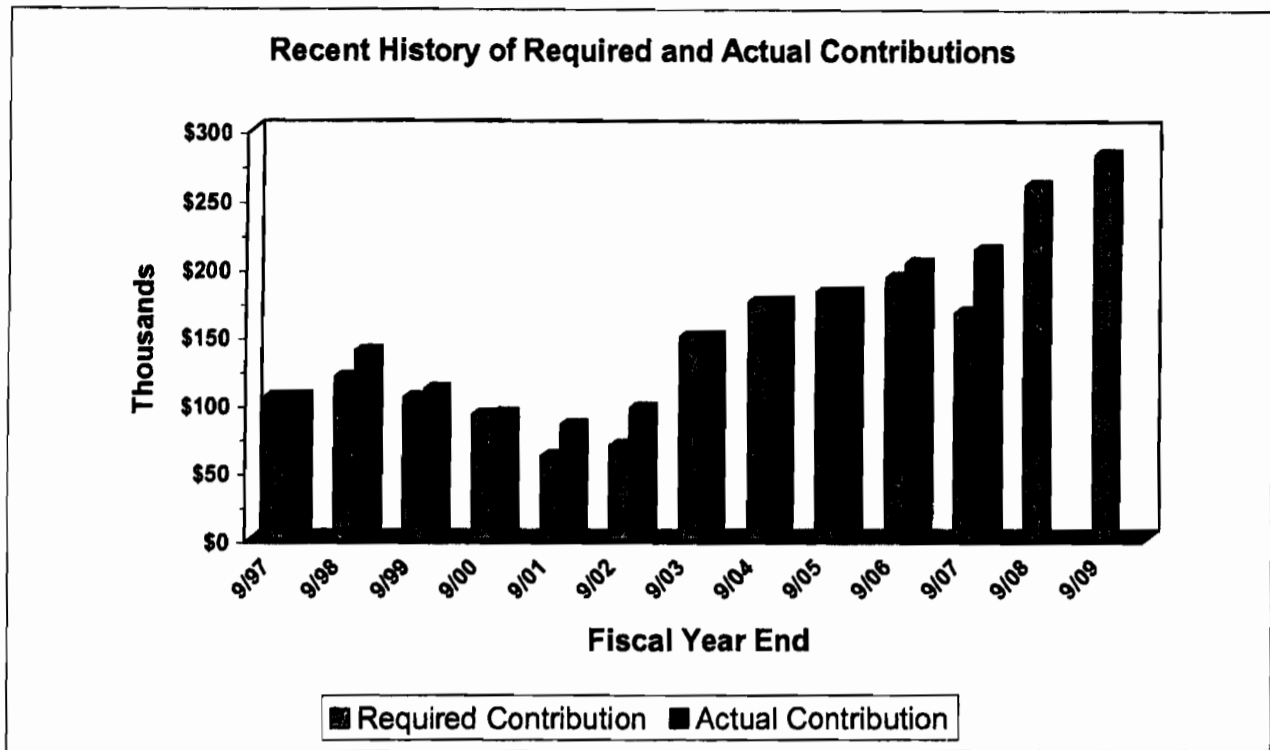
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	UFAAL	Employer Normal Cost	NC as % of Payroll
	Active Members	Inactive Members					
10/1/95	27	17	\$ 861,506	\$ 3,595,515	\$ 69,314	\$ 130,351	15.13 %
10/1/96	27	18	868,710	3,844,663	(109,252)	107,675	12.39
10/1/97	28	19	950,956	4,302,132	(253,723)	135,232	14.22
10/1/98	30	19	1,036,028	4,626,383	(154,466)	115,417	11.14
10/1/99	31	20	1,135,968	5,138,102	(297,760)	119,506	10.52
10/1/00	30	21	1,067,018	5,578,200	(542,149)	118,302	11.09
10/1/01	32	23	1,163,233	5,837,708	(554,574)	128,384	11.04
10/1/02	33	25	1,267,483	5,629,650	(33,977)	150,699	11.89
10/1/03	32	23	1,370,283	5,976,733	(143,370)	192,679	14.06
10/1/04	29	23	1,388,563	6,354,625	(80,181)	194,164	13.98
10/1/05	30	23	1,451,838	6,787,412	(154,976)	216,474	14.91
10/1/06	32	23	1,653,654	7,485,240	131,344	273,311	16.53
10/1/07	34	22	1,777,974	7,982,635	(14,105)	291,042	16.37



Recent History of Employer Normal Cost



RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS											
Valuation	End of Year To Which Valuation Applies	Required Contributions						Actual Contributions			
		Employer & State		Estimated State		Net Employer		Employer	State	Total	
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll				
10/1/96	9/30/97	\$ 104,691	12.05 %	\$ 55,425	6.38 %	\$ 49,266	5.67 %	\$ 49,266	\$ 55,425	\$ 104,691	
10/1/97	9/30/98	119,321	12.55	55,425	5.83	63,896	6.72	78,686	59,560	138,246	
10/1/98	9/30/99	104,237	10.06	59,560	5.75	44,677	4.31	53,374	57,050	110,424	
10/1/99	9/30/00	91,603	8.06	57,050	5.02	34,553	3.04	33,524	59,560	93,084	
10/1/00	9/30/01	61,098	5.73	59,560	5.58	1,538	0.15	24,620	59,560	84,180	
10/1/01	9/30/02	69,200	5.95	59,560	5.12	9,640	0.83	36,996	59,560	96,556	
10/1/02	9/30/03	149,294	11.78	59,560	4.70	89,734	7.08	89,734	59,560	149,294	
10/1/03	9/30/04	175,309	12.79	59,560	4.34	115,749	8.45	115,767	59,560	175,327	
10/1/03	9/30/05	182,270	12.79	59,560	4.18	122,710	8.61	122,710	59,560	182,270	
10/1/04	9/30/06	192,788	13.35	59,560	4.12	133,228	9.23	143,827	59,560	203,387	
10/1/05	9/30/07	167,449	11.09	59,560	3.94	107,889	7.15	111,600	101,867	213,467	
10/1/06	9/30/08	260,206	15.13	101,867	5.92	158,339	9.21	N/A	N/A	N/A	
10/1/07	9/30/09	281,987	15.25	101,867	5.51	180,120	9.74	N/A	N/A	N/A	



ACTUARIAL ASSUMPTIONS AND COST METHOD

A. Cost Method	
1. Funding	Entry Age Normal Actuarial Cost Method.
2. Accumulated Benefit Obligation	Accrued Benefit Method.
B. Investment Earnings (Including inflation)	8.25% per year, net of investment related expenses.
C. Salary Increases	See Table below. In addition, salary in the year of retirement is assumed to increase an extra 20% to allow for the inclusion of unused sick and vacation pay in average final compensation.
D. Inflation	4% per year.
E. Retirement Age	See Table below.
F. Turnover Rates	See Table below.
G. Mortality Rates	1983 Group Annuity Mortality Table for males and females; rates for disabled lives are the 1983 Group Annuity Mortality Table set ahead five years.
H. Disability	
1. Rates	See Table below.
2. Percent Service Connected	75%
I. Asset Value	The actuarial value of assets is equal to the expected actuarial value plus or minus a 10% corridor adjustment. The expected actuarial value is equal to last year's actuarial value plus contributions and expected investment return at 8.5%, minus expenditures. If expected actuarial value differs from market value by less than 10%, actuarial value is set equal to expected actuarial value. If expected actuarial value is more than 110% of market value, actuarial value is set equal to 110% of market value. If expected actuarial value is less than 90% of market value, actuarial value is set equal to 90% of market value.
J. Administrative Expenses	The average of actual non-investment related expenses over the most recent two years.
K. Increase in Covered Payroll	None.
L. Post Retirement Benefit Increase	None.
M. Changes Since Last Valuation	There have been no changes since the last valuation.

Rates of Salary Increase	
Service	Salary Increase
1 - 10	9.4 %
11 - 15	6.0
16 - 20	6.5
21 and higher	4.0

Age	Annual Rate of	
	Turnover	Disability
25	5.7%	0.15%
30	5.0	0.18
35	3.8	0.23
40	2.6	0.30
45	1.6	0.51
50	0.8	1.00
55	---	---

Retirement Probabilities	
Each year eligible for Early Retirement	5%
Year of attainment of Normal Retirement Date	80
Each of next four years	40
Fifth year after Normal Retirement Date	100

GLOSSARY OF TERMS

Actuarial Present Value is the value of an amount or series of amounts payable at various times, determined as of the valuation date by the application of the set of actuarial assumptions.

Actuarial Assumptions are assumptions as to the occurrence of future events affecting pension costs. The previous page outlines the Actuarial Assumptions utilized in this valuation.

Actuarial Cost Method is a procedure for determining the Actuarial Present Value of pension plan benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and Actuarial Accrued Liability.

Entry Age Actuarial Cost Method is a method under which the current year's cost, or Normal Cost, is calculated for each individual. This Normal Cost is the amount, determined as a level percentage of pay, which if deposited each year from the time an employee was first included in the actuarial valuation (or would have been had the plan been in effect) until retirement, would fully fund his or her benefit.

Entry Age Actuarial Accrued Liability at any given time is equal to the Actuarial Present Value of Projected Benefits minus the Actuarial Present Value of future Normal Costs. Under the Entry Age Actuarial Cost Method, experience gains (losses) reduce (increase) the Actuarial Accrued Liability. Increases or decreases in the Actuarial Accrued Liability will also occur as a result of changes in pension plan benefits, actuarial assumptions or asset value methods.

Unfunded Frozen Actuarial Accrued Liability is the Actuarial Accrued Liability, less assets.

SECTION C
PENSION FUND INFORMATION

GRS

SUMMARY OF ASSETS		
	9/30/2007	9/30/2006
Cash and Securities - Market Value		
Cash	\$ 15	\$ 18,230
Money Market Funds	280,311	292,397
Treasury and Agency Bonds & Notes	1,780,224	1,677,919
Corporate Bonds	912,625	935,539
Common Stocks	4,646,889	3,943,954
International Equity Funds	-	-
Mortgage Backed Securities	-	-
Other Securities	-	-
Total	<u>7,620,064</u>	<u>6,868,039</u>
Receivables and Accruals		
Member Contribution	-	-
Employer Contribution	-	-
Interest and Dividends	31,073	32,257
Other	-	-
Total	<u>31,073</u>	<u>32,257</u>
Payables and Reserves		
State Contribution Reserve	6,865	-
DROP Accounts	-	-
Benefits	-	-
Refunds	-	-
Expenses	-	-
Other	100	-
Total	<u>6,965</u>	<u>0</u>
Net Assets - Market Value	7,644,172	6,900,296

GRS

PENSION FUND INCOME AND DISBURSEMENTS		
	Year Ending 9/30/2007	Year Ending 9/30/2006
Market Value at Beginning of Period	\$ 6,900,296	\$ 6,483,107
Income		
Member Contributions	85,795	78,140
State Contributions	108,732	110,320
Employer Contributions	111,600	143,827
Other Contributions	-	-
Investment Earnings		
Interest & Dividends	205,932	175,774
Realized & Unrealized Gain (Loss)	686,678	296,986
Total	892,610	472,760
Other Income	-	-
Total Income	<u>1,198,737</u>	<u>805,047</u>
Disbursements		
Monthly Benefit Payments	368,065	323,980
DROP Distributions	-	-
Lump Sum Distributions	-	-
Refund of Contributions	16,423	9,823
Investment Related Expenses	33,084	23,432
Other Administrative Expenses	30,424	30,623
Insurance Premiums	-	-
Other Expenses	-	-
Total Disbursements	<u>447,996</u>	<u>387,858</u>
Net Increase During Period	750,741	417,189
Market Value at End of Period	7,651,037	6,900,296
Less: DROP Account Balance	-	-
Less: State Contribution Reserve	6,865	-
Final Market Value	7,644,172	6,900,296

GRS

ACTUARIAL VALUE OF ASSETS		
	Year Ending September 30	
	2007	2006
A. Last Year's Actuarial Value of Assets	\$ 7,485,240	\$ 6,945,686
B. Contributions	306,127	332,287
C. Disbursements *	414,912	364,426
D. Time Weighted Cash Flow: 1/2(B-C)	(54,393)	(16,070)
E. Expected Investment Return: 0.0825*(A+D)	613,045	571,693
F. Expected Actuarial Value of Assets: A+B-C+E	7,989,500	7,485,240
G. Market Value	7,651,037	6,900,296
H. Percentage: F/G	104.4 %	108.5 %
I. Actuarial Value (Between 90% and 110% of G)	7,989,500	7,485,240
J. Less: DROP Account Balance	0	0
K. Less: State Contribution Reserve	6,865	0
L. Final Actuarial Value of Assets	7,982,635	7,485,240
* Net of investment related expenses		
Investment earnings recognized in the Actuarial Value of Assets is computed as follows:		
	\$ 7,989,500	Actuarial Value this year
-	7,485,240	Actuarial Value last year
-	306,127	Contributions during year
+	447,996	Expenses during year
	<u>646,129</u>	Gross Return recognized
-	33,084	Investment related expenses
	<u>613,045</u>	Net Return recognized

GRS

RECONCILIATION OF DROP ACCOUNTS		
Value at beginning of year	\$	0
Payments credited to accounts	+	0
Investment Earnings credited	+	0
Withdrawals from accounts	-	<u>0</u>
Value at end of year		0

GRS

INVESTMENT RATE OF RETURN

The investment rate of return has been calculated on the following basis:

- Basis 1** - Interest, dividends, realized gains (losses) and unrealized appreciation (depreciation) divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.
- Basis 2** - Investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Year Ended	Investment Rate of Return	
	Basis 1	Basis 2
9/30/86	10.0 %	---
9/30/87	7.7	---
9/30/88	8.7	---
9/30/89	11.8	---
9/30/90	3.9	---
9/30/91	14.4	---
9/30/92	11.8	---
9/30/93	8.9	---
9/30/94	(1.1)	---
9/30/95	17.6	---
9/30/96	9.6	---
9/30/97	20.0	14.5 %
9/30/98	8.9	9.1
9/30/99	13.4	13.0
9/30/00	12.0	11.7
9/30/01	(8.4)	7.9
9/30/02	(3.1)	(0.7)
9/30/03	10.7	8.5
9/30/04	8.2	8.5
9/30/05	10.9	8.5
9/30/06	6.9	8.25
9/30/07	12.6	8.25
Average Compounded Rate of Return for Number of Years Shown	8.7 %	8.8 %
Average Compounded Rate of Return for Last 5 Years	9.8 %	8.4 %

SECTION D
FINANCIAL ACCOUNTING INFORMATION

GRS

FASB NO. 35 INFORMATION

A. Valuation Date	October 1, 2007	October 1, 2006
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 3,541,397	\$ 3,665,263
b. Terminated Vested Members	383,067	353,201
c. Other Members	2,661,963	2,281,672
d. Total	<u>6,586,427</u>	<u>6,300,136</u>
2. Non-Vested Benefits	556,375	486,291
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	7,142,802	6,786,427
4. Accumulated Contributions of Active Members	498,341	432,219
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	6,786,427	5,846,587
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	465,395
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	740,863	808,248
d. Benefits Paid	<u>(384,488)</u>	<u>(333,803)</u>
e. Net Increase	356,375	939,840
3. Total Value at End of Period	7,142,802	6,786,427
D. Market Value of Assets	7,644,172	6,900,296
E. Assets as % of C3	107.0 %	101.7 %
F. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

GRS

SCHEDULE OF FUNDING PROGRESS
(GASB Statement No. 25)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/1990	\$ 1,864,428	\$ 2,385,990	\$ 521,564	78.1 %	\$ 905,473	57.6 %
10/1/1991	2,323,518	2,821,426	497,908	82.4	841,160	59.2
10/1/1992	2,654,798	2,984,068	329,270	89.0	897,387	36.7
10/1/1993	2,944,954	3,325,396	380,442	88.6	980,338	38.8
10/1/1994	3,319,778	3,227,597	(92,181)	102.9	938,523	(9.8)
10/1/1995	3,595,515	3,664,829	69,314	98.1	861,506	8.0
10/1/1996	3,844,663	3,735,411	(109,252)	102.9	868,710	(12.6)
10/1/1997	4,302,132	4,048,409	(253,723)	106.3	950,956	(26.7)
10/1/1998	4,626,383	4,471,917	(154,466)	103.5	1,036,028	(14.9)
10/1/1999	5,138,102	4,840,342	(297,760)	106.2	1,135,968	(26.2)
10/1/2000	5,578,200	5,036,051	(542,149)	110.8	1,067,018	(50.8)
10/1/2001	5,837,708	5,283,134	(554,574)	110.5	1,163,233	(47.7)
10/1/2002	5,629,650	5,595,673	(33,977)	100.6	1,267,483	(2.7)
10/1/2003	5,976,733	5,833,363	(143,370)	102.5	1,370,283	(10.5)
10/1/2004	6,354,625	6,274,444	(80,181)	101.3	1,388,563	(5.8)
10/1/2005	6,787,412	6,632,436	(154,976)	102.3	1,451,838	(10.7)
10/1/2006	7,485,240	7,616,584	131,344	98.3	1,653,654	7.9
10/1/2007	7,982,635	7,968,530	(14,105)	100.2	1,777,974	(0.8)

**SCHEDULE OF EMPLOYER AND STATE CONTRIBUTIONS
(GASB Statement No. 25)**

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1991	\$ 255,631	\$ 265,894	104.0 %
1992	238,703	241,037	101.0
1993	223,037	227,847	102.2
1994	267,393	269,182	100.7
1995	181,713	194,152	106.8
1996	148,533	159,939	107.7
1997	104,691	104,691	100.0
1998	119,321	138,246	115.9
1999	104,237	110,424	105.9
2000	91,603	93,084	101.6
2001	61,098	84,180	137.8
2002	69,200	96,556	139.5
2003	149,294	149,294	100.0
2004	175,309	175,327	100.0
2005	182,270	182,270	100.0
2006	192,788	203,387	105.5
2007	167,449	213,467	127.5

GRS

**ANNUAL PENSION COST AND NET PENSION OBLIGATION
(GASB STATEMENT NO. 27)**

Employer FYE September 30	2008	2007	2006
Annual Required Contribution (ARC)*	\$ 260,206	\$ 167,449	\$ 192,788
Interest on Net Pension Obligation (NPO)	(15,742)	(12,251)	(11,565)
Adjustment to ARC	(20,853)	(15,955)	(13,842)
Annual Pension Cost (APC)	265,317	171,153	195,065
Contributions made	**	213,467	203,387
Increase (decrease) in NPO	**	(42,314)	(8,322)
NPO at beginning of year	(190,816)	(148,502)	(140,180)
NPO at end of year	**	(190,816)	(148,502)

* Includes expected State contribution
** To be determined

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2005	\$ 183,808	\$ 182,270	99.2 %	\$ (140,180)
9/30/2006	195,065	203,387	104.3	(148,502)
9/30/2007	171,153	213,467	124.7	(190,816)

GRS

REQUIRED SUPPLEMENTARY INFORMATION
GASB Statement No. 25 and No. 27

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation:

Valuation Date:	October 1, 2007
Contribution Rates	
Employer (and State)	15.25%
Plan members	5.00%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	30 years
Asset Valuation Method	See Assumptions page
Actuarial Assumptions	
Investment rate of return	8.25%
Projected salary increases	4.0 - 9.4% depending on years of service
Includes inflation and other general increases at Cost of Living adjustments	4.0% N/A

SECTION E
MISCELLANEOUS INFORMATION

GRS

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/06 To 10/1/07	From 10/1/05 To 10/1/06
A. Active Members		
1. Number Included in Last Valuation	32	30
2. New Members Included in Current Valuation	4	3
3. Non-Vested Employment Terminations	(2)	(1)
4. Vested Employment Terminations	0	0
5. DROP Retirement	0	0
6. Service Retirements	0	0
7. Disability Retirements	0	0
8. Deaths	0	0
9. Other - Rehire	0	0
9. Number Included in This Valuation	<u>34</u>	<u>32</u>
B. Terminated Vested Members		
1. Number Included in Last Valuation	4	4
2. Additions from Active Members	0	0
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	0	0
5. Deaths	0	0
6. Other--Return to Active	0	0
7. Number Included in This Valuation	<u>4</u>	<u>4</u>
C. DROP Plan Members		
1. Number Included in Last Valuation	0	0
2. Additions from Active Members	0	0
3. Retirements	0	0
4. Deaths Resulting in No Further Payments	0	0
5. Other	0	0
6. Number Included in This Valuation	<u>0</u>	<u>0</u>
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	19	19
2. Additions from Active Members	0	0
3. Additions from Terminated Vested Members	0	0
4. Additions from DROP Plan	0	0
5. Deaths Resulting in No Further Payments	0	0
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	(1)	0
8. Other	0	0
9. Number Included in This Valuation	<u>18</u>	<u>19</u>

Palmetto Police - 10/1/07 Actives

Age Group	Years of Service to Valuation Date													Total		
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up				
20-24 NO.	1.	1.	1.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	3.
TOT PAY	36229.	38135.	41852.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	116216.
AVG PAY	36229.	38135.	41852.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	38739.
25-29 NO.	1.	1.	1.	0.	0.	2.	0.	0.	0.	0.	0.	0.	0.	0.	0.	5.
TOT PAY	36229.	39419.	39419.	0.	0.	88933.	0.	0.	0.	0.	0.	0.	0.	0.	0.	204000.
AVG PAY	36229.	39419.	39419.	0.	0.	44467.	0.	0.	0.	0.	0.	0.	0.	0.	0.	40800.
30-34 NO.	0.	1.	0.	0.	0.	4.	0.	0.	0.	0.	0.	0.	0.	0.	0.	5.
TOT PAY	0.	40657.	0.	0.	0.	160890.	0.	0.	0.	0.	0.	0.	0.	0.	0.	201547.
AVG PAY	0.	40657.	0.	0.	0.	40223.	0.	0.	0.	0.	0.	0.	0.	0.	0.	40309.
35-39 NO.	0.	0.	0.	0.	0.	3.	0.	0.	0.	0.	0.	0.	0.	0.	0.	3.
TOT PAY	0.	0.	0.	0.	0.	138639.	0.	0.	0.	0.	0.	0.	0.	0.	0.	138639.
AVG PAY	0.	0.	0.	0.	0.	46213.	0.	0.	0.	0.	0.	0.	0.	0.	0.	46213.
40-44 NO.	1.	0.	0.	0.	0.	3.	1.	3.	0.	0.	0.	0.	0.	0.	0.	8.
TOT PAY	36229.	0.	0.	0.	0.	135469.	63228.	166603.	0.	0.	0.	0.	0.	0.	0.	401529.
AVG PAY	36229.	0.	0.	0.	0.	45156.	63228.	55534.	0.	0.	0.	0.	0.	0.	0.	50191.
45-49 NO.	0.	0.	0.	0.	0.	1.	0.	2.	0.	1.	0.	0.	0.	0.	0.	4.
TOT PAY	0.	0.	0.	0.	0.	55700.	0.	122009.	0.	81139.	0.	0.	0.	0.	0.	258848.
AVG PAY	0.	0.	0.	0.	0.	55700.	0.	61005.	0.	81139.	0.	0.	0.	0.	0.	64712.
50-54 NO.	0.	0.	1.	0.	0.	0.	0.	1.	0.	0.	0.	0.	0.	0.	0.	2.
TOT PAY	0.	0.	42791.	0.	0.	0.	0.	55309.	0.	0.	0.	0.	0.	0.	0.	98100.
AVG PAY	0.	0.	42791.	0.	0.	0.	0.	55309.	0.	0.	0.	0.	0.	0.	0.	49050.
55-59 NO.	0.	0.	1.	0.	0.	1.	0.	1.	0.	0.	0.	0.	0.	0.	0.	3.
TOT PAY	0.	0.	72326.	0.	0.	45630.	0.	62742.	0.	0.	0.	0.	0.	0.	0.	180698.
AVG PAY	0.	0.	72326.	0.	0.	45630.	0.	62742.	0.	0.	0.	0.	0.	0.	0.	60233.
60-64 NO.	0.	0.	0.	0.	0.	0.	0.	0.	1.	0.	0.	0.	0.	0.	0.	1.
TOT PAY	0.	0.	0.	0.	0.	0.	0.	0.	47752.	0.	0.	0.	0.	0.	0.	47752.
AVG PAY	0.	0.	0.	0.	0.	0.	0.	0.	47752.	0.	0.	0.	0.	0.	0.	47752.
TOT NO.	3.	3.	4.	0.	0.	14.	1.	7.	1.	1.	0.	0.	0.	0.	0.	34.
TOT AMT	108686.	118211.	196388.	0.	0.	625261.	63228.	406663.	47752.	81139.	0.	0.	0.	0.	0.	1647328.
AVG AMT	36229.	39404.	49037.	0.	0.	44662.	63228.	58095.	47752.	81139.	0.	0.	0.	0.	0.	48451.

Palmetto Police Inactives - 10/1/07

SCHEDULE OF NON-ACTIVE PARTICIPANTS DATA

Age	---Terminated Vested---		-----Disabled-----		-----Age & Service-----		-----Other-----		-----Total-----	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	0	0.	0	0.	0	0.	0	0.	0	0.
20 - 24	0	0.	0	0.	0	0.	0	0.	0	0.
25 - 29	0	0.	0	0.	0	0.	0	0.	0	0.
30 - 34	0	0.	0	0.	0	0.	0	0.	0	0.
35 - 39	1	16594.	0	0.	0	0.	0	0.	1	16594.
40 - 44	1	17100.	0	0.	0	0.	0	0.	1	17100.
45 - 49	2	30447.	0	0.	1	7604.	0	0.	3	38051.
50 - 54	0	0.	0	0.	3	61821.	0	0.	3	61821.
55 - 59	0	0.	0	0.	3	52510.	0	0.	3	52510.
60 - 64	0	0.	2	25376.	5	127485.	0	0.	7	152861.
65 - 69	0	0.	0	0.	0	0.	0	0.	0	0.
70 - 74	0	0.	0	0.	1	26869.	0	0.	1	26869.
75 - 79	0	0.	0	0.	3	35408.	0	0.	3	35408.
80 - 84	0	0.	0	0.	0	0.	0	0.	0	0.
85 - 89	0	0.	0	0.	0	0.	0	0.	0	0.
90 - 94	0	0.	0	0.	0	0.	0	0.	0	0.
95 - 99	0	0.	0	0.	0	0.	0	0.	0	0.
100 & Over	0	0.	0	0.	0	0.	0	0.	0	0.
Total	4	64141.	2	25376.	16	311697.	0	0.	22	401214.
Ave. Age		45		61		62		0		58
Liability		381067.		237543.		3303854.		0.		3924464.

SECTION F
SUMMARY OF PLAN PROVISIONS

GRS

SUMMARY OF PLAN PROVISIONS

Effective Date

June 7, 1982.

Employees Eligible for Participation

All full-time police officers of the City become members on their date of hire as a condition of employment.

Definitions

- (a) **Earnings:** Total cash compensation including payment for accrued vacation or sick time.
- (b) **Average Monthly Earnings:** The monthly average of the five best years of Earnings during the last 10 years of Credited Service.
- (c) **Credited Service:** The total number of whole or fractional years of employment as a police officer with the City during which the police officer made the required contributions. Up to four years of preemployment military service is included in Credited Service upon completion of 10 years.

Pension Benefits at Normal Retirement

- (a) **Participants Eligible:** The earlier of attainment of age 55 and completion of 10 years of Credited Service, or completion of 23 years of service, regardless of age.
- (b) **Pension Benefit:** 3.0% of Average Monthly Earnings times Credited Service, with a maximum of 75% of Average Monthly Earnings for participants hired after 6/7/82, plus 2% of Average Monthly Earnings times each year of Credited Service in excess of 37½ years.

Pension Benefit at Early Retirement

- (a) **Participants Eligible:** On the first of the month on or next following attainment of age 50 and completion of 10 years of Credited Service.
- (b) **Pension Benefit:** Benefit based on Credited Service and Average Monthly Earnings at actual retirement, reduced 3% for each year that commencement of payment precedes the participant's normal retirement date.

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Vested Benefits

- (a) **Participants Eligible:** All participants who terminate employment after attainment of 10 years of Credited Service.
- (b) **Vested Pension Benefit:** Participant may choose to receive either a refund of contributions without interest or the benefit based on Credited Service and Average Monthly Earnings at termination, payable at normal retirement date (based upon actual years of Credited Service) or payable at early retirement date with reduction as described in Early Retirement.

Preretirement Death Benefits

- (a) **Participants Eligible:** All active participants.
- (b) **Death Benefit:** If less than 10 years of Credited Service, return of accumulated contributions without interest. If more than 10 years of Credited Service, accrued benefit payable for life of beneficiary.

Disability Benefits

- (a) **Disability Incurred in the Line of Duty**
 - (i) **Participants Eligible:** All participants.
 - (ii) **Disability Pension Benefit:** Benefits based on Average Monthly Earnings and Credited Service at date of disability, actuarially reduced for payment prior to normal retirement date. Actuarially reduced benefit may not be less than 62% of participant's Average Monthly Earnings.
- (b) **Other Disability**
 - (i) **Participants Eligible:** All participants.
 - (ii) **Disability Pension Benefit:** Benefit based on Average Monthly Earnings and Credited Service at date of disability, actuarially reduced for payment prior to normal retirement date. If participant has completed at least 5 years of Credited Service, actuarially reduced benefit may not be less than 20% of Average Monthly Earnings. If participant has completed at least 10 years of Credited Service, actuarially reduced benefit may not be less than 25% of Average Monthly Earnings.

One-Time Increase in Benefits

Retired participants received an Ad Hoc COLA of 2% per year of retirement (maximum 10%) effective October 1, 2005.

Employee Contributions

Effective January 1, 1996, all participants contribute 5% of Earnings per year.

Deferred Retirement Option Plan (DROP)

Members who continue in employment past normal retirement date may either accrue

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larger pensions or freeze their accrued benefit and enter the DROP. Each participant in the DROP has an account credited with benefits not received and investment earnings.

Refund of Accumulated Employee Contributions

- (a) **Participants Eligible:** All participants who terminate employment prior to attainment of vested status.
- (b) **Refund Payable:** Total amount of employee's contributions accumulated; no interest is credited.

Forms of Payment

- (a) **Normal Form:** 10 year certain and life annuity.
- (b) **Optional Forms:**
 - (i) Life annuity, or
 - (ii) Joint & Survivor Option.
 - (iii) Social Security Option

Changes in Plan Provisions Since Last Year

None.