

TOWN OF PALM BEACH
GENERAL EMPLOYEES RETIREMENT SYSTEM
SIXTY-FOURTH ANNUAL ACTUARIAL VALUATION REPORT
FOR THE YEAR ENDING SEPTEMBER 30, 2010

Outline of Contents

Report of SEPTEMBER 30, 2010 Actuarial Valuation

Pages	Items
--	Cover Letter
A	Valuation Summary, Observations, Recommendations and Certification
1-3	Summary of Valuation Results
B	Detailed Valuation Results
1-2	Contribution Requirement
3	Contribution Comparative Statement
4-5	Funding Progress Indicators
6	Experience Gain/(Loss)
7	Funding Value of Assets
8-9	Supplemental Pension Distribution
10-12	Unfunded Actuarial Accrued Liability
13	Actuarial Balance Sheet
C	Summary of Benefit Provisions and Valuation Data Submitted by the Retirement System
1-3	Summary of Benefit Provisions
4-6	Financial Data
7-15	Participant Data
D	Actuarial Cost Method, Actuarial Assumptions and Definitions of Technical Terms
1	Actuarial Cost Method
2-3	UAAL Amortization Schedules
4-11	Actuarial Assumptions used for the Valuation
12-13	Definition of Technical Terms
E	Certain Disclosures Required by Statement No. 25 of the Governmental Accounting Standards Board
1-2	GASB Statement No. 25 Required Supplementary Information
F	State Required Data
1-2	Summary of Valuation Results in State Format
3	Reconciliation of Membership Data
4-5	Number Eligible/ Number Electing Normal Retirement

May 18, 2011

The Board of Trustees
Town of Palm Beach General
Employees Retirement System
Palm Beach, Florida

Submitted in this report are the results of the Sixty-Fourth Annual Actuarial Valuation of the assets, actuarial present values, and contribution requirements associated with benefits provided by the Town of Palm Beach General Employees Retirement System. The date of the valuation was September 30, 2010.

Valuation highlights, a summary of valuation results, observations, recommendations and our certification immediately follow this cover letter.

Detailed valuation results are contained in Section B.

The valuation was based upon information, furnished by your Administrator, concerning Retirement System benefits, financial transactions, and individual members, terminated members, retired members and beneficiaries. Data was checked for internal and year-to-year consistency, but was not otherwise audited. This information is summarized in Section C.

Actuarial cost methods, actuarial assumptions, and definitions of technical terms are contained in Section D.

Governmental Accounting Standards Board Statement No. 25 information is contained in Section E.

Supplemental information requested by the State of Florida Division of Retirement is contained in Section F.

One or more of the undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Brad Lee Armstrong, ASA, EA, MAAA



Randall J. Dziubek, ASA, EA, MAAA

BLA/RJD:sc

SECTION A

VALUATION SUMMARY, OBSERVATIONS,
RECOMMENDATIONS AND CERTIFICATION

Summary of Valuation Results

September 30, 2010

FUNDING OBJECTIVE

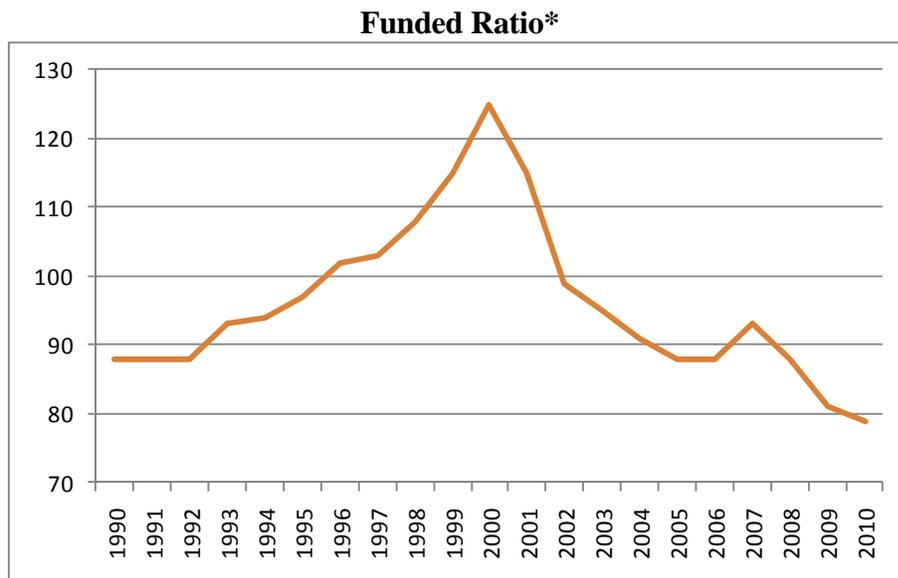
The basic funding objective of the Retirement System is to avoid transfer of the cost of benefit obligations between generations of taxpayers. This objective is implemented by contributions sufficient to:

- ◆ pay for costs allocated to the current year on account of service rendered by active non-DROP participants in the current year (Normal Cost).
- ◆ pay for costs, in excess of the Funding Value of Assets, allocated to prior years on account of service rendered by participants in prior years (Unfunded Actuarial Accrued Liability) over 30-year closed periods.

The annual actuarial valuation measures the relationship between Retirement System obligations and assets and determines the contribution rates for the ensuing year. The Retirement System is supported by member contributions, Town contributions, and investment income from Retirement System assets.

VALUATION RESULTS - FUNDING PROGRESS INDICATORS

The September 30, 2010 actuarial valuation indicates that the actuarial accrued liabilities of the Retirement System, measured in accordance with Statement No. 25 of the Governmental Accounting Standards Board, are 79.2% funded by the Funding Value Assets. This is a decrease from last year's funded ratio of 80.7%. Although not historically referred to, the ratio of the market value of assets to the actuarial accrued liabilities is 70.0%. This is an increase from last year's ratio of 67.3%.



* Years prior to 2000 include Public Safety.

VALUATION RESULTS - CONTRIBUTION REQUIREMENT

The percent of active member payroll contribution requirements for the 2011-2012 and 2010-2011 fiscal years are:

	2011-2012			2010-2011		
	General	Ocean Rescue	Aggregate	General	Ocean Rescue	Aggregate
Member portion	6.47 %	7.21 %		6.47 %	7.21 %	
Town portion	23.34	41.71	23.85 %	20.95	33.37	21.33 %
Illustrative \$	\$2,847,033	\$146,124	\$2,993,157	\$2,927,020	\$148,364	\$3,075,384

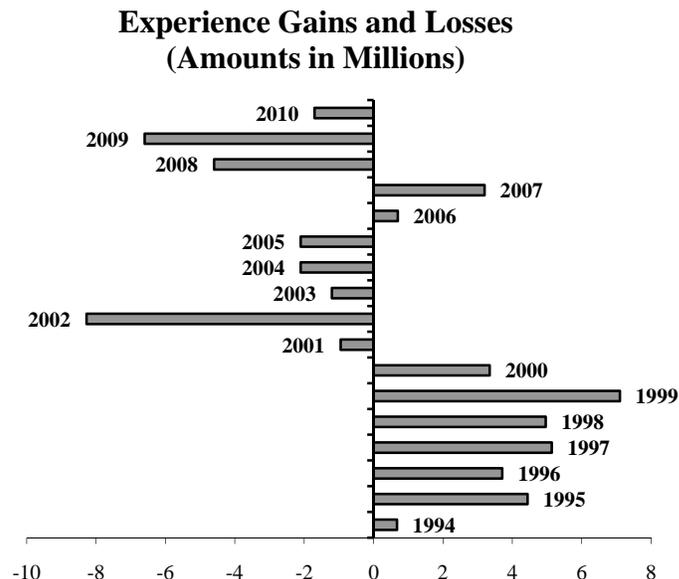
The aggregate public contribution requirement increased 2.52% of payroll since last year due to experience during the year. Comparative contribution information is shown on page B-3. Composition of the current contribution rate is shown on page B-1.

VALUATION RESULTS - LAST YEAR'S EXPERIENCE INDICATORS

The Funding Value of Assets of the Retirement System increased less than projected by the long-term investment income funding assumption during the last year. Note that each year's deviation from assumed investment experience is spread over five years in equal dollar installments to reduce the effect of market volatility on contribution rates (please refer to page B-7). The return on the Funding Value of Assets was 2.93%, net of investment expenses. The projected return was 8.00%.

The aggregate effect of all system experience was a loss of \$1,367,918, caused mostly by unfavorable recognized investment return, offset substantially by lower than expected salary increases.

Year-to-year experience variations are expected and normal in the operation of a retirement system as members vary their activities and economic conditions change. The expectation is that the plus years and minus years will tend to cancel over 5 to 10 year periods. Of the last 17 years, 9 have produced favorable experience and 8 have produced unfavorable experience. However, the majority of the last 10 years have been unfavorable (see also page B-9).



NEXT YEAR'S EXPERIENCE INDICATORS

Due to the Boards' use of a five-year smoothed market asset valuation method, slightly better than expected market returns were only partially recognized, and combined with the scheduled phase-in of the prior four years unrecognized investment income. Subsequently, investment losses are scheduled for the next three years. (Please see page B-7 for details). This will exert significant and sustained upward pressure on future computed employer contribution rates and downward pressure on the funded ratio in the next few reports in the absence of considerable future gains. We recognize that investment markets have recovered somewhat and outperformed expectations for new money invested in the last year, but this has yet to reach a point where assets held for longer periods can be considered recovered.

SUPPLEMENTAL PENSION DISTRIBUTION

There is no supplemental pension distribution payable this year. The accumulated System experience since October 1, 2000 is negative (see page B-9) and therefore, the Florida Statutes restrict this provision.

RECOMMENDATIONS

The Retirement Ordinance requires reserve account transfers from the Employer Reserve Fund to the Retirement Reserve Fund which will establish a match between assets allocated to the Retirement Fund and liabilities associated with current retired lives. The balances in the Retirement Reserve Fund as of October 1, 2010 following the transfers should be as follows:

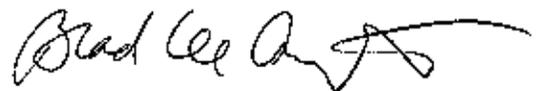
<u>Division</u>	<u>Retirement Reserve Fund</u>
General	\$47,154,336
Ocean Rescue	<u>3,216,176</u>
	\$50,370,512

CERTIFICATION

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.

5/18/2011

Date



Brad Lee Armstrong, E.A. [11-5614]

SECTION B

DETAILED VALUATION RESULTS

**Contributions to Finance Benefits of the Retirement System
For the Plan Year Beginning October 1, 2011
to be Contributed During the Fiscal Year Beginning October 1, 2011**

Contributions for	Contributions Expressed as Percents of UnDROPEd Active Member Payroll	
	General	Ocean Rescue
Normal Cost		
Service pensions	19.21 %	25.88 %
Disability pensions	0.55	0.87
Death in service pensions	1.15	1.03
Deferred service pensions	0.65	1.40
Refunds of member contributions	<u>1.14</u>	<u>0.76</u>
Total Normal Cost	22.70	29.94
Unfunded Actuarial Accrued Liability *		
Retired members and beneficiaries	0.00	0.00
Active and vested terminated members	<u>4.96</u>	<u>11.22</u>
Total Unfunded Actuarial Accrued Liability	4.96	11.22
Administrative Expenses	0.39	0.39
Total Unadjusted Computed Contribution	28.05	41.55
Adjustments to Computed Contribution		
FS 112.64(5) Compliance	1.76	7.37
Full funding credit	<u>0.00</u>	<u>0.00</u>
Total adjustments	1.76	7.37
Total Adjusted Contribution Requirement	29.81	48.92
Member portion	6.47	7.21
Public portion	23.34	41.71

* Please refer to pages B-11 and B-12 for schedules of financing periods.

FS 112.64 requires Public contributions to be deposited not less frequently than quarterly. Member contributions, which are in addition to the Public contributions, must be deposited not less frequently than every pay period.

Comparative contribution amounts for prior fiscal years are shown on page B-3.

Determining Dollar Contributions

For any period of time, the percent-of-payroll contribution rate needs to be converted to dollar amounts. The Florida Division of Retirement has indicated the legislative intent in Section 112.61, F.S., is to apply the Town portion of the contribution requirement on page B-1 to emerging payroll. To accomplish this, the Town should contribute dollar amounts at the end of each payroll period which are equal to the 43.66% percent-of-payroll contribution requirement multiplied by the unDROped active member payroll for the period. Adjustments should be made as necessary to exclude items of pay that are not covered compensation for Retirement System benefits and to include non-payroll amounts that are covered compensation.

Illustrative Only. Included in these amounts is the projected salary increase between the valuation date and the fiscal year in which the contribution will be made. The projection factor used was 1.083624, $(1.055^{1.5})$, which is consistent with the projection used to calculate actuarial liability.

General	Ocean Rescue	Total
\$2,847,033	\$146,124	\$2,993,157 *

* *This amount can be made by a combination of actual contributions and use of the Reserve for Employer Contributions, if any balance is remaining in the reserve.*

The above amounts are assumed to be contributed, on average, halfway through the fiscal year. If contributions are made on a later schedule, interest should be added at the rate of 0.64% (.0064) for each month of delay.

Recommended Contributions Comparative Statement

Fiscal Year	Valuation Date Sept. 30	Public Contributions (Additional to Member Contributions) % of Payroll Contributions	
		General	Ocean Rescue
83/84	1982	13.20 %	
84/85	1983	13.25	
85/86	1984	12.86	
86/87 (a)	1985	12.83	20.20 %
87/88	1986	12.65	18.96
88/89 (a)	1987	12.84	18.83
89/90	1988	13.50	20.31
90/91	1989	13.14	17.90
91/92 (a)	1990	15.42	20.12
92/93	1991	15.49	20.35
93/94	1992	15.41	20.50
94/95 (a)	1993	15.66	21.26
95/96	1994	15.76	19.90
96/97 (a)	1995	14.29	19.70
97/98	1996	12.87	18.82
98/99	1997	11.59	17.84
99/00 (a)	1998	12.08	16.50
00/01 (a)	1999	9.58	15.44
01/02	2000	6.14	10.81
02/03 (b)	2001	8.09	12.17
02/03 (a)	2001	10.83	15.59
03/04	2002	15.85	16.97
04/05	2003	16.75	22.39
05/06	2004	17.66	24.39
06/07	2005	19.01	27.09
07/08	2006	19.15	27.15
08/09	2007	17.35	25.81
09/10	2008	18.71	31.42
10/11	2009	20.95	33.37
11/12	2010	23.34	41.71

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

(b) Before changes described in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

Funding Progress Indicators

We believe an understanding of funding progress and status can be achieved using the following measures:

Indicator (1) **The actuarial present value of gains or losses realized in the operation of the Retirement System** - an experience indicator. Gains and losses are expected to cancel each other over a period of years (in the absence of double-digit inflation) but sizable year-to-year fluctuations are common. An experience gain can result from assets increasing in value by more than anticipated by the funding program, or by the actuarial accrued liability increasing by less than anticipated by the funding program, or by other favorable combinations of deviation from expected asset and liability changes. Further details on the derivation of the gain (loss) are shown on page B-6.

Indicator (2) **The ratio of the funding value of assets to the actuarial accrued liability** measured in accordance with GASB Statement No. 5 prior to the September 30, 1997 valuation and GASB Statement No. 25 beginning with the September 30, 1997 valuation. The ratio is expected to increase over time but the basic trend may be interrupted by benefit improvements, or changes in actuarial assumptions and/or methods.

Indicator (3) **The ratio of the unfunded actuarial accrued liability to active member payroll** - an inflation adjusted funding level indicator. In a soundly financed Retirement System, the amount of the unfunded actuarial accrued liability will be controlled and prevented from increasing in the absence of benefit improvements. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease over time but the basic trend may be interrupted by benefit improvements.

Funding Progress Indicators - Historical Comparisons (\$ Amounts in Thousands)

Valuation Date September 30@	Indicator (1)		Indicator (2)		Indicator (3)		
	Exper. Gain (Loss)	Funding Value of Assets	AAL	Funded Ratio	Unfunded AAL	Active Member Payroll	Ratio to Payroll
1986	\$919	\$ 27,651	\$ 32,706	85 %	\$ 5,055	\$ 8,856	57 %
1987 (a)	911	31,025	34,101	91	3,076	9,231	33
1988	131	34,191	37,397	91	3,206	9,706	33
1989	1,425	38,999	40,732	96	1,733	10,597	16
1990 (a)	(839)	42,663	48,527	88	5,864	11,556	51
1991	(756)	46,830	53,410	88	6,580	12,287	54
1992	(530)	51,470	58,398	88	6,928	12,712	54
1993 (a)	2,632	57,089	61,692	93	4,603	12,443	37
1994	674	62,651	66,474	94	3,823	12,415	31
1995 (a)	4,437	70,326	72,339	97	2,013	12,543	16
1996	3,707	78,929	77,327	102	(1,602)	13,382	--
1997 #	5,135	88,697	86,042	103	(2,655)	14,092	--
1998 (a)	4,961	99,939	92,703	108	(7,236)	14,549	--
1999 (a)	7,056	113,770	98,866	115	(14,904)	14,422	--
2000	3,385	49,616	39,588	125	(10,028)	8,113	--
2001 (a)	(949)	56,060	48,675	115	(7,385)	8,752	--
2002	(8,273)	52,316	53,071	99	755	9,380	8
2003	(1,193)	53,798	56,652	95	2,854	10,223	28
2004	(2,100)	56,298	61,842	91	5,544	10,877	51
2005	(2,111)	59,589	67,882	88	8,294	11,552	72
2006	673	64,608	73,054	88	8,446	12,422	68
2007	3,448	72,161	77,632	93	5,470	12,697	43
2008	(4,614)	73,732	83,758	88	10,025	12,687	79
2009	(6,743)	72,370	89,658	81	17,288	13,304	130
2010	(1,368)	73,809	93,147	79	19,338	11,580	167

(a) After changes described in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

GASB Statement No. 25 basis.

@ Beginning with the September 30, 2000 valuation, Public Safety members are reported in a separate report.

AAL represents Actuarial Accrued liability. Measured in accordance with GASB Statement No. 5 prior to 1997 and GASB Statement No. 25 beginning in 1997.

Experience Gain/(Loss) Year Ended September 30, 2010

	Division	
	General	Ocean Rescue
DERIVATION		
(1) UAAL at start of year	\$16,157,732	\$1,130,363
(2) Employer normal cost for year	1,867,495	75,070
(3) Employer contributions	2,507,174	109,310
(4) Interest accrued: .08 x [(1) + 1/2 ((2)-(3))]	1,267,031	89,059
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	16,785,084	1,185,182
(6) Effect of assumption/method changes	0	0
(7) Effect of benefit changes	0	0
(8) Addition to supplemental pension reserve	0	0
(9) Expected UAAL after changes	16,785,084	1,185,182
(10) Actual UAAL	18,080,433	1,257,751
(11) Gain/(loss): (9) - (10)	(1,295,349)	(72,569)

UAAL represents Unfunded Actuarial Accrued Liability.

Derivation of Funding Value of Retirement System Assets

Year Ended September 30:	2009	2010	2011	2012	2013	2014
A. Funding Value Beginning of Year	\$73,732,429	\$72,370,336				
B. Market Value End of Year	60,308,613	65,242,348				
C. Market Value Beginning of Year	61,443,691	60,308,613				
D. Non-Investment Net Cash Flow: (EE+ER conts.) - (Refunds+Benefits+SPD+Adm.Exp.)	(456,149)	(670,395)				
E. Investment Income						
E1. Market Total: B - C - D	(678,929)	5,604,130				
E2. Amount for Immediate Recognition at 8%	5,880,348	5,762,811				
E3. Amount for Phased-In Recognition: E1-E2	(6,559,277)	(158,681)				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.20 x E3	(1,311,855)	(31,736)				
F2. First Prior Year	(3,771,110)	(589,290)	\$ (31,736)			
F3. Second Prior Year	870,596	(3,771,110)	(589,290)	\$ (31,736)		
F4. Third Prior Year	(132,420)	870,596	(3,771,110)	(589,290)	\$ (31,736)	
F5. Fourth Prior Year	448,756	(132,419)	870,594	(3,771,111)	(589,293)	\$ (31,737)
F6. Adjustment to Recognize 20% Corridor	(2,890,259)	0	0	0	0	0
F7. Total Recognized Investment Gain/(Loss)	(6,786,292)	(3,653,959)	(3,521,542)	(4,392,137)	(621,029)	(31,737)
G. Funding Value End of Year: A + D + E2 + F7	72,370,336	73,808,793				
H. Difference between Market & Funding Value	(12,061,723)	(8,566,445)				
I. Recognized Rate of Return	(1.23%)	2.93%				
J. Recognized Rate of Investment Expenses	0.37%	0.35%				
K. Ratio of Funding Value to Market Value	120.0%	113.1%				

The Funding Value of Assets recognizes assumed investment income (line E2) fully each year. Differences between actual and assumed investment income (line E3) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, the Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, the Funding Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to Market Value.

Calculation of Supplemental Pension Distribution Amount - Sec. 82-72 as of September 30, 2010

	General	Ocean Rescue
Factor (i): Actuarial present value of future payments to 157 general and 9 Ocean Rescue pension recipients on 9/30/10 using 8%	\$40,024,602	\$2,735,352
Factor (ii): (a) Gross rate of investment return 10/1/09 through 9/30/10 estimated by actuary. If this rate is over 8%, the actual rate used will be as determined by the Board's investment consultant.	9.8%	8.6%
(b) Lesser of (a) and 10%	9.8%	8.6%
Preliminary Distribution Amount (prior to experience gain limitation): Factor (i) x [(Factor (ii) - 8%) > 0]	720,443	16,412
Expenses:		
Expense rate (administrative and investment)	0.469%	0.469%
Preliminary Distribution Amount x Expense rate	3,379	77
Amount Available for Distribution:		
(a) Unamortized Balances of Accumulated net experience gains (page B-9)	(25,441,466)	(1,758,980)
(b) Unamortized Balances of Accumulated distributions (page B-9)	0	0
(c) Accumulated net gains less Accumulated distributions: [(a) - (b)] > 0	(25,441,466)	(1,758,980)
(d) Amount available for distribution	0	0

Supplemental Pension Distribution Accumulated Gain/(Loss) Limitation

GENERAL

Year Ended September 30	Experience Gain/(Loss)		Addition to Supplemental Pension Distribution Reserve		Net Unamortized Balance
	For Year	Unamortized Balance	For Year	Unamortized Balance	
2001	\$ (787,862)	\$ (787,862)	\$ 0	\$ 0	\$ (787,862)
2002	(7,969,192)	(8,781,084)	0	0	(8,781,084)
2003	(911,351)	(9,959,283)	0	0	(9,959,283)
2004	(2,020,748)	(12,271,845)	0	0	(12,271,845)
2005	(1,900,807)	(14,521,419)	0	0	(14,521,419)
2006	640,556	(14,281,157)	0	0	(14,281,157)
2007	3,267,590	(11,384,133)	0	0	(11,384,133)
2008	(4,355,167)	(15,997,418)	0	0	(15,997,418)
2009	(6,350,288)	(22,723,837)	0	0	(22,723,837)
2010	(1,295,349)	(25,441,466)	0	0	(25,441,466)

OCEAN RESCUE

Year Ended September 30	Experience Gain/(Loss)		Addition to Supplemental Pension Distribution Reserve		Net Unamortized Balance
	For Year	Unamortized Balance	For Year	Unamortized Balance	
2001	\$(161,584)	\$ (161,584)	\$ 0	\$ 0	\$ (161,584)
2002	(303,443)	(469,956)	0	0	(469,956)
2003	(281,751)	(765,841)	0	0	(765,841)
2004	(79,622)	(868,017)	0	0	(868,017)
2005	(209,950)	(1,102,618)	0	0	(1,102,618)
2006	32,393	(1,100,793)	0	0	(1,100,793)
2007	180,537	(949,113)	0	0	(949,113)
2008	(258,699)	(1,235,712)	0	0	(1,235,712)
2009	(393,013)	(1,658,040)	0	0	(1,658,040)
2010	(72,569)	(1,758,980)	0	0	(1,758,980)

Unfunded Actuarial Accrued Liability as of September 30, 2010

	General	Ocean Rescue
A. Actuarial present value of future benefits	\$112,166,486	\$5,521,639
B. Actuarial present value of future normal costs	23,740,477	800,671
C. Actuarial accrued liability	88,426,009	4,720,968
D. Actuarial value of assets	70,345,576	3,463,217
E. Unfunded actuarial accrued liability	18,080,433	1,257,751
F. Funded ratio	79.6%	73.4%

Sources and Financing of Unfunded Actuarial Accrued Liability

GENERAL

Year Established	Initial Years	Years Remaining	Initial Amount	Current Amount	Amort. Factor	Contributions		FS112.64(5) Compliance
						Dollars	Percent-of- Payroll	
Initial Unfunded								
1981	37	8		\$ 5,013,414	7.295236	\$ 687,218	6.10 %	0.40 %
(Gain)/Loss Experience								
1981	30	1	\$ (148,772)	(52,272)	0.988381	(52,886)	(0.47)	0.00
1982	30	2	(276,391)	(144,934)	1.953882	(74,177)	(0.66)	(0.01)
1983	30	3	540,238	381,710	2.897033	131,759	1.17	0.03
1984	30	4	(55,657)	(44,779)	3.818352	(11,727)	(0.10)	(0.01)
1985	30	5	(297,915)	(272,852)	4.718343	(57,828)	(0.51)	(0.02)
1986	30	6	(413,990)	(418,452)	5.597502	(74,757)	(0.66)	(0.04)
1987	30	7	(526,895)	(574,635)	6.456309	(89,004)	(0.79)	(0.05)
1988	30	8	261,554	302,445	7.295236	41,458	0.37	0.02
1989	30	9	(459,289)	(555,770)	8.114743	(68,489)	(0.61)	(0.04)
1990	30	10	134,549	168,575	8.915280	18,909	0.17	0.01
1991	30	11	177,088	227,798	9.697286	23,491	0.21	0.02
1992	29	11	122,810	155,456	9.697286	16,031	0.14	0.02
1993	28	11	(1,060,266)	(1,318,238)	9.697286	(135,939)	(1.21)	(0.10)
1994	27	11	(607,826)	(762,004)	9.697286	(78,579)	(0.70)	(0.06)
1995	26	11	(1,878,414)	(2,307,536)	9.697286	(237,957)	(2.11)	(0.19)
1996	25	11	(1,693,810)	(2,029,610)	9.697286	(209,297)	(1.86)	(0.16)
1997	24	11	(1,916,576)	(2,236,816)	9.697286	(230,664)	(2.05)	(0.18)
1998	23	11	(314,903)	(357,511)	9.697286	(36,867)	(0.33)	(0.03)
1999	22	11	(3,201,780)	(3,531,512)	9.697286	(364,175)	(3.24)	(0.28)
2000	21	11	(3,167,592)	(3,390,396)	9.697286	(349,623)	(3.11)	(0.27)
2001	30	21	787,862	1,023,229	16.587762	61,686	0.55	0.09
2002	30	22	7,969,192	10,153,525	17.192161	590,590	5.25	0.90
2003	30	23	911,351	1,136,912	17.782570	63,934	0.57	0.10
2004	30	24	2,034,968	2,463,946	18.359312	134,207	1.19	0.23
2005	30	25	1,900,807	2,261,801	18.922703	119,528	1.06	0.21
2006	30	26	(640,556)	(742,727)	19.473052	(38,141)	(0.34)	(0.07)
2007	30	27	(3,267,590)	(3,686,839)	20.010662	(184,244)	(1.64)	(0.34)
2008	30	28	4,355,167	4,776,002	20.535826	232,569	2.07	0.44
2009	30	29	6,350,288	6,760,268	21.048834	321,171	2.85	0.64
2010	30	30	1,295,349	1,295,349	21.549967	60,109	0.53	0.13
Benefit Changes								
1990	30	10	847,919	1,062,344	8.915280	119,160	1.06	0.08
1995	30	15	7,484	10,348	12.648428	818	0.01	0.00
1998	30	18	781,653	1,028,474	14.687263	70,025	0.62	0.09
2000	20	10	5,801,000	5,964,487	8.915280	669,018	5.94	0.48
Assumption/Method Changes								
1981	30	1	(75,799)	(26,632)	0.988381	(26,945)	(0.24)	0.00
1987	30	7	(724,613)	(790,268)	6.456309	(122,402)	(1.09)	(0.06)
1995	30	15	806,237	1,114,698	12.648428	88,129	0.78	0.10
2000	20	10	(3,867,567)	(3,976,565)	8.915280	(446,039)	(3.96)	(0.32)
Totals				\$ 18,080,433		\$ 560,070	4.96 %	1.76 %

Sources and Financing of Unfunded Actuarial Accrued Liability

OCEAN RESCUE

Year Established	Initial Years	Years Remaining	Initial Amount	Current Amount	Amort. Factor	Contributions		FS112.64(5) Compliance
						Dollars	Percent-of- Payroll	
Initial Unfunded								
1981	37	8		\$ 71,946	7.295236	\$ 9,862	3.05 %	0.34 %
(Gain)/Loss Experience								
1986	30	6	(\$55,890)	(49,124)	5.597502	(8,776)	(2.71)	(0.23)
1987	30	7	3,380	3,264	6.456309	506	0.16	0.01
1988	30	8	40,579	42,105	7.295236	5,772	1.79	0.19
1989	30	9	(90,994)	(99,859)	8.114743	(12,306)	(3.81)	(0.47)
1990	30	10	50,549	57,926	8.915280	6,497	2.01	0.28
1991	30	11	4,093	4,850	9.697286	500	0.15	0.03
1992	29	11	(3,328)	(3,990)	9.697286	(411)	(0.13)	(0.02)
1993	28	11	(31,678)	(36,276)	9.697286	(3,741)	(1.16)	(0.17)
1994	27	11	(33,292)	(38,441)	9.697286	(3,964)	(1.23)	(0.18)
1995	26	11	(52,979)	(58,169)	9.697286	(5,998)	(1.86)	(0.28)
1996	25	11	(37,180)	(41,033)	9.697286	(4,231)	(1.31)	(0.20)
1997	24	11	(66,558)	(71,549)	9.697286	(7,378)	(2.28)	(0.35)
1998	23	11	(99,222)	(103,756)	9.697286	(10,699)	(3.31)	(0.51)
1999	22	11	(83,328)	(84,657)	9.697286	(8,730)	(2.70)	(0.41)
2000	21	11	(217,374)	(214,300)	9.697286	(22,099)	(6.84)	(1.04)
2001	30	21	161,584	199,897	16.587762	12,051	3.73	1.07
2002	30	22	303,443	368,886	17.192161	21,457	6.64	2.00
2003	30	23	281,751	335,882	17.782570	18,888	5.84	1.84
2004	30	24	80,258	92,905	18.359312	5,060	1.57	0.51
2005	30	25	209,950	239,376	18.922703	12,650	3.91	1.34
2006	30	26	(32,393)	(36,032)	19.473052	(1,850)	(0.57)	(0.21)
2007	30	27	(180,537)	(189,841)	20.010662	(9,487)	(2.93)	(1.08)
2008	30	28	258,699	272,735	20.535826	13,281	4.11	1.56
2009	30	29	393,013	402,603	21.048834	19,127	5.92	2.32
2010	30	30	72,569	72,569	21.549967	3,367	1.04	0.42
Benefit Changes								
1990	30	10	4,757	5,670	8.915280	636	0.20	0.02
1995	30	15	17,182	23,475	12.648428	1,856	0.57	0.12
1998	30	18	38,295	53,028	14.687263	3,610	1.12	0.27
2000	20	10	286,000	267,916	8.915280	30,051	9.30	1.29
Assumption/Method Changes								
1987	30	7	(55,908)	(54,493)	0.988381	(8,440)	(2.61)	(0.25)
1995	30	15	26,582	33,886	6.456309	2,679	0.83	0.17
2000	20	10	(223,798)	(209,648)	12.648428	(23,516)	(7.27)	(1.01)
Totals				\$ 1,257,751		\$ 36,224	11.22 %	7.37 %

Actuarial Balance Sheet - September 30, 2010

PRESENT RESOURCES AND EXPECTED FUTURE RESOURCES

	General	Ocean Rescue
A. Funding Value of System Assets:		
1. Net assets from System financial statements (market value)	\$ 62,181,081	\$3,061,267
2. Funding value adjustment	8,164,495	401,950
3. Funding value of assets	70,345,576	3,463,217
B. Actuarial Present Value of Expected Future Employer Contributions:		
1. For normal costs	16,949,261	607,910
2. For unfunded actuarial accrued liability	18,080,433	1,257,751
3. Totals	35,029,694	1,865,661
C. Actuarial Present Value of Expected Future Member Contributions	6,791,216	192,761
D. Total Present and Expected Future Resources	\$112,166,486	\$5,521,639

ACTUARIAL PRESENT VALUE OF EXPECTED FUTURE BENEFIT PAYMENTS AND RESERVES

A. To retirants and beneficiaries	\$ 47,154,336	\$ 3,216,176
B. To vested terminated members	1,646,993	0
C. To present active members:		
1. Allocated to service rendered prior to valuation date	39,620,990	1,504,054
2. Allocated to service likely to be rendered after valuation date	23,740,477	800,671
3. Totals	63,361,467	2,304,725
D. Reserve for Employer Contributions	3,690	738
E. Reserve for Supp. Pens. Dist. - 13th check	0	0
F. Total Actuarial Present Value of Expected Future Benefit Payments	\$112,166,486	\$5,521,639

SECTION C

**SUMMARY OF BENEFIT PROVISIONS AND
VALUATION DATA SUBMITTED BY THE
RETIREMENT SYSTEM**

Summary of Benefit Provisions (September 30, 2010)

NORMAL RETIREMENT:

Eligibility - General: 30 or more years of service, regardless of age; or, age 55 with 10 or more years of service.

Ocean Rescue: Age 50 with 10 or more years of service. Members with at least 10 years of service who retire after 2/9/93 are eligible when the individual's age plus credited service totals 65 years or more.

Pension Amount

General: Average final compensation times the sum of a) 2.75% for service earned after 9/30/90, to a maximum of 82.5%, plus 2.35% for service earned on or before 9/30/90 for the first 30 years of service, plus, b) 1.0% for service in excess of 30 years.

Ocean Rescue: Average final compensation times the sum of a) 2.85% for the first 25 years of service with a maximum of 71.25% of AFC, plus, b) 1.0% for service in excess of 25 years.

The normal form of pension is a pension payable for life. Also, see Automatic Death Benefit After Retirement heading.

Type of Average Final Compensation

Highest 2 consecutive years within the member's last 5 years of credited service.

DROP RETIREMENT:

Eligibility – Same as Normal Retirement, election must be made within 7 years of the date the member first reaches normal retirement eligibility.

Pension Amount – 98% of the member's accrued benefit at the date of election to participate in DROP.

EARLY RETIREMENT (GENERAL):

Eligibility - Age 50 with 10 or more years of service.

Pension Amount - Computed as a normal retirement benefit but reduced 6/10 of 1% (3/10 of 1% if service credit is 20 or more years) for each month early retirement precedes the member's projected normal retirement date.

DEFERRED RETIREMENT (VESTED TERMINATION BENEFIT):

Eligibility - 10 or more years of service. Pension begins upon meeting requirement for normal retirement. Contributions must be left on deposit in the System; failure to do so results in forfeiture of the vested benefit.

Pension Amount - Computed as for normal retirement, based upon service and average final compensation at time of termination.

DUTY DISABILITY RETIREMENT:

Eligibility - No age or service requirements.

Pension Amount - To earliest normal retirement eligibility date: Computed as a regular retirement with additional service credit granted from date of disability to earliest normal retirement eligibility date. Minimum benefit is 60% of average final compensation. At earliest normal retirement eligibility date: computed as a regular retirement. The minimum shall be applicable for at least 5 years if the member attains such age for retirement less than 5 years after duty disability benefits commence.

NON-DUTY DISABILITY BEFORE RETIREMENT:

Eligibility - 10 or more years of service.

Pension Amount - Computed as for normal retirement.

DUTY DEATH BEFORE RETIREMENT:

Eligibility - No age or service requirements.

Pension Amount - A pension to each surviving child of 25% of the member's average final compensation not to exceed 50% or equal share of 75% of the member's AFC when there are 4 or more surviving children being paid. A pension to the widow of the difference, if any, between 75% of the retiree's AFC and the aggregate amount paid to children for the month.

NON-DUTY DEATH BEFORE RETIREMENT:

Eligibility - 10 or more years of service.

Pension Amount - 75% of normal retirement benefit to a surviving spouse or equal shares of 75% of the normal retirement benefit to surviving unmarried children under 18.

AUTOMATIC DEATH AFTER RETIREMENT PENSION:

To Surviving Child(ren): 25% of the retirees pension payable to age 18, not to exceed an equal share of 75% of the retirees pension. Payments to surviving children may be paid to age 25 if no spouse benefits are payable.

To Surviving Spouse: The difference, if any, between 75% of the deceased retirees pension and the aggregate amount paid to any surviving children for the month.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS:

Members who retire after 9-30-68 and prior to 10/1/90 receive an annual 1.0% increase computed on the base benefit. Other adjustments have been made periodically. Pensions effective after 9/30/90 will be increased 2.0% annually based on the total pension payable subsequent to an initial 3-year deferral period.

SUPPLEMENTAL PENSION DISTRIBUTION:

Amount determined on investment return, if any, after expenses, between 8.0% and 10.0% of assets, subject to accumulated gains/(losses) limitation.

MEMBER CONTRIBUTIONS:

<u>% of Annual Compensation</u>			
General:	6.47%	Ocean Rescue:	7.21%

TOWN CONTRIBUTIONS: Actuarially determined amounts which together with member contributions are sufficient to cover the requirements of the funding objective stated on page A-1.

PRIOR GOVERNMENTAL SERVICE ELSEWHERE: During the first five years of employment by the Town, the years or fractional parts of years that a member previously served for any other municipal, county, or state government or district may be added to years or fractional parts of years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

PURCHASE OF SERVICE CREDIT: A vested member who has not purchased service credit under Prior Governmental Service Elsewhere may purchase years or fractional parts of years of service to be added to years of credited service provided that the member contributes the sum that would have been contributed to the retirement plan to pay the full actuarial cost.

Summary of Assets (Market Value)

	<u>September 30, 2010</u>	<u>September 30, 2009</u>
Cash	\$ 7,307,258	\$ 801,002
Accrued interest and dividends	5,580	7,501
Other short-term	0	0
Bonds - government	0	0
- corporate	0	0
- mutual funds	18,092,039	15,071,703
- mortgage	0	0
Stocks - common	8,799,244	7,356,621
- preferred	0	0
Stock mutual funds	23,808,395	30,044,660
Accounts payable	(77,332)	(44,515)
Other	7,307,164	7,071,641
Total Assets	\$65,242,348	\$60,308,613

Accounting Information Utilized for Valuation

REVENUES AND EXPENDITURES

	<u>Year Ended</u> <u>September 30, 2010</u>	<u>Year Ended</u> <u>September 30, 2009</u>
Revenues:		
a. Member contributions:		
- General	\$ 1,085,608	\$ 863,445
- Ocean Rescue	29,740	27,582
b. Town contributions:		
- General	2,507,174	2,319,374
- Ocean Rescue	109,310	100,754
c. Investment income:		
1. Interest	5,955	6,106
2. Dividends	95,747	59,781
3. Amortization of premiums/discounts	0	0
4. Gain or (loss) on sales	5,971,324	8,358,248
5. Other – unrealized gain (loss)	(220,160)	(8,829,807)
d. Total revenues	<u>9,584,698</u>	<u>2,905,483</u>
Expenditures:		
a. Refunds of member contributions:		
- General	281,605	100,068
- Ocean Rescue	0	0
b. Benefits paid:		
- General	3,829,305	3,375,398
- Ocean Rescue	245,680	242,479
c. Supplemental pension distribution	0	0
d. Administrative expenses	45,637	49,359
e. Investment expenses	248,736	273,257
f. Other	0	0
g. Total expenditures	<u>4,650,963</u>	<u>4,040,561</u>
Reserve Increase:		
Total revenues minus total expenditures	<u>\$4,933,735</u>	<u>(\$1,135,078)</u>

Accounting Information Submitted for Valuation

RESERVE ACCOUNTS*

	September 30, 2010	September 30, 2009
Employees' contributions (Members' Saving Fund):		
General	\$ 7,457,767	\$ 7,815,477
Ocean Rescue	270,075	328,979
Totals	7,727,842	8,144,456
Employer contributions (Employer Reserve Fund):		
General	9,824,735	15,563,418
Ocean Rescue	(8,786)	(40,956)
Totals	9,815,949	15,522,462
Retired members and beneficiaries (Retirement Reserve Fund):		
General	44,341,343	33,520,728
Ocean Rescue	2,799,978	2,612,538
Totals	47,141,321	36,133,266
Inactive members (Deferred Retirement Fund):		
General	557,236	508,429
Ocean Rescue	0	0
Totals	557,236	508,429
Total		
General	62,181,081	57,408,052
Ocean Rescue	3,061,267	2,900,561
Totals	\$ 65,242,348	\$ 60,308,613

* Before transfers in accordance with Section 82-82(b) of Retirement Ordinance (please refer to page A-3).

Retired Member and Beneficiary Data

HISTORICAL SCHEDULE*

Year Ended Sept. 30	Number		Net Increase		End of Year		Average Pensions
	Added	Removed	No.	Annual Pensions	No.	Annual Pensions	
1970	3	3		\$ 2,587	62	\$ 116,575	\$ 1,880
1975	13	7	6	57,636	81	260,062	3,211
1980	12	3	9	103,790	119	687,545	5,778
1981	11	6	5	128,569	124	816,114	6,582
1982	8	6	2	45,959	126	862,073	6,842
1983	6	3	3	42,198	129	904,271	7,010
1984	6	4	2	32,936	131	937,207	7,154
1985	15	5	10	166,787	141	1,103,994	7,830
1986	10	3	7	119,451	148	1,223,445	8,267
1987	7	2	5	72,350	153	1,295,794	8,469
1988	13	8	5	92,514	158	1,388,308	8,787
1989	9	6	3	142,425	161	1,530,733	9,508
1990	17	10	7	207,012	168	1,737,745	10,344
1991	7	5	2	145,915	170	1,883,660	11,080
1992	16	11	5	291,355	176	2,175,015	12,358
1993	11	8	3	159,198	179	2,334,213	13,040
1994	21	4	17	441,322	196	2,775,535	14,161
1995	15	8	7	199,472	203	2,975,006	14,655
1996	18	9	9	323,738	212	3,298,744	15,560
1997	13	13	0	127,873	212	3,426,617	16,163
1998	17	8	9	272,820	221	3,699,437	16,740
1999	15	7	8	455,698	229	4,155,135	18,145
2000	9	126 #	(117)	(2,583,596)	112	1,571,539	14,032
2001	11	5	6	445,871	118	2,017,410	17,097
2002	15	12	3	175,152	121	2,192,562	18,120
2003	5	10	(5)	(18,398)	116	2,174,164	18,743
2004	5	4	1	140,941	117	2,315,105	19,787
2005	8	3	5	261,811	122	2,576,916	21,122
2006	3	3	0	72,714	122	2,649,630	21,718
2007	16	4	12	375,327	134	3,024,957	22,574
2008	16	4	12	452,964	146	3,477,921	23,821
2009	12	6	6	373,718	152	3,851,639	25,340
2010	17	3	14	613,661	166	4,465,300	26,899

* Prior to the September 30, 2000 valuation, Public Safety members were included.

Includes 122 Public Safety members.

Retired Members and Beneficiaries

HISTORICAL COMPARISON

Valuation Date	% Incr. in Annual Pensions**	No. of Active Per Retired		Pension Payroll as % of Active Payroll#	
		General	Ocean Rescue	General	Ocean Rescue
9/30/1970 *	5.4 %	4.0		6.0 %	
9/30/1975 *	17.9	3.7		6.7	
9/30/1980 *	21.6	2.5		13.0	
9/30/1981	18.7	2.6		15.7	
9/30/1982	5.6	2.3		13.0	
9/30/1983	4.9	2.5		11.7	
9/30/1984	3.6	2.6		11.4	
9/30/1985	17.8	2.4		13.2	
9/30/1986	10.8	2.2		13.8	
9/30/1987	5.9	2.2		14.0	
9/30/1988	7.1	2.1		14.3	
9/30/1989	10.3	2.5		11.4	
9/30/1990	13.5	2.5		10.8	
9/30/1991	8.4	2.6	3.3	10.1	25.4 %
9/30/1992	15.5	2.8	3.0	9.8	25.0
9/30/1993	7.3	2.7	3.3	10.5	23.6
9/30/1994	18.9	2.4	3.0	11.9	24.7
9/30/1995	7.2	2.3	3.3	13.4	22.5
9/30/1996	10.9	2.2	3.0	15.6	22.8
9/30/1997	3.9	2.2	3.3	15.2	20.4
9/30/1998	8.0	2.1	3.3	16.4	19.8
9/30/1999	12.3	2.0	3.3	17.1	19.1
9/30/2000	-62.2	1.9	3.3	19.4	18.3
9/30/2001	28.4	1.8	3.3	23.2	20.3
9/30/2002	8.7	1.8	1.4	22.9	40.1
9/30/2003	-0.8	1.9	1.8	20.7	38.5
9/30/2004	6.5	1.9	1.8	20.8	36.5
9/30/2005	11.3	1.8	1.8	21.9	32.8
9/30/2006	2.8	1.8	1.8	21.0	31.4
9/30/2007	14.2	1.7	1.1	22.9	57.0
9/30/2008	15.0	1.5	0.9	26.2	74.9
9/30/2009	10.7	1.4	1.1	28.0	59.0
9/30/2010	15.9	1.1	0.8	37.2	86.8

* Averages for the 5 years ending with the valuation date.

Breakdown by division not available prior to 9/30/89. Data shown under General heading is for all divisions combined prior to 9/30/89.

** Beginning with the September 30, 2000 valuation, Public Safety members are reported in a separate report.

**Retired Member and Beneficiary Data as of September 30, 2010
by Type of Pension Being Paid**

Type of Benefit Being Paid	General		Ocean Rescue	
	No.	Annual Pensions	No.	Annual Pensions
Age & Service Benefits				
Straight Life	41	\$ 863,236	1	\$ 20,022
Joint and Survivor Benefits - Regular	64	2,053,674	5	150,191
Surviving Beneficiaries	20	248,756	0	0
DROP members	17	718,005	2	81,640
Total Age and Service Benefits	142	3,883,671	8	251,853
Duty Disability Benefits				
Straight Life	1	378	0	0
Surviving Beneficiaries	1	5,694	0	0
Total Duty Disability Benefits	2	6,072	0	0
Non-Duty Disability Benefits				
Straight Life	2	132,680	1	28,675
Joint and Survivor Benefits	2	49,040	0	0
Surviving Beneficiaries	4	49,565	0	0
Total Non-Duty Disability Benefits	8	231,285	1	28,675
Death-in-Service Benefits				
Non-Duty Spouse	5	63,744	0	0
Total Death-in-Service Benefits	5	63,744	0	0
Totals	157	\$ 4,184,772	9	\$ 280,528

**Retired Member and Beneficiary Data as of September 30, 2010
(Includes DROP Participants)
Tabulated by Attained Age**

Attained Age	General		Ocean Rescue	
	No.	Annual Pensions	No.	Annual Pensions
40 - 44	1	\$ 15,188		
45 - 49	2	60,140	1	\$ 25,559
50 - 54	8	255,740	4	144,549
55 - 59	30	972,529		
60 - 64	25	927,363	1	28,675
65 - 69	26	737,485		
70 - 74	24	546,928		
75 - 79	17	344,091	2	61,723
80 - 84	12	221,757		
85 - 89	10	84,391	1	20,022
90 - 94	1	7,495		
95 - 99	1	11,665		
Totals	157	\$4,184,772	9	\$280,528

	General	Ocean Rescue
Average Age at Retirement:	57.8 years	50.2 years
Average Age Now:	68.2	61.5

Vested Terminated Members as of September 30, 2010
Annual Estimated Pensions
Tabulated by Attained Age

Attained Age	No.	General Annual Estimated Pensions
39	1	\$ 18,159
43	1	6,552
48	2	44,854
50	3	90,693
51	1	14,626
53	1	29,701
Totals	9	\$204,585

General

Active and Vested Terminated Members Included in Valuation

Valuation Date September 30	Active Members	Vested		Valuation Payroll	Average		
		Terminated Members			Age	Service	Pay
1991	199	2		\$ 5,950,829	42.7 yrs.	8.8 yrs.	\$29,904
1992	214	2		6,553,322	42.4	8.5	30,623
1993	205	2		6,404,153	43.6	9.1	31,240
1994	200	2		6,484,548	43.8	9.3	32,423
1995	202	2		6,521,164	43.0	8.8	32,283
1996	205	2		6,624,917	42.8	8.2	32,317
1997	210	2		7,128,895	42.7	8.1	33,947
1998	214	2		7,528,503	42.9	8.1	35,180
1999	204	5		7,582,477	43.7	8.6	37,169
2000	202	6		7,760,543	44.0	8.5	38,419
2001	208	6		8,371,487	43.5	8.4	40,248
2002	206	5		9,106,367	43.9	8.4	44,206
2003	212	6		9,883,393	44.4	9.0	46,620
2004	211	7		10,517,577	44.9	9.5	49,846
2005	210	8		11,147,262	45.7	9.5	53,082
2006	216	7		11,994,303	46.3	9.9	55,529
2007	214	6		12,336,518	46.5	10.1	57,647
2008	202	7		12,366,080	46.2	10.4	61,218
2009	203	8		12,893,270	46.3	10.2	63,514
2010	175	9		11,256,751	47.1	10.7	64,324

Number Added to and Removed from Active Membership

Year Ended Sept. 30	Number Added During Year	Normal/Early Retirement				Disability Retirement	Died-in- Service	Withdrawal		Active Members End of Year		
		A			E			A	E			
		DROP	Other	Totals								
2001	21	7	2	9	4.4	0.8	0.5	6	17.4	208		
2002	21	4	2	6	3.1	0.3	0.3	17	17.0	206		
2003	15				4.4	0.2	0.3	9	15.8	212		
2004	10	3	1	4	5.4	1	0.3	0.3	6	14.2	211	
2005	25	4	1	5	6.0	1	0.2	0.3	20	11.8	210	
2006	20	0	2	2	6.4		0.3	0.3	12	15.5	216	
2007	16	3	6	9	7.4		0.2	1	0.4	8	14.8	214
2008	9	1	12	13	8.0		0.2		0.4	8	13.9	202
2009	17	3	6	9	6.4		0.2		0.3	7	11.7	203
2010	6	13	1	14	7.3	1	0.2		0.4	19	12.1	175

A represents actual number.

E represents expected number.

Ocean Rescue

Active and Vested Terminated Members Included in Valuation

Valuation September 30	Active Members	Vested		Valuation Payroll	Average		
		Terminated Members			Age	Service	Pay
1991	10	0		\$233,511	32.7 yrs.	4.8 yrs.	\$23,351
1992	9	0		204,155	32.9	5.4	26,684
1993	10	0		257,970	33.0	5.8	25,797
1994	9	0		246,947	34.0	7.1	27,439
1995	10	0		273,547	33.7	7.4	27,355
1996	9	0		273,443	36.0	9.1	30,383
1997	10	0		307,049	35.5	9.2	30,705
1998	10	0		320,414	36.5	10.2	32,041
1999	10	0		335,155	37.5	11.2	33,516
2000	10	0		352,879	38.5	12.2	35,288
2001	10	0		380,672	38.8	12.7	38,067
2002	7	0		273,922	40.0	14.0	39,132
2003	9	0		339,703	39.0	11.9	37,745
2004	9	0		359,342	40.0	12.9	39,927
2005	9	0		404,910	41.0	13.9	44,990
2006	9	0		427,989	42.0	14.9	47,554
2007	8	0		360,242	39.9	12.5	45,030
2008	7	0		321,053	39.8	12.5	45,865
2009	9	0		410,292	37.7	10.6	45,588
2010	7	0		323,298	38.0	10.8	46,185

NUMBER ADDED TO AND REMOVED FROM ACTIVE MEMBERSHIP

Year Ended Sept. 30	Number Added During Year	Retirement				Disability Retirement A	Died-in- Service A	Withdrawal		Active Members End of Year
		A			E			A	E	
		DROP	Other	Totals						
2001	1				0.3		1	0.2	10	
2002		1	1	2	0.5		1	0.3	7	
2003	2							0.1	9	
2004					0.5			0.3	9	
2005					0.5			0.2	9	
2006					0.5	0.1	0.2	0.2	9	
2007	1	2		2	1	0	0	0.2	8	
2008			1	1	0.5	0	0	0.2	7	
2009	2			0	0.3	0	0	0.2	9	
2010		1		1	0.3	0.0	0.0	1	0.4	7

A represents actual number.

E represents expected number.

General
By Near Age and Years of Service

Near Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	2							2	\$ 72,532
25-29	6	1						7	279,654
30-34	3	3	3					9	539,974
35-39	8	10	4	2				24	1,430,781
40-44	3	5	8	5				21	1,325,525
45-49	13	7	3	4	8			35	2,381,623
50-54	2	4	11	5	5	7		34	2,347,459
55-59	5	10	8	3	3			29	1,960,776
60-64	3	3	1	1				8	568,720
65-69		3	1		1			5	310,402
70+		1						1	39,305
Totals	45	47	39	20	17	7	0	175	\$11,256,751

Ocean Rescue

By Near Age and Years of Service

Near Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
25-29	2							2	\$ 63,042
30-34		1						1	46,265
35-39									
40-44				1	1			2	104,498
45-49		1						1	49,943
50-54				1				1	59,550
Totals	2	2		2	1			7	\$323,298

SECTION D

ACTUARIAL COST METHOD, ACTUARIAL
ASSUMPTIONS AND DEFINITIONS OF TECHNICAL
TERMS

Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of benefits and expenses to time periods. The method used for your valuation is known as the individual entry-age actuarial cost method, and has the following characteristics:

- The annual normal cost for each individual active member is sufficient to accumulate the value of the member's pension at time of retirement or at DROP election, if earlier.
- Each annual normal cost is a constant percentage of the member's year-by-year projected pensionable compensation.

The entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry-age of the member and the assumed active status exit ages. This is based on our understanding of the approach preferred by the Florida Division of Retirement.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. The unfunded actuarial accrued liability was financed as a level percent of active member payroll over varying periods of up to 30 years. Please refer to pages B-11 through B-12 for a schedule of financing periods.

The characteristics of this method of financing the unfunded actuarial accrued liability are shown on pages D-2 and D-3 using the single equivalent amortization periods for each division.

Member payroll was assumed to increase 5.5% a year, net of members entering the DROP, for the purpose of determining the level percent contributions (except as required by F.S. 112.64 (5)). This assumption is consistent with the base rate of increase in salaries used to calculate actuarial present values. Expressing contributions, as on page B-1, as a percent of active member payroll excluding DROP members may cause fluctuations due to the level of participation in the DROP.

General UAAL Amortization Schedule*

Year	Investment Assumption 8.00%	Inflation Assumption 3.79%	
	Payroll	UAAL Balance	Payment
1	\$ 11,256,751	\$ 18,080,433	\$ 1,032,056
2	11,683,290	18,434,121	1,071,162
3	12,125,991	18,774,697	1,111,750
4	12,585,467	19,099,544	1,153,877
5	13,062,354	19,405,776	1,197,599
6	13,557,310	19,690,212	1,242,978
7	14,071,022	19,949,356	1,290,077
8	14,604,198	20,179,362	1,338,961
9	15,157,578	20,376,011	1,389,696
10	15,731,927	20,534,673	1,442,354
11	16,328,038	20,650,272	1,497,008
12	16,946,738	20,717,253	1,553,732
13	17,588,881	20,729,532	1,612,606
14	18,255,355	20,680,457	1,673,711
15	18,947,084	20,562,758	1,737,131
16	19,665,024	20,368,493	1,802,954
17	20,410,168	20,088,994	1,871,271
18	21,183,547	19,714,800	1,942,177
19	21,986,230	19,235,595	2,015,769
20	22,819,329	18,640,133	2,092,151
21	23,683,995	17,916,162	2,171,426
22	24,581,425	17,050,335	2,253,705
23	25,512,860	16,028,125	2,339,102
24	26,479,589	14,833,718	2,427,735
25	27,482,949	13,449,914	2,519,726
26	28,524,329	11,858,005	2,615,204
27	29,605,168	10,037,651	2,714,298
28	30,726,962	7,966,747	2,817,148
29	31,891,263	5,621,272	2,923,895
30	33,099,681	2,975,135	3,034,687
31	34,353,889	0	0

* Illustrative schedule assuming 30-year amortization of the unfunded liability.

Ocean Rescue UAAL Amortization Schedule*

Year	Investment Assumption 8.00%	Inflation Assumption 2.61%	
	Payroll	UAAL Balance	Payment
1	\$ 323,298	\$1,257,751	\$ 82,032
2	331,745	1,272,005	84,175
3	340,412	1,285,144	86,374
4	349,305	1,297,017	88,631
5	358,431	1,307,465	90,946
6	367,796	1,316,311	93,322
7	377,405	1,323,363	95,761
8	387,265	1,328,412	98,262
9	397,383	1,331,231	100,830
10	407,765	1,331,573	103,464
11	418,418	1,329,169	106,167
12	429,350	1,323,726	108,941
13	440,567	1,314,927	111,787
14	452,078	1,302,428	114,708
15	463,889	1,285,855	117,704
16	476,009	1,264,800	120,780
17	488,445	1,238,823	123,935
18	501,206	1,207,446	127,173
19	514,301	1,170,149	130,496
20	527,737	1,126,371	133,905
21	541,525	1,075,501	137,403
22	555,673	1,016,878	140,993
23	570,191	949,786	144,677
24	585,088	873,448	148,457
25	600,374	787,023	152,335
26	616,060	689,601	156,315
27	632,155	580,196	160,399
28	648,671	457,737	164,590
29	665,618	321,071	168,890
30	683,008	168,943	173,303
31	700,852	0	0

* Illustrative schedule assuming 30-year amortization of the unfunded liability.

Actuarial Assumptions Used for the Valuation

Funding objective contribution requirements and actuarial present values are calculated by applying estimates of future Plan activities (actuarial assumptions) to the benefit provisions and people information of the System, using the actuarial cost method described on page D-1.

The principal areas of activity which require assumptions are:

- long-term rates of investment return to be generated by the assets of the System
- patterns of pay increases to members
- rates of mortality among members, retirees and beneficiaries
- rates of withdrawal of active members
- rates of disability among active members
- the age patterns of actual retirement

In a valuation, the monetary effect of each activity is calculated for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual activities of the system will not coincide exactly with assumed activities due to the nature of the activities. Each valuation provides a complete recalculation of assumed future activities and takes into account the effect of differences between assumed and actual activities to date. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time-to-time one or more of the assumptions are modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

The assumptions regarding the INVESTMENT RETURN rate, INFLATION rate, REAL INVESTMENT RETURN rate, and SALARY INCREASE rates were revised effective September 30, 1987. These assumptions are used, in combination with the other assumptions, to (i) determine the present value of amounts expected to be paid in the future and (ii) establish rates of contribution which are expected to remain relatively level as a percent of active member payroll.

INVESTMENT RETURN. 8% per annum compounded annually, net of investment expenses.

INFLATION. 5% per annum, compounded annually. This is the rate at which growth in the supply of money and credit is assumed to exceed growth in the supply of goods and services. It may be thought of as the rate of depreciation of the purchasing power of the dollar. There are a number of indices for measuring the inflation rate. The recent inflation rate, as measured by the Consumer Price Index, has been:

	Year Ended September 30					Average for Period
	2010	2009	2008	2007	2006	
Actual	1.1%	(1.3)%	4.9%	2.8%	2.1%	1.9%
Assumed	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

REAL INVESTMENT RETURN. 3% per annum, compounded annually net of investment expenses. This is the rate of return assumed to be produced by investing a pool of assets in an inflation-free environment. Recent real investment return for the Retirement System has been:

	Year Ended September 30					Average for Period
	2010	2009	2008	2007	2006	
Total Rate of Return	2.9 %	(1.2) %	1.9 %	11.2 %	8.3 %	4.6 %
less investment expenses	0.3	0.4	0.7	0.5	0.5	0.5
Net Rate of Return	2.6	(1.6)	1.2	10.8	7.8	4.2
less inflation rate	1.1	(1.3)	4.9	2.8	2.1	1.9
Net Real Rate of Return	1.5	(0.3)	(3.7)	8.0	5.7	2.2
Assumed Real Rate	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Assumed Net Rate	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %

The total investment return rate was computed using the approximate formula $i = I$ divided by $1/2 (A + B - I)$, where I is actual realized investment income plus market value adjustments, A is the beginning of year asset value, and B is the end of year asset value.

The preceding investment return rates reflect the particular characteristics of this Retirement System and should not be used to measure an investment advisor's performance or for comparison with other retirement systems. Such use will usually mislead.

SALARY INCREASES. Employee salaries are assumed to increase between the date of hire and date of retirement or DROP election, if earlier. Salary increases occur in recognition of (i) individual merit and seniority, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) competition from other employers for personnel. A schedule of assumed rates of increase in individual salaries for sample ages follows:

Attributable to:	Annual Rates of Salary Increase for Sample Ages				
	20	30	40	50	60
Merit & Seniority	3.8 %	2.7 %	2.1 %	1.1 %	0.2 %
General Increase in Wage Level Due to:					
Inflation	5.0	5.0	5.0	5.0	5.0
Other Causes	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Totals	9.3 %	8.2 %	7.6 %	6.6 %	5.7 %

A schedule of recent salary change experience, as measured by average reported pay, follows:

	Year Ended September 30					Average 10-Year
	2010	2009	2008	2007	2006	
% Change: Actual*						
- Gen.	1.1 %	5.6 %	6.3 %	6.8 %	6.0 %	
- O.R.	1.5	9.4	5.5	5.1	5.7	
Assumed						
- Gen.	6.9	7.0	7.0	7.0	7.0	
- O.R.	7.7	7.7	7.6	7.6	7.4	
% Change in Total Payroll						
- Gen.	(12.7)	4.3	0.2	2.9	0.5	3.8 %
- O.R.	(21.2)	27.8	(10.9)	(15.8)	(2.9)	2.6

* Based on members who were active throughout the year.

In order to achieve the funding objective of a contribution rate which remains level as a percent-of-payroll, the total rate of investment return must exceed the rate of average increase in salaries by an amount equal to the assumed real investment return rate. The following schedule illustrates the recent history of the relationship between total investment return and average pay changes.

	Year Ended September 30					Average 5-Year
	2010	2009	2008	2007	2006	
Net Rate of Investment Return	2.9 %	(1.2) %	1.9 %	11.2 %	8.3 %	4.6 %
Rate of Change in Average Pay -						
- Gen.	1.1	5.6	6.3	6.8	6.0	5.2
- O.R.	1.5	9.4	5.5	5.1	5.7	5.4
Difference: Actual -						
- Gen.	1.8	(6.8)	(4.4)	4.4	2.3	(0.5)
- O.R.	1.4	(10.6)	(3.6)	6.1	2.6	(0.8)
Target						
- All	3.0	3.0	3.0	3.0	3.0	3.0

MORTALITY TABLE. The 1983 Group Annuity Mortality Table, set back 6 years for females.

Sample Ages	Value of		Future Life	
	\$1 Monthly for Life		Expectancy (Years)	
	Men	Women	Men	Women
50	\$132.10	\$139.24	29.18	34.68
55	124.57	133.42	24.82	30.08
60	115.04	126.21	20.64	25.68
65	103.26	117.13	16.69	21.46
70	90.18	105.77	13.18	17.45
75	76.40	92.85	10.15	13.84
80	62.65	79.21	7.64	10.72

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement.

RATES OF SEPARATION FROM ACTIVE MEMBERSHIP. The rates do not apply to members eligible to retire and do not include separation on account of death or disability. This assumption measures the probabilities of active members remaining in employment.

Sample Ages	Years of Service	Percent Separating Within Next Year	
		General	Ocean Rescue
ALL	0	40.00 %	15.00 %
	1	25.00	10.00
	2	15.00	8.00
	3	10.00	7.00
	4	7.00	6.00
20	5 & Over	6.00	5.00
25		6.00	5.00
30		5.50	4.50
35		4.40	3.55
40		1.85	1.45
45		1.25	0.75
50		1.25	0.75
55		1.25	0.75
60		1.25	- -

RATES OF DISABILITY. This assumption measures the probabilities of active members becoming disabled.

Sample Ages	Percent Becoming Disabled Within Next Year	
	Men	Women
20	0.07 %	0.03 %
25	0.09	0.05
30	0.10	0.07
35	0.14	0.13
40	0.21	0.19
45	0.32	0.28
50	0.52	0.45
55	0.92	0.76
60	1.53	1.10
65	1.65	0.98

The mortality table was set forward 10 years from the age at disability for projecting disability costs, of which 25% of General and 50% of Ocean Rescue were assumed to be duty related.

RATES OF RETIREMENT. This assumption measures the probabilities of eligible members retiring or electing DROP during the next year.

Retirement Ages	Percent Retiring		Early Retirement Ages	Percent Retiring General
	General	Ocean Rescue		
45		25%		
46		25		
47		25		
48		25		
49		25		
50	15%	25	50	5%
51	10	25	51	5
52	10	25	52	5
53	10	25	53	5
54	10	25	54	5
55	15	25		
56	15	25		
57	15	25		
58	15	25		
59	15	25		
60	15	50		
61	15	60		
62	30	70		
63	15	80		
64	15	90		
65	60	100		
66	30			
67	40			
68	50			
69	90			
70	100			

A General member is eligible for retirement after 30 years of service or after attaining age 55 with 10 years of service.

A Ocean Rescue member is eligible for retirement after attaining age 50 with 10 years of service or when an individual's age and service totals 65 years or more.

Summary of Assumptions Used September 30, 2010 Miscellaneous and Technical Assumptions

Vested members who terminate with a benefit worth less than 100% of their own accumulated contributions were assumed to forfeit their vested benefit.

Administrative expenses are reimbursed on a retrospective basis by an addition to the Town contribution rate.

Active Member Group Size. The valuation was based on an active member group size which will decrease with members entering the DROP and then stabilize.

Earnings reported for actuarial valuation include all amounts included in average earnings for benefit purposes.

Investment expenses are an offset against total investment income.

Marriage Proportion. 90% of active members who meet the age and service requirements for pre-retirement survivor benefits are assumed to be married. In each case the male was assumed to be 3 years older than the female.

Lump sum payments for unused accumulated leave time are excluded in determining pension amounts pursuant to the Town of Palm Beach Code of Ordinances.

Pay Increase Timing. Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

Decrement Timing. Decrements of all types are assumed to occur mid-year.

Eligibility Testing. Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Benefit Service. Exact fractional service is used to determine the amount of benefit payable.

Decrement Relativity. Decrement rates are used directly, without adjustment for multiple decrement table effects.

Decrement Operation. Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.

Normal Form of Benefit. The assumed normal form of benefit is the straight life form.

Incidence of Contributions. Contributions are assumed to be received continuously throughout the year based upon the computed percent-of-payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.

Definitions of Technical Terms

ACCRUED SERVICE. Service credited under the System which was rendered before the date of the actuarial valuation.

ACTUARIAL ACCRUED LIABILITY. The difference between the actuarial present value of future benefit payments and the actuarial present value of future normal costs. Also referred to as "accrued liability" or "past service liability."

ACTUARIAL ASSUMPTIONS. Estimates of expected future experience with respect to rates of mortality, disability, separation, retirement, rate or rates of investment income and salary increases. Decrement estimates (rates of mortality, disability, separation and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic estimates (salary increases and investment income) consist of the underlying rates in an inflation-free environment plus a provision for a long-term average rate of inflation.

ACTUARIAL COST METHOD. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefit payments" between future normal cost and actuarial accrued liabilities. Sometimes referred to as the "actuarial valuation cost method."

ACTUARIAL EQUIVALENT. A single amount or series of amounts of equal actuarial present value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

ACTUARIAL PRESENT VALUE. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment. Also referred to as "present value."

AMORTIZATION. Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying it off with a lump sum payment.

EXPERIENCE GAIN (LOSS). The difference between actual actuarial costs and assumed actuarial costs -- during the period between two valuation dates.

FUNDING VALUE OF ASSETS. Also referred to as actuarial value of assets, smoothed market value of assets, or valuation assets.

Valuation assets recognize assumed investment return fully each year. Differences between actual and assumed investment return are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, valuation assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, valuation assets will tend to be greater than market value. If assumed rates are exactly realized for 4 consecutive years, valuation assets will become equal to market value.

NORMAL COST. The actuarial cost allocated to the current year by the actuarial cost method. Sometimes referred to as "current service cost."

UNFUNDED ACTUARIAL ACCRUED LIABILITIES. The difference between actuarial accrued liabilities and the actuarial value of System assets. Sometimes referred to as "unfunded past service liability," "unfunded accrued liability" or "unfunded supplemental present value."

Most retirement systems have unfunded actuarial accrued liability. It arises each time new benefits are added and each time an experience loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to control the amount of unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar).

SECTION E

CERTAIN DISCLOSURES REQUIRED BY STATEMENT NO. 25 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

GASB Statement No. 25
Required Supplementary Information
(\$ Amounts in Thousands)

Schedule of Funding Progress*

Actuarial Valuation Date Sept. 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -- Entry-Age--	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a % of Covered Payroll
2001 (a)	\$ 56,060	\$48,675	115.2 %	(\$7,385)	\$8,752	0.0 %
2002	52,316	53,071	98.6	755	9,380	8.0
2003	53,798	56,652	95.0	2,854	10,223	27.9
2004	56,298	61,842	91.0	5,544	10,877	51.0
2005	59,589	67,882	87.8	8,293	11,552	71.8
2006	64,608	73,054	88.4	8,446	12,422	68.0
2007	72,161	77,632	93.0	5,471	12,697	43.1
2008	73,732	83,758	88.0	10,026	12,687	79.0
2009	72,370	89,658	80.7	17,288	13,304	129.9
2010	73,809	93,147	79.2	19,338	11,580	167.0

Schedule of Employer Contributions

Fiscal Year Ending Sept. 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Projected Payroll#	Actual Dollar Contribution#	Percentage Contributed#
2002	6.34 %	\$ 558	\$ 567	102 %
2003	11.04 (a)	1,047	952	100
2004	15.88	1,614	1,523	100
2005	16.94	1,876	1,784	100
2006	17.86	2,105	2,008	100
2007	19.29	2,415	2,417	100
2008	19.43	2,615	2,615	100
2009	17.59	2,420	2,420	100
2010	19.03	2,616	2,616	100
2011	21.33	3,075		
2012	23.85	2,993		

(a) After changes in benefit provisions and/or actuarial assumptions and/or actuarial cost methods.

* Beginning with valuation date September 30, 2000, excludes Public Safety members.

In years where the computed contribution exceeds the actual contribution, the difference was funded by the Reserve for Employer Contributions.

GASB Statement No. 25 Required Supplementary Information

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

Valuation date	September 30, 2010
Actuarial cost method	Entry-Age
Amortization method	Level percent-of-payroll
Remaining amortization periods*	1-30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return	8.00%
Projected salary increases	9.8% to 6.2%
Includes inflation and other general increases at	5.5%
Cost-of-living adjustments	Members who retire after 9-30-68 and prior to 10-1-90 receive an annual 1.0% increase computed on the base benefit. Members after 9-30-90 will be increased 2.0% annually based on total pension after a 3-year deferral period. Other adjustments have been made periodically.

Membership of the plan consisted of the following at September 30, 2010, the date of the latest actuarial valuation:

	General	Ocean Rescue	Totals
Retirees and beneficiaries receiving benefits	157	9	166
Terminated plan members entitled to but not yet receiving benefits	9	0	9
Active plan members			
Vested	83	3	86
Non-vested	92	4	96
Totals	341	16	357

* The periods are in compliance with Florida Statutes and Actuarial Standards of Practice, but do not produce an Annual Required Contribution with an aggregate amortization of the UAAL under 30 years.

SECTION F
STATE REQUIRED DATA

**Summary of Valuation Results in State Format
(\$ Amounts in thousands)**

Actuarial Present Value of Future Benefits by Decrement

	<u>September 30, 2010</u>		<u>September 30, 2009</u>	
	<u>General</u>	<u>Ocean Rescue</u>	<u>General</u>	<u>Ocean Rescue</u>
(i) Actuarial present value of active member benefits:				
Service retirement	\$ 58,014	\$ 2,164	\$ 64,604	\$ 2,705
Vested termination benefits	1,242	47	1,369	61
Disability retirement	937	30	1,030	39
Survivor benefits (pre-retirement)	2,848	55	3,119	72
Termination benefits - refunds	320	9	405	14
Totals	<u>63,361</u>	<u>2,305</u>	<u>70,527</u>	<u>2,891</u>
(ii) Actuarial present value of terminated vested members	1,647	0	1,432	0
(iii) Actuarial present value of retired members & beneficiaries	47,154	3,216	40,182	2,781
(iv) Reserves	4	1	4	1
(v) Total actuarial present value of future benefit payments	112,166	5,522	112,145	5,673
(vi) Present value of active member future payroll	104,965	2,674	120,007	3,517
(vii) Present value of future active member contributions	6,791	193	7,764	254
(viii) Active member accumulated contributions	7,301	260	7,650	329
(ix) Actuarial accrued liability using projected unit credit funding method	83,975	4,625	80,159	4,507

**Summary of Valuation Results in State Format
(\$ Amounts in thousands)**

	<u>September 30, 2010</u>		<u>September 30, 2009</u>	
	<u>General</u>	<u>Ocean Rescue</u>	<u>General</u>	<u>Ocean Rescue</u>
Actuarial Present Value of Accrued Benefits (calculated in accordance with FASB Statement No. 35)				
(i) Vested accrued benefits				
Retired members and beneficiaries	\$ 47,154	\$ 3,216	\$ 40,182	\$ 2,781
Terminated members	1,647	-	1,432	-
Active members (includes non-forfeitable accum. member contributions)	21,046	927	22,315	1,158
Total	<u>69,847</u>	<u>4,143</u>	<u>63,929</u>	<u>3,939</u>
(ii) Non-vested accrued benefits	<u>4,219</u>	<u>150</u>	<u>5,462</u>	<u>155</u>
(iii) Total actuarial p.v. of accrued benefits	74,066	4,293	69,391	4,094
(iv) Actuarial p.v. of accrued benefits at begin. of year	69,391	4,094	63,917	3,867
(v) Changes attributable to:				
Amendments	-	-	-	-
Assumption change	-	-	-	-
Operation of decrements	8,504	445	8,849	469
Benefit payments	(3,829)	(246)	(3,375)	(242)
Expenses	-	-	-	-
(vi) Net change	<u>4,675</u>	<u>199</u>	<u>5,474</u>	<u>227</u>
(vii) Actuarial p.v. of accr. benefits at end of year	74,066	4,293	69,391	4,094

Reconciliation of Membership Data

A. Active Members	General	Ocean Rescue
1. Number Included in Last Valuation	203	9
2. New Members Included in Current Valuation	6	0
3. Non-Vested Employment Terminations	(16)	(1)
4. Vested Employment Terminations	(2)	0
5. Service Retirements	(2)	0
6. DROP Retirements	(13)	(1)
7. Disability Retirements	0	0
8. Deaths	0	0
9. Other (Transfer)	0	0
10. Number Included in This Valuation	176	7
B. Terminated Vested Members		
1. Number Included in Last Valuation	8	0
2. Additions from Active Members	2	0
3. Lump Sum Payments	0	0
4. Payments Commenced	(1)	0
5. Deaths	0	0
6. Other	0	0
7. Number Included in This Valuation	9	0
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	144	8
2. Additions from Active Members	15	1
3. Additions from Terminated Vested Members	1	0
4. Removed (Deaths, Benefit Termination, Data Corrections)	(3)	0
5. Added (Beneficiaries/Data Corrections)	0	0
6. Number Included in this Valuation	157	9

**Number Eligible/Number Electing Normal Retirement
During Year Ended September 30, 2010**

GENERAL

Age	Number Eligible	Number Electing Normal Retirement	
		DROP	Regular
49	1	1	
52	1	1	
54	1	1	
55	11	5	
56	2	1	
57	4	1	
58	4	1	
59	1	1	
60	1		
63	2	1	
65	1		
66	1		
71	1		1
Totals	31	13	1

**Number Eligible/Number Electing Normal Retirement
During Year Ended September 30, 2010**

OCEAN RESCUE

Age	Number Eligible	Number Electing Normal Retirement	
		DROP	Regular
49	1		
52	1	1	
Totals	2	1	0