

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

REVISED ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2011

ANNUAL EMPLOYER CONTRIBUTION IS DETERMINED BY THIS VALUATION FOR THE
PLAN YEAR ENDING SEPTEMBER 30, 2013

July 11, 2012

Board of Trustees
Pompano Beach Police and Firefighters'
Retirement System
Pompano Beach, Florida

Dear Board Members:

The results of the revised October 1, 2011 Annual Actuarial Valuation of the Pompano Beach Police and Firefighters Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement Plan and those designated or approved by the Board. This report may be provided to parties other than the Plan only in its entirety and only with the permission of the Board.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2013, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25 and No. 27.

This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2011. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

The valuation was based upon information furnished by the Plan Administrator concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

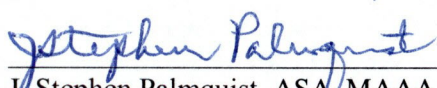
This report was prepared using certain assumptions prescribed by the Board as described in Section B.

The undersigned actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

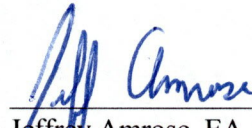
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

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.

GABRIEL, ROEDER, SMITH & COMPANY



Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 11-01560



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SECTION A
DISCUSSION OF VALUATION OF RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

A comparison of the required employer contribution developed in this and the last actuarial valuation is shown below.

	For FYE 9/30/13 Based on 10/1/11 Valuation	For FYE 9/30/12 Based on 10/1/10 Valuation	Increase (Decrease)
Required Employer Contribution	\$ 10,394,505	\$ 10,345,422	\$ 49,083
As % of Contrib. Year Payroll	65.33 %	60.06 %	5.27 %
Allowable Chapter 175/185 Credit	\$ 1,570,481	\$ 2,417,213 *	\$ (846,732)
As % of Contrib. Year Payroll	9.87 %	14.03 %	(4.16) %
Required Employer Contribution	\$ 8,824,024	\$ 7,928,209 **	\$ 895,815
As % of Contrib. Year Payroll	55.46 %	46.03 %	9.43 %

* Reflects the actual state contribution received during the fiscal year ending September 30, 2011 on behalf of police officers and the one-time credit of \$846,732 and the \$821,230 base amount on behalf of firefighters due to the passage of Ordinance No. 2012-30 and Ordinance No. 2012-31.

** This contribution requirement may be offset by the \$1,025,982 City prepaid contribution as of October 1, 2011 and the \$864,798 BSO prepaid contribution as of October 1, 2011

The contribution developed in this valuation has been calculated as though payments are made at the end of each fiscal quarter. Further, the required Employer contribution has been computed with the assumption that the amounts to be received from the State in 2013 will be equal to the allowable amounts received last year (\$821,230 Fire and \$749,251 Police). If the actual payments from the State fall below these amounts, then the Employer must increase its contribution by the difference.

The actual contributions during the fiscal year ending September 30, 2011 were \$2,551,171 from BSO and \$749,251 from the State on behalf of police officers for a total of \$3,300,422 or 76.93% of covered payroll based on pensionable earnings of \$4,290,163. The minimum required contribution was 76.93% of covered payroll.

The actual contributions during the fiscal year ending September 30, 2011 were \$3,534,452 from the City and \$821,230 from the State on behalf of firefighters for a total of \$4,355,682 or 40.04% of covered

payroll based on pensionable earnings of \$10,878,326. The minimum required contribution was 40.04% of covered payroll.

A breakdown of required contributions for firefighters and police officers is as follows:

FIREFIGHTERS	FYE 9/30/13	FYE 9/30/12	Increase (Decrease)
Required City/State Contribution	\$ 5,521,846	\$ 5,522,162	\$ (316)
Maximum Amount of Ch. 175 Revenue to be Taken as a Credit	821,230	821,230 *	0
One-Time Use of State Contribution Reserve	0	846,732 *	(846,732)
Required City Contribution	4,700,616	3,854,200 **	846,416
As % of Covered Payroll	40.18 %	31.05 %	9.13 %

* Due to the passage of Ordinance No. 2012-30 and Ordinance No. 2012-31.

** If the full payment is made on December 31, 2011 the required city contribution is \$3,699,048 or 29.80% of covered payroll. The FYE 2012 contribution requirement may be offset by the \$1,025,982 prepaid contribution as of October 1, 2011.

If the City makes the full payment for the fiscal year ending September 30, 2013 on December 31, 2012, the required contribution will be \$4,548,531 or 38.88% of covered payroll before reflecting any prepaid contribution.

POLICE OFFICERS	FYE 9/30/13	FYE 9/30/12	Increase (Decrease)
Required BSO/State Contribution	\$ 4,872,659	\$ 4,823,260	\$ 49,399
Maximum Amount of Ch. 185 Revenue to be Taken as a Credit	749,251	749,251 *	-
Required BSO Contribution for pre-August 1999 Retirees	-	-	-
Required BSO Contribution for All Other Members	4,123,408	4,074,009 **	49,399
As % of Covered Payroll	97.92 %	84.67 %	13.25 %
Required City Contribution	-	-	-

* We have updated the amount shown in our October 1, 2010 Report to reflect the actual State Contribution received during the fiscal year ending September 30, 2011.

** This contribution may be offset by the \$864,798 prepaid contribution as of October 1, 2011

If BSO makes the full payment for the fiscal year ending September 30, 2013 on December 31, 2012, the required contribution will be \$3,989,685 or 94.75% of covered payroll before reflecting any prepaid contribution.

The City and BSO contribution amounts shown above are in addition to the 8.6% of payroll BSO contributes on behalf of Police Officers and 11.6% of pay contributed for Firefighters.

Revisions in Benefits

Under Ordinance No. 2012-30 and Ordinance No. 2012-31, which passed March 31, 2012, the following changes occurred regarding the use of Chapter 175 money used to fund the Pension Plan:

- Effective November 1, 2011, the member contribution rate is increased by 6.82%, and \$846,732 of the excess premium tax revenue will be used to reduce member contributions back to the level on October 31, 2011 such that there is no change in the member contribution. The use of the excess premium tax revenue to reduce the member contribution rate will result in a one-time credit of \$846,732 for the fiscal year ending September 30, 2012.
- The amount of state money that can be used to fund the Plan on behalf of firefighters increased from \$732,754 to \$821,230 beginning with the fiscal year ending September 30, 2011. The Chapter 175 contribution for the fiscal year ending September 30, 2011 was \$1,303,696, of which \$821,230 was used to fund the pension plan and \$482,466 was used as a share plan allocation.
- A Share Plan was established on October 1, 2010. The \$3,386,928 State reserve was split between the one-time credit of \$846,732 used to fund the pension plan and an initial Share Plan allocation of \$2,540,196.

Revisions in Actuarial Assumptions or Methods

The investment return assumption was lowered from 8.1% last year to 7.9% this year. This assumption will be reduced by 0.2% each year until the Board's goal of 7.5% is attained in our October 1, 2013 Actuarial Valuation Report. This revision has led to an increase in the Annual Required Contribution of 2.96% of covered payroll.

The Actuarial Standard of Practice (ASOP) with regard to the mortality assumption has recently been revised. ASOP No. 35 Section 4.1.1 now states *“The disclosure of the mortality assumption should contain sufficient detail to permit another qualified actuary to understand the provision made for future mortality improvement. If the actuary assumes zero mortality improvement after the measurement date, the actuary should state that no provision was made for future mortality improvement.”*

The mortality table currently used is the 1983 Group Annuity Mortality (GAM) table for males and females. There is no provision for future mortality improvement in the current mortality assumption. We recommend that the mortality assumption be revised to reflect increases in longevity and to include margin for future mortality improvements. Detail on this assumption can be found in the Actuarial Assumptions and Cost Method section.

We also recommend that the amortization period associated with future experience gains or losses or assumption changes for Police Officers be lowered to 20 years to reflect the closed nature of this group. We further recommend that the amortization period for new bases is reduced by one year for each year in the future so the full Unfunded Accrued Liability will be paid off in 20 years.

Actuarial Experience

Overall net experience under the Plan during the prior Plan Year was less favorable than expected which resulted in a net experience loss of \$1.0 million compared to last year’s loss of \$3.4 million. Most of this year’s loss is due to lower than expected investment return. The market value return was 1.7% and the recognized return under the asset smoothing method was 1.2%. These losses were partially offset by gains due to salary increases that were less than expected (-1.5% actual versus 6.4% expected). The experience loss has caused the required contribution to increase by 0.85% of payroll.

Funded Ratio

The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued liability. This ratio is one indicator as to how well the Plan is funded. This year’s ratio is 69.0% compared to 69.8% last year.

Analysis of Change in Employer Contribution

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

Contribution rate last year	46.03 %
Experience gain/loss	0.85
Amortization payment on UAAL	0.79
Change in normal cost rate	0.05
Change in administrative expense	0.62
Change in State revenue	4.16
Change in Assumptions/Methods	2.96
Change in plan provisions	<u>0.00</u>
Contribution rate this year	55.46 %

Variability of Future Contribution Rates

The Actuarial Value of Assets exceeds the Market Value of Assets by \$21,300,302 as of the valuation date (see Section C). This difference will be gradually recognized in the absence of offsetting gains. In turn, the computed employer contribution rate will gradually increase by approximately 10.2% of covered payroll.

Another potential area of variability has to do with the annual payment on the Unfunded Accrued Liability (UAL) for the City on behalf of Firefighters. This payment is computed as a level percent of covered payroll under the assumption that covered payroll will rise by 3.5% per year. According to Chapter 112, Florida Statutes, this payroll growth assumption may not exceed the average growth over the last ten years which was 3.35%. When the ten-year average falls below 3.5%, the amortization payments increase for the City. For example, if the payroll growth assumption is lowered to 0%, the UAL payment for the City will go from \$2,443,349 next year to \$3,294,304.

Relationship to Market Value

If we were not using an asset smoothing method, the Employer contribution rate would have been 65.7% and the funded ratio would have been 60.9%. In the absence of other gains and losses, the Employer contribution rate should increase to that level over the next several years.

Conclusion

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

CHAPTER REVENUE

Increments in Chapter 175 and 185 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, the only minimum benefit requirement outstanding was the requirement that pensionable compensation for police officers must equal total cash remuneration.

Actuarial Confirmation of the Use of State Chapter Money	Police	Fire	Total
1. Base Amount Previous Plan Year	\$ 797,485	\$ 732,754	\$ 1,530,239
2. Amount Received for Previous Plan Year	749,251	1,303,696	2,052,947
3. Benefit Improvements Made in Previous Plan Year	-	88,476	88,476
4. Excess Funds for Previous Plan Year	-	482,466	482,466
5. Accumulated Excess at Beginning of Previous Year	215,163	3,386,928	3,602,091
6. Prior Excess Used in Previous Plan Year	-	-	-
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6)	215,163	3,869,394 *	4,084,557
8. Base Amount This Plan Year: (1) + (3)	749,251	821,230	1,570,481

* \$846,732 of the State reserve will be used as a one-time credit in the fiscal year ending September 30, 2012. The remaining \$3,022,662 will be allocated to the Share Plan

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.

In order to fund previous benefit improvements, the Base Amount can be increased based on the actual amount of Chapter revenue received. The Base Amount will continue to be updated each year based on actual Chapter revenue up to a maximum of \$798,463 for Police and \$821,230 for Fire.

SECTION B
RESULTS OF VALUATION

PARTICIPANT DATA		
	October 1, 2011	October 1, 2010
ACTIVE MEMBERS--POLICE		
Number not in DROP	45	51
Number in DROP	4	4
Covered Annual Payroll (Not in DROP)	\$ 4,210,815	\$ 4,811,747
Average Annual Payroll	\$ 93,574	\$ 94,348
Average Age	45.2	44.4
Average Past Service	20.7	19.8
Average Age at Hire	24.5	24.6
ACTIVE MEMBERS--FIRE		
Number not in DROP	146	150
Number in DROP	41	38
Covered Annual Payroll (Not in DROP)	\$ 11,303,214	\$ 11,992,406
Average Annual Payroll	\$ 77,419	\$ 79,949
Average Age	37.8	37.7
Average Past Service	10.0	9.8
Average Age at Hire	27.8	27.9
ACTIVE MEMBERS--POLICE AND FIRE COMBINED		
Number not in DROP	191	201
Number in DROP	45	42
Covered Annual Payroll (Not in DROP)	\$ 15,514,029	\$ 16,804,153
Average Annual Payroll	\$ 81,225	\$ 83,603
Average Age	39.5	39.4
Average Past Service	12.5	12.3
Average Age at Hire	27.0	27.1
RETIREEES, BENEFICIARIES & DROP		
Number	328	318
Annual Benefits	\$ 14,889,639	\$ 14,032,366
Average Annual Benefit	\$ 45,395	\$ 44,127
Average Age	60.9	60.5
DISABILITY RETIREEES		
Number	26	25
Annual Benefits	\$ 1,234,079	\$ 1,150,722
Average Annual Benefit	\$ 47,465	\$ 46,029
Average Age	55.1	54.6
TERMINATED VESTED MEMBERS		
Number	3	4
Annual Benefits	\$ 78,587	\$ 92,682
Average Annual Benefit	\$ 26,196	\$ 23,171
Average Age	50.0	51.3

ANNUAL REQUIRED CONTRIBUTION (ARC)			
POLICE AND FIRE COMBINED			
A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. ARC to Be Paid During Fiscal Year Ending (Contribution Year)	9/30/2013	9/30/2013	9/30/2012
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability			
1. Regular	\$ 6,019,837	\$ 5,748,407	\$ 5,938,730
2. Additional amount due to deficient contributions for 1976-77	0	0	16,070
3. Total	6,019,837	5,748,407	5,954,800
E. Employer Normal Cost	3,720,660	3,541,177	3,727,600
F. ARC if Paid on the Valuation Date: D3+E	9,740,497	9,289,584	9,682,400
G. ARC Adjusted for Frequency of Payments	10,207,553	9,745,982	10,158,097
H. ARC as % of Covered Payroll	65.33 %	62.37 %	60.06 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	NA %	NA %	NA %
J. Covered Payroll for Contribution Year	15,909,641	15,909,641	17,223,888
K. ARC for Contribution Year:	10,394,505	9,923,421	10,345,422
L. Allowable Chapter 175/185 Credit in Contribution Year	1,570,481	1,570,481	1,570,481 *
M. One-Time Use of State Contribution Reserve	0	0	846,732 **
N. Required City Contribution (RCC) in Contribution Year	8,824,024	8,352,940	7,928,209
O. REC as % of Covered Payroll in Contribution Year: N ÷ J	55.46 %	52.50 %	46.03 %

* Reflects the actual state contribution received during the fiscal year ending September 30, 2011 on behalf of police officers and the \$821,230 base amount on behalf of firefighters due to the passage of Ordinance No. 2012-30 and Ordinance No. 2012-31.

** One-time credit due to the passage of Ordinance No. 2012-30 and Ordinance No. 2012-31

ANNUAL REQUIRED CONTRIBUTION (ARC) -- POLICE			
A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. ARC to Be Paid During Fiscal Year Ending (Contribution Year)	9/30/2013	9/30/2013	9/30/2012
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability			
1. Regular	\$ 3,576,488	\$ 3,416,313	\$ 3,472,215
2. Additional amount due to deficient contributions for 1976-77	0	0	8,953
3. Total	3,576,488	3,416,313	3,481,168
E. Employer Normal Cost	1,073,218	1,027,806	1,116,222
F. ARC if Paid on the Valuation Date: D3+E	4,649,706	4,444,119	4,597,390
G. ARC Adjusted for Frequency of Payments	4,872,659	4,662,459	4,823,260
H. ARC as % of Covered Payroll	115.72 %	110.73 %	100.24 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	- %	- %	- %
J. Covered Payroll for Contribution Year	4,210,815	4,210,815	4,811,747
K. ARC for Contribution Year: H x J	4,872,659	4,662,459	4,823,260
L. Allowable Chapter 185 Credit in Contribution Year	749,251	749,251	749,251 *
M. Required BSO Contribution in Contribution Year for pre-August 1999 Retirees	-	-	-
N. Required BSO Contribution in Contribution Year for post-August 1999 Members	4,123,408	3,913,208	4,074,009
O. Required City Contribution in Contribution Year	-	-	-
P. Required BSO Contribution as % of Covered Payroll in Contribution Year: N ÷ J	97.92 %	92.93 %	84.67 %

* We have updated the amount shown in our October 1, 2010 Report to reflect the actual State Contribution received during the fiscal year ending September 30, 2011.

ANNUAL REQUIRED CONTRIBUTION (ARC) -- FIRE			
A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. ARC to Be Paid During Fiscal Year Ending (Contribution Year)	9/30/2013	9/30/2013	9/30/2012
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability			
1. Regular	\$ 2,443,349	\$ 2,332,094	\$ 2,466,515
2. Additional amount due to deficient contributions for 1976-77	0	0	7,117
3. Total	2,443,349	2,332,094	2,473,632
E. Employer Normal Cost	2,647,442	2,513,371	2,611,378
F. ARC if Paid on the Valuation Date: D3+E	5,090,791	4,845,465	5,085,010
G. ARC Adjusted for Frequency of Payments	5,334,894	5,083,523	5,334,837
H. ARC as % of Covered Payroll	47.20 %	44.97 %	44.49 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.50 %	3.50 %	3.50 %
J. Covered Payroll for Contribution Year	11,698,826	11,698,826	12,412,141
K. ARC for Contribution Year: H x J	5,521,846	5,260,962	5,522,162
L. Allowable Chapter 175 Credit in Contribution Year	821,230	821,230	821,230 *
M. One-Time Use of State Contribution Reserve	0	0	846,732 **
N. Required City Contribution (RCC) in Contribution Year	4,700,616	4,439,732	3,854,200
O. RCC as % of Covered Payroll in Contribution Year: N ÷ J	40.18 %	37.95 %	31.05 %

*Increased from \$732,754 to \$821,230 due to the passage of Ordinance No. 2012-30 and 2012-31

** One-time credit due to the passage of Ordinance No. 2012-30 and 2012-31

ACTUARIAL VALUE OF BENEFITS AND ASSETS
POLICE AND FIRE COMBINED

A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 94,448,504	\$ 91,195,881	\$ 97,163,270
b. Vesting Benefits	1,339,812	1,285,145	1,414,186
c. Disability Benefits	10,308,394	9,972,968	10,670,802
d. Preretirement Death Benefits	2,828,879	2,728,310	2,959,799
e. Return of Member Contributions	<u>271,666</u>	<u>270,837</u>	<u>325,055</u>
f. Total	109,197,255	105,453,141	112,533,112
2. Inactive Members			
a. Service Retirees & Beneficiaries	177,803,303	174,612,060	157,852,853
b. Disability Retirees	15,270,167	14,988,125	12,885,507
c. Terminated Vested Members	<u>844,689</u>	<u>825,272</u>	<u>926,178</u>
d. Total	193,918,159	190,425,457	171,664,538
3. Total for All Members	303,115,414	295,878,598	284,197,650
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	262,937,589	257,679,603	242,462,552
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35			
1. Based on Plan's Interest Rate	253,559,936	248,455,325	231,054,553
2. Based on the FRS Interest Rate	257,510,720	N/A	N/A
E. Plan Assets			
1. Market Value	160,039,912	160,039,912	163,864,182
2. Actuarial Value	181,340,214	181,340,214	169,136,485
F. Unfunded Actuarial Accrued Liability: = C - E2	81,597,375	76,339,389	73,326,067
G. Actuarial Present Value of Projected Covered Payroll	131,393,355	129,935,038	142,397,656
H. Actuarial Present Value of Projected Member Contributions	14,817,869	14,650,343	15,949,125

ACTUARIAL VALUE OF BENEFITS AND ASSETS -- POLICE

A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 32,528,307	\$ 31,716,266	\$ 34,204,557
b. Vesting Benefits	258,975	250,410	350,140
c. Disability Benefits	725,738	708,657	940,851
d. Preretirement Death Benefits	316,202	307,778	420,351
e. Return of Member Contributions	<u>-</u>	<u>-</u>	<u>-</u>
f. Total	33,829,222	32,983,111	35,915,899
2. Inactive Members			
a. Service Retirees & Beneficiaries	96,323,677	94,558,970	86,364,387
b. Disability Retirees	8,518,800	8,352,658	6,654,668
c. Terminated Vested Members	<u>844,689</u>	<u>825,272</u>	<u>926,178</u>
d. Total	105,687,166	103,736,900	93,945,233
3. Total for All Members	139,516,388	136,720,011	129,861,132
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	135,824,216	133,195,971	125,101,225
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35			
1. Based on Plan's Interest Rate	134,204,237	131,565,104	121,316,066
2. Based on the FRS Interest Rate	136,245,636	N/A	N/A
E. Plan Assets			
1. Market Value	N/A	N/A	N/A
2. Actuarial Value	92,828,275	92,828,275	88,401,525
F. Unfunded Actuarial Accrued Liability: = C - E2	42,995,941	40,367,696	36,699,700
G. Actuarial Present Value of Projected Covered Payroll	14,125,324	14,070,696	18,966,730
H. Actuarial Present Value of Projected Member Contributions	1,214,778	1,210,080	1,631,139

ACTUARIAL VALUE OF BENEFITS AND ASSETS -- FIRE

A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ 61,920,197	\$ 59,479,615	\$ 62,958,713
b. Vesting Benefits	1,080,837	1,034,735	1,064,046
c. Disability Benefits	9,582,656	9,264,311	9,729,951
d. Preretirement Death Benefits	2,512,677	2,420,532	2,539,448
e. Return of Member Contributions	271,666	270,837	325,055
f. Total	75,368,033	72,470,030	76,617,213
2. Inactive Members			
a. Service Retirees & Beneficiaries	81,479,626	80,053,090	71,488,466
b. Disability Retirees	6,751,367	6,635,467	6,230,839
c. Terminated Vested Members	-	-	-
d. Total	88,230,993	86,688,557	77,719,305
3. Total for All Members	163,599,026	159,158,587	154,336,518
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	127,113,373	124,483,632	117,361,327
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35			
1. Based on Plan's Interest Rate	119,355,699	116,890,221	109,738,487
2. Based on the FRS Interest Rate	121,265,084	N/A	N/A
E. Plan Assets			
1. Market Value	N/A	N/A	N/A
2. Actuarial Value	88,511,939	88,511,939	80,734,960
F. Unfunded Actuarial Accrued Liability: = C - E2	38,601,434	35,971,693	36,626,367
G. Actuarial Present Value of Projected Covered Payroll	117,268,031	115,864,342	123,430,926
H. Actuarial Present Value of Projected Member Contributions	13,603,091	13,440,263	14,317,987

CALCULATION OF EMPLOYER NORMAL COST POLICE AND FIRE COMBINED			
A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. Normal Cost for			
1. Service Retirement Benefits	\$ 3,451,732	\$ 3,303,888	\$ 3,568,875
2. Vesting Benefits	138,690	132,686	148,355
3. Disability Benefits	782,424	761,289	814,671
4. Preretirement Death Benefits	223,714	216,848	233,803
5. Return of Member Contributions	94,159	94,979	102,656
6. Total for Future Benefits	<u>4,690,719</u>	<u>4,509,690</u>	<u>4,868,360</u>
7. Assumed Amount for Administrative Expenses	<u>639,659</u>	<u>639,659</u>	<u>593,915</u>
8. Total Normal Cost	5,330,378	5,149,349	5,462,275
C. Expected Member Contribution	1,609,718	1,608,172	1,734,675
D. Employer Normal Cost: B8-C	3,720,660	3,541,177	3,727,600
E. Employer Normal Cost as % of Covered Payroll	23.98 %	22.83 %	22.18 %

CALCULATION OF EMPLOYER NORMAL COST -- POLICE

A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. Normal Cost for			
1. Service Retirement Benefits	\$ 849,288	\$ 811,156	\$ 929,142
2. Vesting Benefits	78,320	74,804	87,375
3. Disability Benefits	102,882	100,032	113,651
4. Preretirement Death Benefits	45,923	44,479	50,728
5. Return of Member Contributions	21,639	21,835	24,983
6. Total for Future Benefits	<u>1,098,052</u>	<u>1,052,306</u>	<u>1,205,879</u>
7. Assumed Amount for Administrative Expenses	<u>323,535</u>	<u>323,535</u>	<u>308,046</u>
8. Total Normal Cost	1,421,587	1,375,841	1,513,925
C. Expected Member Contribution	348,369	348,035	397,703
D. Employer Normal Cost: B8-C	1,073,218	1,027,806	1,116,222
E. Employer Normal Cost as % of Covered Payroll	25.49 %	24.41 %	23.20 %

CALCULATION OF EMPLOYER NORMAL COST -- FIRE

A. Valuation Date	October 1, 2011 <i>7.9% Interest Rate</i>	October 1, 2011 <i>8.1% Interest Rate</i>	October 1, 2010
B. Normal Cost for			
1. Service Retirement Benefits	\$ 2,602,444	\$ 2,492,732	\$ 2,639,733
2. Vesting Benefits	60,370	57,882	60,980
3. Disability Benefits	679,542	661,257	701,020
4. Preretirement Death Benefits	177,791	172,369	183,075
5. Return of Member Contributions	72,520	73,144	77,673
6. Total for Future Benefits	<u>3,592,667</u>	<u>3,457,384</u>	<u>3,662,481</u>
7. Assumed Amount for Administrative Expenses	316,124	316,124	285,869
8. Total Normal Cost	<u>3,908,791</u>	<u>3,773,508</u>	<u>3,948,350</u>
C. Expected Member Contribution	1,261,349	1,260,137	1,336,972
D. Employer Normal Cost: B8-C	2,647,442	2,513,371	2,611,378
E. Employer Normal Cost as % of Covered Payroll	23.42 %	22.24 %	21.78 %

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. Current UAAL -- POLICE OFFICERS					
Original UAAL			Current UAAL		
Date	Source	Amount	Years Remaining	Amount	Payment
10/1/2011	Exp. Loss	2,882,428	30	2,882,428	235,057
10/1/2011	Assumption Change	2,628,245	30	2,628,245	214,329
10/1/2010	Exp. Loss	4,329,632	29	4,478,035	368,489
10/1/2010	Assumption Change	2,351,731	29	2,432,339	200,153
10/1/2009	Exp. Loss	4,953,816	28	5,179,621	430,435
10/1/2009	Assumption Change	2,211,808	28	2,312,626	192,183
10/1/2008	Exp. Loss	4,312,669	27	4,492,395	377,351
10/1/2008	Assumption Change	(2,460,748)	27	(2,563,298)	(215,311)
10/1/2007	Exp. Gain	(3,930,059)	26	(3,994,047)	(339,439)
10/1/2006	Exp. Gain	(2,245,390)	25	(2,248,512)	(193,551)
10/1/2005	Exp. Loss	1,811,918	24	1,810,100	158,006
10/1/2005	Amendment	528,766	24	440,521	38,454
10/1/2004	Exp. Loss	7,733,735	23	7,868,183	697,415
10/1/2003	Exp. Loss	8,453,577	22	8,911,618	803,268
10/1/2002	Exp. Loss	13,547,635	21	16,227,486	1,489,903
10/1/2001	Exp. Loss	5,917,320	20	6,627,482	620,953
10/1/2001	Amendment	377,521	20	422,830	39,616
10/1/2001	Variable COLA	484,615	20	542,775	50,855
10/1/2000	Exp. Loss	3,153,187	19	3,528,307	338,049
10/1/2000	Amendment	11,651,128	19	13,037,209	1,249,103
10/1/2000	New Assumptions	(18,775,480)	19	(21,009,111)	(2,012,896)
10/1/1999	Exp. Gain	(2,565,536)	18	(2,983,718)	(293,015)
10/1/1998	Exp. Gain	(3,155,507)	17	(3,667,859)	(370,183)
10/1/1998	Amendment	(337,295)	17	(392,061)	(39,569)
10/1/1997	Exp. Gain	(3,074,778)	16	(3,574,114)	(371,839)
10/1/1997	New Assumptions	1,345,971	16	1,403,102	145,974
10/1/1996	Exp. Gain	(276,460)	15	(280,148)	(30,148)
10/1/1996	New Assumptions	(374,561)	15	(379,557)	(40,846)
10/1/1995	Exp. Gain	(271,042)	14	(257,026)	(28,726)
10/1/1995	New Assumptions	(311,136)	14	(295,049)	(32,976)
10/1/1994	Exp. Loss	422,754	13	342,849	39,981
10/1/1994	New Assumptions	768,410	13	623,182	72,672
10/1/1993	Exp. Gain	(301,531)	12	(258,367)	(31,609)
10/1/1993	New Assumptions	(53,335)	12	(45,701)	(5,591)
10/1/1992	Exp. Gain	(721,063)	11	(589,165)	(76,115)
10/1/1992	New Assumptions	(3,250)	11	(2,657)	(343)
10/1/1991	Exp. Gain	(298,306)	10	(233,940)	(32,166)
10/1/1991	New Assumptions	(4,082)	10	(3,201)	(440)
10/1/1990	Exp. Gain	(173,266)	9	(122,092)	(18,038)
10/1/1989	Exp. Loss	67,725	8	40,178	6,455
10/1/1988	Exp. Loss	260,282	7	144,303	25,600
10/1/1987	Exp. Gain	(592,770)	6	(327,843)	(65,526)
10/1/1987	New Method	670,685	6	332,656	66,488
10/1/1986	Exp. Gain	(1,104,307)	5	(535,626)	(124,001)
10/1/1986	New Assumptions	378,260	5	164,535	38,091
10/1/1985	Exp. Gain	(417,177)	4	(175,017)	(48,863)
10/1/1985	Amendment	38,875	4	14,625	4,083
10/1/1984	Exp. Loss	387,726	3	123,543	44,349
10/1/1984	New Assumptions	(982,524)	3	(349,089)	(125,314)
10/1/1983	Exp. Gain	(179,155)	2	(49,143)	(25,505)
10/1/1983	New Assumptions	2,201,189	2	541,486	281,031
10/1/1983	New Method	(686,169)	2	(188,216)	(97,684)
10/1/1982	Exp. Gain	(175,510)	1	(32,161)	(32,161)
		<u>40,401,171</u>		<u>42,995,941</u>	<u>3,576,488</u>

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

B. Current UAAL -- FIREFIGHTERS					
Original UAAL			Current UAAL		
Date	Source	Amount	Years left	Amount	Payment
10/1/2011	New Assumptions	2,629,741	30	2,629,741	152,867
10/1/2011	Exp Gain	(1,874,268)	30	(1,874,268)	(108,951)
10/1/2010	Exp Gain	(904,732)	29	(942,463)	(55,714)
10/1/2010	New Assumptions	2,377,230	29	2,476,371	146,391
10/1/2009	Exp Loss	3,014,143	28	3,214,005	193,419
10/1/2009	Amendment	23,114	28	24,647	1,483
10/1/2009	New Assumptions	2,293,100	28	2,445,151	147,149
10/1/2008	Exp Loss	3,519,341	27	3,814,368	233,948
10/1/2008	New Assumptions	(2,812,893)	27	(3,048,697)	(186,987)
10/1/2007	Exp. Gain	(868,128)	26	(952,142)	(59,590)
10/1/2006	Exp Gain	(2,040,207)	25	(2,258,487)	(144,427)
10/1/2005	Exp. Loss	2,591,529	24	2,927,332	191,555
10/1/2005	Amendment	4,413,733	24	4,985,658	326,244
10/1/2004	Exp. Loss	6,692,396	23	7,792,614	522,618
10/1/2003	Exp. Loss	7,616,087	22	9,244,198	636,514
10/1/2002	Exp. Loss	9,466,755	21	12,648,507	895,881
10/1/2001	Exp. Loss	7,539,001	20	7,935,792	579,421
10/1/2000	Amendment	299,541	19	316,803	23,901
10/1/2000	Exp. Loss	676,828	19	715,827	54,004
10/1/2000	Amendment	8,646,272	19	9,144,469	689,888
10/1/2000	New Assumptions	(13,798,204)	19	(14,593,255)	(1,100,962)
10/1/1999	Exp. Gain	(2,039,340)	18	(2,256,032)	(176,328)
10/1/1999	Amendment	114,009	18	126,126	9,858
10/1/1998	Exp. Gain	(2,508,306)	17	(2,751,288)	(223,431)
10/1/1998	Amendment	(268,116)	17	(294,088)	(23,883)
10/1/1997	Exp. Gain	(2,444,135)	16	(2,658,019)	(225,029)
10/1/1997	New Assumptions	1,069,910	16	1,043,470	88,341
10/1/1996	Exp. Gain	(219,757)	15	(206,416)	(18,287)
10/1/1996	New Assumptions	(297,737)	15	(279,662)	(24,775)
10/1/1995	Exp. Gain	(215,450)	14	(187,476)	(17,455)
10/1/1995	New Assumptions	(247,322)	14	(215,208)	(20,036)
10/1/1994	Exp. Loss	336,046	13	247,336	24,321
10/1/1994	New Assumptions	610,808	13	449,576	44,208
10/1/1993	Exp. Gain	(239,687)	12	(184,151)	(19,236)
10/1/1993	New Assumptions	(42,396)	12	(32,570)	(3,402)
10/1/1992	Exp. Gain	(573,171)	11	(414,366)	(46,294)
10/1/1992	New Assumptions	(2,583)	11	(1,868)	(209)
10/1/1991	Exp. Gain	(237,123)	10	(162,104)	(19,529)
10/1/1991	New Assumptions	(3,244)	10	(2,217)	(267)
10/1/1990	Exp. Gain	(137,729)	9	(83,204)	(10,916)
10/1/1989	Exp. Loss	53,834	8	26,869	3,886
10/1/1988	Exp. Loss	206,898	7	94,421	15,293
10/1/1987	Exp. Gain	(471,191)	6	(209,156)	(38,719)
10/1/1987	New Method	533,126	6	212,229	39,288
10/1/1986	Exp. Gain	(877,812)	5	(331,572)	(72,148)
10/1/1986	New Assumptions	300,679	5	101,854	22,163
10/1/1985	Exp. Gain	(331,614)	4	(104,422)	(27,816)
10/1/1985	Amendment	30,901	4	8,729	2,325
10/1/1984	Exp. Loss	308,203	3	70,328	24,460
10/1/1984	New Assumptions	(781,007)	3	(198,721)	(69,114)
10/1/1983	Exp. Gain	(142,410)	2	(26,238)	(13,402)
10/1/1983	New Assumptions	1,749,721	2	289,093	147,660
10/1/1983	New Method	(545,434)	2	(100,486)	(51,325)
10/1/1982	Exp. Gain	(139,513)	1	(15,505)	(15,505)
		<u>32,049,437</u>		<u>38,601,434</u>	<u>2,443,349</u>

C. Derivation of Current UAAL	
(1) Prior Year's UAAL	\$ 73,326,067
(2) Employer Normal Cost	3,681,204
(3) Interest on (1) and (2)	6,237,589
(4) Contributions for This Period	7,656,104
(5) Interest on (4)	257,527
(6) Change in UAAL due to	
(a) Revision in Actuarial Assumptions or Methods	5,257,986
(b) Plan Amendments	-
(c) Variable COLA Last Year	-
(d) Actuarial (Gain) Loss	1,008,160
(7) Total Current UAAL: (1)+(2)+(3)-(4)-(5)+(6)	<u>\$ 81,597,375</u>

D. Derivation of UAAL Base due to Deficit Contributions for 1976-77	
(1) Prior Year's UAAL	\$ 16,072
(2) Interest on (1)	1,302
(3) Prior Year's Amortization Payment	<u>17,374</u>
(4) Current Year's UAAL: (1)+(2)-(3)	-

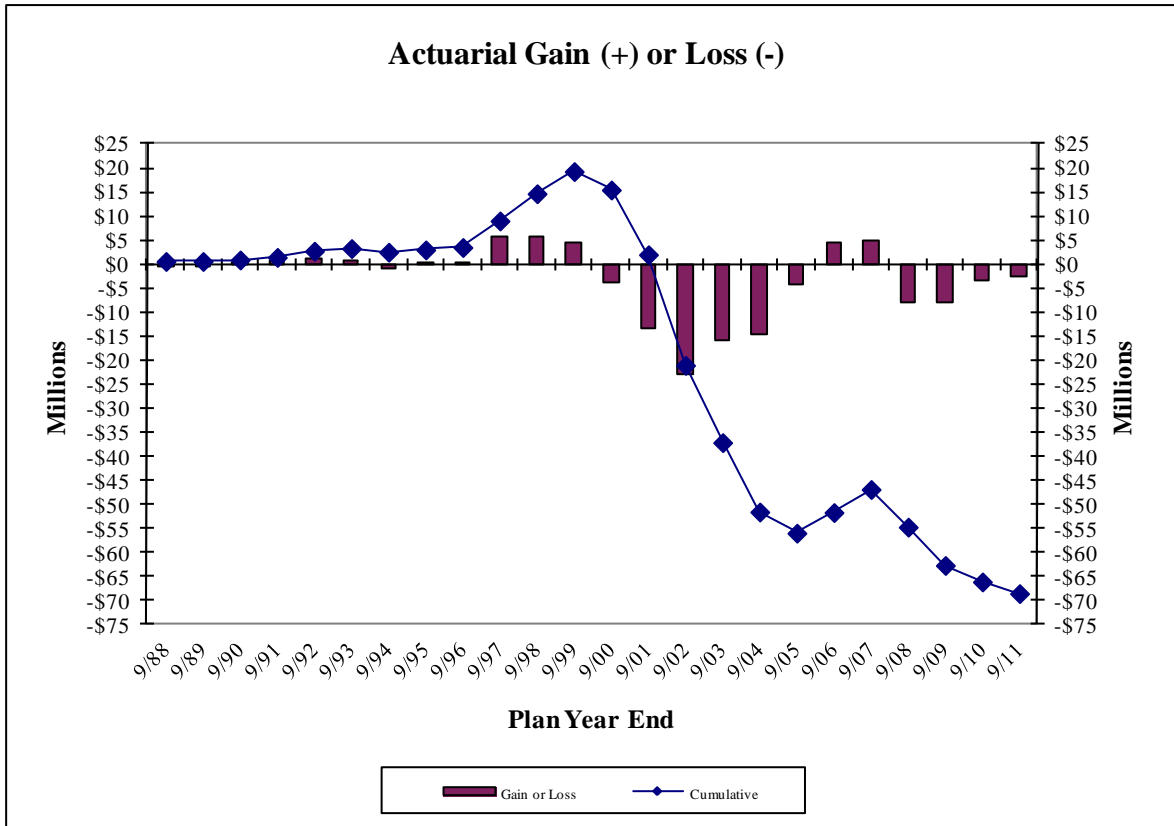
E. Schedule Illustrating the Expected Amortization of the UAAL-Police	
Year	Projected UAAL
2011	\$42,995,941
2012	42,533,623
2013	42,000,047
2014	41,594,630
2041	0

F. Schedule Illustrating the Expected Amortization of the UAAL-Fire	
Year	Projected UAAL
2011	\$38,601,434
2012	39,014,573
2013	39,354,742
2014	39,725,508
2041	0

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. Net actuarial gains/(losses) in previous years have been as follows:

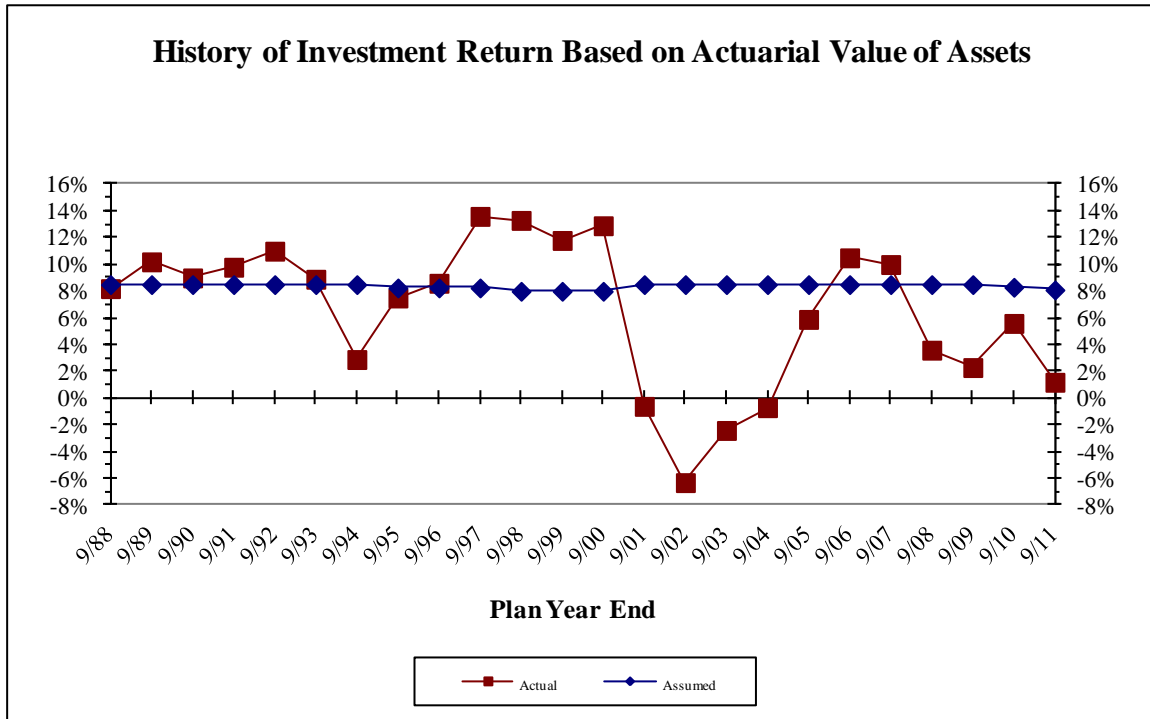
Year Ended	Amount	As % of Accrued Liability
9/30/1988	(\$467,180)	(1.1) %
9/30/1989	(121,559)	(0.3)
9/30/1990	310,995	0.6
9/30/1991	535,429	0.9
9/30/1992	1,294,234	2.0
9/30/1993	541,218	0.7
9/30/1994	(758,800)	(1.0)
9/30/1995	486,492	0.6
9/30/1996	496,217	0.5
9/30/1997	5,518,913	5.4
9/30/1998	5,663,813	5.2
9/30/1999	4,604,876	4.0
9/30/2000	(3,830,015)	(2.8)
9/30/2001	(13,456,323)	(9.3)
9/30/2002	(23,014,390)	(14.9)
9/30/2003	(16,069,664)	(9.8)
9/30/2004	(14,426,131)	(8.0)
9/30/2005	(4,403,447)	(2.4)
9/30/2006	4,285,597	2.1
9/30/2007	4,798,187	2.3
9/30/2008	(7,832,010)	(3.6)
9/30/2009	(7,967,959)	(3.5)
9/30/2010	(3,424,900)	(1.4)
9/30/2011	(1,008,160)	(0.4)



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
9/30/1988	8.2 %	8.5 %	8.6 %	7.0 %
9/30/1989	10.2	8.5	7.5	7.0
9/30/1990	9.0	8.5	4.7	7.0
9/30/1991	9.8	8.5	6.2	7.0
9/30/1992	11.0	8.5	5.6	7.0
9/30/1993	8.9	8.5	6.8	7.0
9/30/1994	2.9	8.5	5.7	7.0
9/30/1995	7.5	8.3	5.0	7.0
9/30/1996	8.6	8.3	6.0	7.0
9/30/1997	13.6	8.3	3.5	6.3
9/30/1998	13.3	8.0	5.8	6.3
9/30/1999	11.8	8.0	5.1	6.0
9/30/2000	12.9	8.0	10.5	6.0
9/30/2001	(0.6)	8.5	7.0	6.0
9/30/2002	(6.3)	8.5	5.7	6.0
9/30/2003	(2.4)	8.5	6.3	6.0
9/30/2004	(0.7)	8.5	6.8	6.0
9/30/2005	5.9	8.5	6.8	6.0
9/30/2006	10.5	8.5	4.3	6.0
9/30/2007	10.0	8.5	6.2	6.0
9/30/2008	3.6	8.5	7.4	7.0
9/30/2009	2.3	8.5	3.0	7.0
9/30/2010	5.6	8.3	5.0	6.5
9/30/2011	1.2	8.1	(1.5)	6.4
Averages	6.4 %	---	5.7 %	---

* Beginning with Plan Year ended 9/30/91, Investment Return is calculated on a net of investment expenses basis.



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		A	E
9/30/2003	15	12	6	10	1	2	1	0	1	3	4	7	272		
9/30/2004	23	20	9	10	2	1	0	0	0	9	9	5	275		
9/30/2007	14	19	11	15	3	2	1	0	1	3	4	7	270		
9/30/2006	8	14	8	14	1	2	0	0	4	1	5	7	264		
9/30/2007	11	16	9	18	0	2	1	0	1	5	6	7	259		
9/30/2008	4	22	17	19	0	2	0	0	1	4	5	6	241		
9/30/2009	8	24	23	15	1	1	0	0	0	0	0	5	225		
9/30/2010	0	24	23	15	0	1	0	0	0	1	1	4	201		
9/30/2011	3	13	12	7	1	1	0	0	0	0	0	3	191		
9/30/2012				11		1		0				3			
9 Yr Totals	86	164	118	123	9	14	3	0	8	26	34	51			

* Totals are through current Plan Year only

HISTORY OF PREMIUM TAX REFUND (CHAPTERS 175 AND 185)				
Budget Year	Total Annual Payroll	Amount Received	% of Total Annual Payroll	% Increase (Decrease) Over Prior Year
2011-12	\$15,514,029			
2010-11	16,804,153	\$2,052,947	12.22%	9.0%
2009-10	18,187,155	1,884,143	10.36	(21.8)
2008-09	18,938,101	2,408,197	12.72	5.8
2007-08	19,202,844	2,276,364	11.85	23.9
2006-07	18,681,923	1,837,189	9.83	4.3
2005-06	18,639,317	1,762,094	9.45	5.3
2004-05	18,246,065	1,672,927	9.17	0.0
2003-04	18,036,129	1,673,071	9.28	6.8
2002-03	16,438,009	1,567,239	9.53	5.8
2001-02	15,947,063	1,481,280	9.29	(0.2)
2000-01	15,773,168	1,484,938	9.41	20.0
1999-00	14,157,367	1,237,362	8.74	3.4
1998-99	16,012,757	1,197,163	7.48	(0.3)
1997-98	15,986,537	1,201,010	7.51	9.2
1996-97	16,427,117	1,099,822	6.70	7.4
1995-96	18,381,545	1,023,764	5.57	11.7
1994-95	17,793,581	916,244	5.15	2.0
1993-94	17,030,320	898,599	5.27	18.3
1992-93	16,198,233	759,379	4.69	1.6
1991-92	15,561,592	747,284	4.80	(4.7)
1990-91	15,019,602	783,811	5.22	(1.1)
1989-90	13,874,744	792,414	5.71	2.5
1988-89	12,166,287	772,806	6.35	3.0
1987-88	11,083,322	750,608	6.77	11.2
1986-87	9,828,619	674,924	6.87	14.5
1985-86	8,979,787	589,432	6.56	31.5
1984-85	8,178,492	448,273	5.48	9.1
1983-84	7,447,753	410,800	5.52	5.9
1982-83	7,236,678	387,786	5.36	9.2
1981-82	6,684,194	355,199	5.31	8.8
1980-81	5,845,534	326,419	5.58	9.3
1979-80		298,540		5.4
1978-79		283,243		13.8
1977-78		248,946		12.0
1976-77		222,228		21.1
1975-76		183,470		13.5
1974-75		161,588		14.5

ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.
- (iii) Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions for Police. The Unfunded Actuarial Accrued Liabilities for Firefighters were amortized as a level percent of payroll.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected investment earnings and actual investment earnings at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section.

Economic Assumptions

The investment return rate assumed in the valuation is 7.9% per year, compounded annually (net after investment expenses). This assumption will be reduced by 0.2% each year until the Board's goal of 7.5% is attained in our October 1, 2013 Actuarial Valuation Report.

The **Wage Inflation Rate** assumed in this valuation was 3.5% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 7.9% investment return rate translates to an assumed real rate of return over wage inflation of 4.4%.

The rates of salary increase for individual active members are shown below. Part of the assumption for each age is for merit and/or seniority increase, and the other 3.5% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Police Officers

Years of Service	% Increase in Salary		
	Merit and Seniority	Base (Economic)	Total Increase
1 - 7	8.5%	3.5%	12.0%
8 - 9	4.5%	3.5%	8.0%
10 - 14	3.0%	3.5%	6.5%
15 - 19	1.5%	3.5%	5.0%
20 and Higher	0.5%	3.5%	4.0%

Firefighters

Years of Service	% Increase in Salary		
	Merit and Seniority	Base (Economic)	Total Increase
1	8.5%	3.5%	12.0%
2	8.0%	3.5%	11.5%
3	7.5%	3.5%	11.0%
4	7.0%	3.5%	10.5%
5	6.5%	3.5%	10.0%
6	6.0%	3.5%	9.5%
7	5.5%	3.5%	9.0%
8	5.0%	3.5%	8.5%
9	4.5%	3.5%	8.0%
10 - 14	2.5%	3.5%	6.0%
15	5.5%	3.5%	9.0%
15 - 19	2.5%	3.5%	6.0%
20	4.5%	3.5%	8.0%
21 and Higher	0.5%	3.5%	4.0%

The payroll growth assumption used to project total covered payroll to the following fiscal year for firefighters is 3.5% per year.

Demographic Assumptions

The mortality table was the 1983 Group Annuity Mortality (GAM) table for males and females. There is no provision for future mortality improvement in the current mortality assumption.

This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement.

For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

As noted in the Discussion of Valuation Results section, we recommend that the mortality assumption be revised to reflect increases in longevity and to include margin for future mortality improvements. Sample values of the current and proposed life expectancies are shown below.

Current Mortality Assumption

Sample Attained Ages	Probability of		Future Life	
	Dying Next Year		Expectancy (years)	
	Men	Women	Men	Women
50	0.39 %	0.16 %	29.23	34.96
55	0.61	0.25	24.87	30.28
60	0.92	0.42	20.68	25.71
65	1.56	0.71	16.73	21.33
70	2.75	1.24	13.22	17.17
75	4.46	2.40	10.20	13.42
80	7.41	4.29	7.68	10.24

Proposed Mortality Assumption *

Sample Ages	Life Expectancy							
	2007		2012		2017		2022	
	Male	Female	Male	Female	Male	Female	Male	Female
50	33.58	35.23	34.04	35.48	34.49	35.73	34.92	35.98
55	28.47	30.28	28.92	30.52	29.36	30.76	29.78	31.00
60	23.58	25.52	24.00	25.75	24.42	25.98	24.82	26.21
65	19.02	21.05	19.41	21.27	19.79	21.49	20.16	21.71
70	14.90	16.95	15.24	17.16	15.57	17.36	15.89	17.57

**The RP-2000 Combined Healthy Participant Mortality Tables for males and females. The provision for future mortality improvements is being made by using Scale AA after 2000.*

The rates of retirement used to measure the probability of eligible members retiring during the next year are as follows:

Police Officers

After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	80 %
1	50 %
2	50 %
3+	100 %

Firefighters

After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	35 %
1	20 %
2	20 %
3	20 %
4	20 %
5+	100 %

Rates of separation from active membership were as shown below (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 members remaining in employment.

Police Officers (For greater than 10 years service)		Firefighters (For greater than 10 years service)	
Ages	% of Active Members Separating Within Next Year	Ages	% of Active Members Separating Within Next Year
25 - 29	0.0 %	25 - 29	0.5 %
30 - 34	2.3	30 - 34	0.5
35 - 39	2.0	35 - 39	0.5
40 - 44	2.0	40 - 44	0.5
45 - 49	1.8	45 - 49	0.5

Years of Service	% of Active Members Separating Within Next Year	Years of Service	% of Active Members Separating Within Next Year
0 - 1	10.0 %	0 - 1	10.0 %
1 - 2	10.0	1 - 2	10.0
2 - 3	10.0	2 - 3	5.0
3 - 4	4.0	3 - 4	5.0
4 - 5	4.0	4 - 5	4.0
5 - 6	4.0	5 - 6	4.0
6 - 7	4.0	6 - 7	3.0
7 - 8	4.0	7 - 8	3.0
8 - 9	1.0	8 - 9	1.0
9 - 10	1.0	9 - 10	1.0

Rates of disability among active members (75% of disabilities are assumed to be service-connected).

Police Officers		Firefighters	
Sample Ages	% Becoming Disabled Within Next Year	Sample Ages	% Becoming Disabled Within Next Year
25	0.15 %	25	0.30 %
30	0.18	30	0.36
35	0.23	35	0.46
40	0.30	40	0.60
45	0.51	45	1.02
50	1.00	50	2.00
55	1.59	55	3.17

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the prior two years' expenses. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Exact fractional service is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrement of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	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.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made at the end of each calendar quarter. Member 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.
<i>Marriage Assumption</i>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	A ten year certain and life thereafter annuity is the normal form of benefit.
<i>Pay Increase Timing</i>	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.
<i>Service Credit Accruals</i>	It is assumed that members accrue one year of service credit per year.

GLOSSARY

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution (ARC).

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 25 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C
PENSION FUND INFORMATION

STATEMENT OF PLAN ASSETS AT MARKET VALUE

Item	September 30	
	2011	2010
A. Cash and Cash Equivalents (Operating Cash)	\$ 754	\$ 35,492
B. Receivables		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. State Contributions	117,962	-
4. Investment Income and Other Receivables	434,372	426,327
5. Other - Due from Broker	4,958,721	1,710,166
6. Total Receivables	\$ 5,511,055	\$ 2,136,493
C. Investments		
1. Short Term Investments	\$ 13,578,932	\$ 11,943,055
2. Domestic Equities	95,727,098	110,848,876
3. International Equities	21,461,145	14,518,571
4. Domestic Fixed Income	42,130,674	40,156,548
5. International Fixed Income	-	-
6. Real Estate	3,475,477	3,541,774
7. Other Investments	1,184,325	67,493
8. Total Investments	\$ 177,557,651	\$ 181,076,317
D. Liabilities		
1. Prepaid City/BSO Contributions	\$ (1,890,780)	\$ -
2. Accounts Payable	(254,594)	(259,722)
3. Other - Due to Broker	(2,665,119)	(1,829,510)
4. Total Liabilities	\$ (4,810,493)	\$ (2,089,232)
E. Total Market Value of Assets Available for Benefits	\$ 178,258,967	\$ 181,159,070
F. Reserves		
1. State Contribution Reserve	\$ (4,084,557)	\$ (3,602,091)
2. DROP Accounts	(14,134,498)	(13,692,797)
3. Total Reserves	\$ (18,219,055)	\$ (17,294,888)
G. Total Market Value Net of Reserves	\$ 160,039,912	\$ 163,864,182
F. Allocation of Investments		
1. Short Term Investments	7.6%	6.6%
2. Domestic Equities	53.9%	61.2%
3. International Equities	12.1%	8.0%
4. Domestic Fixed Income	23.7%	22.2%
5. International Fixed Income	0.0%	0.0%
6. Real Estate	2.0%	2.0%
7. Other Investments	0.7%	0.0%
8. Total Investments	100.0%	100.0%

RECONCILIATION OF PLAN ASSETS

Item	September 30	
	2011	2010
A. Market Value of Assets at Beginning of Year	\$ 181,159,070	\$ 167,004,092
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 1,613,075	\$ 1,827,041
b. City Contributions	3,534,452	3,907,305
c. BSO Contributions	2,551,171	2,921,238
d. State Contributions	2,052,947	1,884,144
e. Other Income	-	-
f. Total	\$ 9,751,645	\$ 10,539,728
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 3,926,591	\$ 3,671,741
b. Net Realized and Unrealized Gains/(Losses)	208,883	14,422,648
c. Investment Expenses	(1,170,465)	(940,765)
d. Net Investment Income	\$ 2,965,009	\$ 17,153,624
3. Benefits and Refunds		
a. Refunds	\$ -	\$ (51,097)
b. Regular Monthly Benefits	(12,764,245)	(11,928,218)
c. DROP Distributions	(2,284,659)	(847,595)
d. Total	\$ (15,048,904)	\$ (12,826,910)
4. Administrative and Miscellaneous Expenses	\$ (567,853)	\$ (711,464)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 178,258,967	\$ 181,159,070
D. Reserves		
1. State Contribution Reserve	\$ (4,084,557)	\$ (3,602,091)
2. DROP Accounts	(14,134,498)	(13,692,797)
3. Total Reserves	\$ (18,219,055)	\$ (17,294,888)
Final Market Value of Assets at End of Year	\$ 160,039,912	\$ 163,864,182

ACTUARIAL VALUE OF ASSETS

Valuation Date - September 30, 2011	2011	2012	2013	2014	2015
A. Actuarial Value of Assets Beginning of Year	\$ 186,431,373				
B. Market Value End of Year	178,258,967				
C. Market Value Beginning of Year	181,159,070				
D. Non-Investment/Administrative Net Cash Flow	(5,865,112)				
E. Investment Income					
E1. Actual Market Total: B-C-D	2,965,009				
E2. Assumed Rate of Return	8.10%	7.90%	7.70%	7.50%	7.50%
E3. Assumed Amount of Return	14,863,404				
E4. Amount Subject to Phase-In: E1-E3	(11,898,395)				
F. Phase-In Recognition of Investment Income					
F1. Current Year: 0.20 x E4	(2,379,679)	-	-	-	-
F2. First Prior Year	477,785	(2,379,679)	-	-	-
F3. Second Prior Year	(2,399,636)	477,785	(2,379,679)	-	-
F4. Third Prior Year	(8,415,672)	(2,399,636)	477,785	(2,379,679)	-
F5. Fourth Prior Year	-	(8,415,672)	(2,399,636)	477,785	(2,379,679)
F6. ASOP No. 44 Compliance Adjustment *	16,846,806	-	-	-	-
F7. Total Phase-Ins	4,129,604	(12,717,202)	(4,301,530)	(1,901,894)	(2,379,679)
G. Actuarial Value of Assets End of Year					
G1. Preliminary Actuarial Value of Assets	199,559,269				
G2. Upper Corridor Limit: 120%*B	213,910,760				
G3. Lower Corridor Limit: 80%*B	142,607,174				
G4. Funding Value End of Year	199,559,269				
G5. Less: DROP Account	14,134,498				
G6. Less: State Contribution Reserve	4,084,557				
G7. Funding Value End of Year	181,340,214				
H. Difference between Market & Actuarial Value	(21,300,302)				
I. Actuarial Rate of Return	1.2% **				
J. Market Value Rate of Return	1.7%				
K. Ratio of Actuarial Value of Assets to Market Value	111.9%				

* Per ASOP No. 44, a one-time adjustment of \$22,462,409 is required on a prospective basis beginning with the FYE September 30, 2010.

** Before adjustment for ASOP No. 44

ASSET ALLOCATION

	Police	Fire	Total
Actuarial Value at 10/1/10	\$ 94,267,427	92,163,946	\$ 186,431,373
Contribution by			
Members	368,954	1,244,121	1,613,075
City	0	3,534,452	3,534,452
BSO	2,551,171	0	2,551,171
State	<u>749,251</u>	<u>1,303,696</u>	<u>2,052,947</u>
Total	3,669,376	6,082,269	9,751,645
Net Earnings Recognized	9,430,698	9,562,310	18,993,008
Disbursements			
Benefit Payment	9,695,002	5,353,902	15,048,904
Refunds	0	0	0
Administrative Expenses	<u>281,959</u>	<u>285,894</u>	<u>567,853</u>
Total	9,976,961	5,639,796	15,616,757
Actuarial Value at 10/1/11	97,390,540	102,168,729	199,559,269
DROP Account Balance	4,347,102	9,787,396	14,134,498
State Contribution Reserve	215,163	3,869,394	4,084,557
Adjusted Actuarial Value at 10/1/11	92,828,275	88,511,939	181,340,214

RECONCILIATION OF DROP ACCOUNTS	
Value at beginning of year	\$ 13,692,797
Payments credited to accounts	2,770,730
Investment Earnings credited	(44,370)
Withdrawals from accounts	<u>2,284,659</u>
Value at end of year	14,134,498

Year Ending September 30	Investment Rate of Return	
	Actuarial Asset Basis *	Market Value Basis **
1977	2.2 %	(0.3) %
1978	3.1	3.5
1979	9.1	7.9
1980	8.6	9.6
1981	9.0	5.0
1982	14.9	21.8
1983	11.3	17.8
1984	10.5	4.3
1985	14.7	16.5
1986	18.6	21.6
1987	9.4	12.3
1988	8.2	2.0
1989	10.2	14.7
1990	9.0	5.5
1991	9.8	19.1
1992	11.0	11.4
1993	8.9	6.6
1994	2.9	(1.6)
1995	7.5	20.2
1996	8.6	12.4
1997	13.6	22.1
1998	13.3	6.8
1999	11.8	12.7
2000	12.9	12.7
2001	(0.6)	(10.3)
2002	(6.3)	(11.0)
2003	(2.4)	17.6
2004	(0.7)	9.6
2005	5.9	10.5
2006	10.5	6.2
2007	10.0	12.8
2008	3.6	(14.3)
2009	2.3	1.8
2010	5.6	10.4
2011	1.2	1.7
Average Compounded Rate of Return for Number of Years Shown	7.5 %	8.2 %
Average Compounded Rate of Return for Last 10 Years	2.8 %	4.1 %
Average Compounded Rate of Return for Last 5 Years	4.5 %	2.0 %

* Net of investment expenses since 9/30/90.

** Net of investment expenses since 9/30/05.

SECTION D
FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION

A. Valuation Date	October 1, 2011	October 1, 2010
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 193,073,470	\$ 170,738,360
b. Terminated Vested Members	844,689	926,178
c. Other Members	54,859,657	54,301,494
d. Total	<u>248,777,816</u>	<u>225,966,032</u>
2. Non-Vested Benefits	4,782,120	5,088,521
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	253,559,936	231,054,553
4. Accumulated Contributions of Active Members	16,335,910	16,146,704
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	231,054,553	219,906,997
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendments	-	-
b. Change in Actuarial Assumptions	5,104,611	4,522,540
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	32,449,676	19,451,926
d. Benefits Paid	<u>(15,048,904)</u>	<u>(12,826,910)</u>
e. Net Increase	22,505,383	11,147,556
3. Total Value at End of Period	253,559,936	231,054,553
D. Market Value of Assets	160,039,912	163,864,182
E. Actuarial Present Value of Accumulated Plan Benefits at FRS rate (7.75%)		
1. Vested Benefits	252,517,015	N/A
2. Non-Vested Benefits	4,993,705	N/A
3. Total	257,510,720	N/A
F. Funded Ratio: D / E3	62.1 %	N/A
G. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

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
10/1/1991	\$ 54,259,602	\$ 59,637,919	\$ 5,378,317	91.0 %	\$ 15,561,592	34.6 %
10/1/1992	62,241,102	66,244,408	4,003,306	94.0	16,198,233	24.7
10/1/1993	69,692,519	72,878,061	3,185,542	95.6	17,030,320	18.7
10/1/1994	75,714,809	80,782,161	5,067,352	93.7	17,793,581	28.5
10/1/1995	83,335,403	87,056,849	3,721,446	95.7	18,381,545	20.2
10/1/1996	91,785,792	93,904,662	2,118,870	97.7	16,427,117	12.9
10/1/1997	103,881,530	102,209,524	(1,672,006)	101.6	15,986,537	(10.5)
10/1/1998	116,854,018	108,986,085	(7,867,933)	107.2	16,012,757	(49.1)
10/1/1999	128,591,125	114,259,529	(14,331,596)	112.5	14,157,367	(101.2)
10/1/2000	158,409,958	134,887,896	(23,522,062)	117.4	15,773,168	(149.1)
10/1/2001	153,691,058	144,343,233	(9,347,825)	106.5	15,947,063	(58.6)
10/1/2002	139,926,574	154,363,541	14,436,967	90.6	16,438,009	87.8
10/1/2003	131,561,406	167,723,977	36,162,571	78.4	18,036,129	200.5
10/1/2004	127,797,879	180,135,211	52,337,332	70.9	18,246,065	286.8
10/1/2005	132,791,429	191,641,964	58,850,535	69.3	18,639,317	315.7
10/1/2006	145,927,220	201,086,201	55,158,981	72.6	18,681,923	295.3
10/1/2007	159,560,878	209,618,138	50,057,260	76.1	19,202,844	260.7
10/1/2008	164,826,132	216,871,472	52,045,340	76.0	18,938,141	274.8
10/1/2009 (b)	165,046,163	225,029,280	59,983,117	73.3	17,755,227	337.8
10/1/2009 (a)	165,046,163	229,557,302	64,511,139	71.9	18,187,155	354.7
10/1/2010 (b)	169,136,485	237,733,591	68,597,106	71.1	16,804,153	408.2
10/1/2010 (a)	169,136,485	242,462,552	73,326,067	69.8	16,804,153	436.4
10/1/2011 (b)	181,340,214	257,679,603	76,339,389	70.4	15,514,029	492.1
10/1/2011 (a)	181,340,214	262,937,589	81,597,375	69.0	15,514,029	526.0

(b) - Before changes

(a) - After changes

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(GASB Statement No. 25)

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1991	\$ 2,424,568	\$ 2,429,681	100.2 %
1992	2,318,532	2,318,532	100.0
1993	2,442,250	2,442,250	100.0
1994	2,505,319	2,663,918	106.3
1995	2,696,158	2,852,402	105.8
1996	2,821,264	3,045,028	107.9
1997	2,931,849	3,115,427	106.3
1998	2,768,993	2,933,827	106.0
1999	1,594,513	1,679,972	105.4
2000	819,477	889,568	108.6
2001	129,793	202,684	156.2
2002	0	124,502	N/A
2003	1,052,594	1,052,594	100.0
2004	2,952,170	2,953,262	100.0
2005	4,551,843	4,551,843	100.0
2006	6,092,213	6,092,213	100.0
2007	6,742,158	6,742,158	100.0
2008	6,541,199	6,541,199	100.0
2009	6,321,557	6,321,557	100.0
2010	6,828,542	6,828,542	100.0
2011	6,085,623	6,085,623	100.0

* Inclusive of State monies prior to year end September 30, 1999

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

Employer FYE September 30	2012	2011	2010
Annual Required Contribution (ARC) ¹	\$ 7,928,209	\$ 6,085,623	\$ 6,828,542
Interest on Net Pension Obligation (NPO)	(50,932)	(54,603)	(59,897)
Adjustment to ARC	(76,081)	(84,008)	(90,453)
Annual Pension Cost (APC)	7,953,358	6,115,028	6,859,098
Contributions made	*	6,085,623	6,828,542
Increase (decrease) in NPO	*	29,405	30,556
NPO at beginning of year	(644,704)	(674,109)	(704,665)
NPO at end of year	*	(644,704)	(674,109)

¹ Excludes 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
9/30/2009	\$6,371,882	\$6,321,557	99.2 %	(\$704,665)
9/30/2010	6,859,098	6,828,542	99.6	(674,109)
9/30/2011	6,115,028	6,085,623	99.5	(644,704)

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 dates indicated. Additional information as of the latest actuarial valuation:

Valuation date	October 1, 2011
Contribution Rates:	
Employer	55.46%
Plan Members	8.60% - Police 11.60% - Fire
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of pay for Firefighters, level dollar amount for Police; closed.
Remaining amortization period	30 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	Service weighted rates from 4% to 17%
Includes inflation and other general increases at Cost-of-living adjustment	3.5% 2.0% starting 5 years from retirement

SECTION E
MEMBER STATISTICS

RECONCILIATION OF MEMBERSHIP DATA			
	From 10/1/10 To 10/1/11		
A. Active Members			
	Police	Fire	Total
1. Number Included in Last Valuation	51	150	201
2. New Members Included in Current Valuation	0	3	3
3. Non-Vested Employment Terminations	0	0	0
4. Vested Employment Terminations	0	0	0
5. Service Retirements	(4)	0	(4)
6. Disability Retirements	(1)	0	(1)
7. Deaths	0	0	0
8. DROP Participation	(1)	(7)	(8)
9. Other	<u>0</u>	<u>0</u>	<u>0</u>
10. Number Included in This Valuation	45	146	191
B. Terminated Vested Members			
1. Number Included in Last Valuation	4	0	4
2. Additions from Active Members	0	0	0
3. Lump Sum Payments/Refund of Contributions	0	0	0
4. Payments Commenced	(1)	0	(1)
5. Deaths	0	0	0
6. Other	<u>0</u>	<u>0</u>	<u>0</u>
7. Number Included in This Valuation	3	0	3
C. DROP Participants			
1. Number Included in Last Valuation	4	38	42
2. Additions from Active Members	1	7	8
3. Payments Commenced	(1)	(4)	(5)
4. Deaths	0	0	0
5. Additions from Retired (Reinstated)	<u>0</u>	<u>0</u>	<u>0</u>
6. Number Included in This Valuation	4	41	45
D. Service Retirees, Disability Retirees and Beneficiaries			
1. Number Included in Last Valuation	189	112	301
2. Additions from Active Members	5	0	5
3. Additions from Terminated Vested Members	1	0	1
4. Additions from DROP Participation	1	4	5
5. Deaths Resulting in No Further Payments	(2)	(1)	(3)
6. Active Deaths Resulting in New Survivor Benefits	0	0	0
7. End of Certain Period - No Further Payments	0	0	0
8. Other - Beneficiaries Not Previously Counted	0	0	0
9. Other - Beneficiary benefit reinstated	<u>0</u>	<u>0</u>	<u>0</u>
10. Number Included in This Valuation	194	115	309

AGE & SALARY DISTRIBUTION – POLICE OFFICERS

Age Group	Years of Service to Valuation Date										Totals	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29		
25-29 NO.	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0
30-34 NO.	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0
35-39 NO.	0	0	0	0	0	0	2	1	0	0	0	3
TOT PAY	0	0	0	0	0	0	161,020	78,381	0	0	0	239,401
AVG PAY	0	0	0	0	0	0	80,510	78,381	0	0	0	79,800
40-44 NO.	0	0	0	0	0	0	0	3	8	0	0	11
TOT PAY	0	0	0	0	0	0	0	293,741	700,196	0	0	993,937
AVG PAY	0	0	0	0	0	0	0	97,914	87,525	0	0	90,358
45-49 NO.	0	0	0	0	0	0	2	4	22	0	0	28
TOT PAY	0	0	0	0	0	0	162,536	336,112	2,039,601	0	0	2,538,249
AVG PAY	0	0	0	0	0	0	81,268	84,028	92,709	0	0	90,652
50-54 NO.	0	0	0	0	0	0	1	1	0	0	0	2
TOT PAY	0	0	0	0	0	0	85,504	97,455	0	0	0	182,959
AVG PAY	0	0	0	0	0	0	85,504	97,455	0	0	0	91,480
55-59 NO.	0	0	0	0	0	0	0	0	1	0	0	1
TOT PAY	0	0	0	0	0	0	0	0	82,073	0	0	82,073
AVG PAY	0	0	0	0	0	0	0	0	82,073	0	0	82,073
60-64 NO.	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0
TOT NO.	0	0	0	0	0	0	5	9	31	0	0	45
TOT AMT	0	0	0	0	0	0	409,060	805,689	2,821,870	0	0	4,036,619
AVG AMT	0	0	0	0	0	0	81,812	89,521	91,028	0	0	89,703

AGE & SALARY DISTRIBUTION – FIREFIGHTERS

Age Group	Years of Service to Valuation Date										Totals
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	
20-24 NO.	1	0	1	0	0	0	0	0	0	0	2
TOT PAY	47,718	0	56,471	0	0	0	0	0	0	0	104,189
AVG PAY	47,718	0	56,471	0	0	0	0	0	0	0	52,095
25-29 NO.	0	0	5	3	4	6	0	0	0	0	18
TOT PAY	0	0	283,825	179,205	243,704	421,282	0	0	0	0	1,128,016
AVG PAY	0	0	56,765	59,735	60,926	70,214	0	0	0	0	62,668
30-34 NO.	2	0	1	1	4	16	6	0	0	0	30
TOT PAY	95,352	0	57,284	60,091	241,780	1,124,444	435,488	0	0	0	2,014,439
AVG PAY	47,676	0	57,284	60,091	60,445	70,278	72,581	0	0	0	67,148
35-39 NO.	0	0	1	0	1	16	15	2	0	0	35
TOT PAY	0	0	54,629	0	62,185	1,136,513	1,130,715	152,152	0	0	2,536,194
AVG PAY	0	0	54,629	0	62,185	71,032	75,381	76,076	0	0	72,463
40-44 NO.	0	0	0	0	1	10	9	9	0	0	29
TOT PAY	0	0	0	0	63,346	715,439	659,889	730,983	0	0	2,169,657
AVG PAY	0	0	0	0	63,346	71,544	73,321	81,220	0	0	74,816
45-49 NO.	0	0	0	0	0	5	3	11	3	2	24
TOT PAY	0	0	0	0	0	353,571	210,764	932,640	239,547	183,734	1,920,256
AVG PAY	0	0	0	0	0	70,714	70,255	84,785	79,849	91,867	80,011
50-54 NO.	0	0	0	0	0	1	3	2	0	0	6
TOT PAY	0	0	0	0	0	97,543	203,658	180,586	0	0	481,787
AVG PAY	0	0	0	0	0	97,543	67,886	90,293	0	0	80,298
55-59 NO.	0	0	0	0	0	1	0	0	1	0	2
TOT PAY	0	0	0	0	0	95,832	0	0	87,967	0	183,799
AVG PAY	0	0	0	0	0	95,832	0	0	87,967	0	91,900
60-64 NO.	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0
TOT NO.	3	0	8	4	10	55	36	24	4	2	146
TOT AMT	143,070	0	452,209	239,296	611,015	3,944,624	2,640,514	1,996,361	327,514	183,734	10,538,337
AVG AMT	47,690	0	56,526	59,824	61,102	71,720	73,348	83,182	81,879	91,867	72,180

INACTIVE PARTICIPANT DATA – POLICE OFFICERS

Age Group	Terminated Vested		Disabled		Retired		Deceased with Beneficiary	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	2	14,678
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-
40-44	1	32,917	3	135,894	-	-	1	33,118
45-49	1	31,144	4	129,762	24	1,288,369	1	44,720
50-54	-	-	2	93,379	37	1,776,544	2	121,764
55-59	1	14,526	1	46,946	29	1,156,559	-	-
60-64	-	-	5	251,744	36	1,660,789	5	149,664
65-69	-	-	-	-	22	1,018,025	1	9,758
70-74	-	-	-	-	12	455,644	1	15,179
75-79	-	-	-	-	3	58,522	-	-
80-84	-	-	-	-	1	24,611	2	47,142
85-89	-	-	-	-	1	5,668	2	10,787
90-94	-	-	-	-	1	9,965	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	3	78,587	15	657,725	166	7,454,696	17	446,810
Average Age		49		53		59		60

INACTIVE PARTICIPANT DATA – FIREFIGHTERS

Age Group	Terminated Vested		Disabled		Retired		Deceased with Beneficiary	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-
45-49	-	-	2	114,542	10	686,780	-	-
50-54	-	-	4	236,503	19	1,220,726	1	70,193
55-59	-	-	1	46,949	33	1,894,900	-	-
60-64	-	-	1	59,042	29	1,313,054	1	25,796
65-69	-	-	2	100,565	28	1,260,577	-	-
70-74	-	-	1	19,186	7	231,081	4	55,441
75-79	-	-	-	-	6	131,405	1	12,258
80-84	-	-	-	-	2	33,558	-	-
85-89	-	-	-	-	3	46,182	1	6,053
90-94	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	-	-	11	576,787	137	6,818,263	8	169,741
Average Age		N/A		57		62		N/A

STATISTICAL DISPLAY OF MEMBERS ELIGIBLE FOR NORMAL RETIREMENT AGE ON OR BEFORE CURRENT VALUATION DATE AND ELECTING RETIREMENT DURING YEAR			
10/1/10– 9/30/11			
Age	Number Eligible	Number Electing Retirement	Number Electing DROP Participation
47	6	4	1
48	2	0	1
49	2	0	1
50	0	0	0
51	1	0	1
52	1	0	1
53	1	0	1
54	1	0	0
55	1	0	0
56	0	0	0
57	0	0	0
58	0	0	0
59	0	0	0
60	<u>1</u>	<u>0</u>	<u>1</u>
	16	4	7

HISTORY OF SALARY INCREASES FOR PARTICIPANTS CONTINUING FROM PRIOR VALUATION			
Plan Year Ending	Average Salary Increase		
	Police		Fire
2011	-1.7 %		-1.5 %
2010	10.2		3.0
2009	4.7		2.2
2008	4.7		8.9
2007	4.4		7.3
2006	3.9		4.5
2005	4.4		8.8
2004	5.5		8.1
2003	5.3		7.3
2002	7.4		4.1
2001	2.0		12.7
2000	12.7		7.7
1999	4.9		5.5
1998		5.8 %	
1997		3.5	
1996		6.0	
1995		5.0	
1994		5.7	
1993		6.8	
1992		5.6	
1991		6.2	
1990		4.7	
1989		7.5	
1988		8.6	
1987		8.1	
1986		8.2	
1985	5.1		6.6
1984	7.9		10.0
1983	7.2		8.8
1982	10.7		12.3
1981	11.1		11.8
Average Increase Since 1998	5.2 %		6.0 %

SECTION F
SUMMARY OF PROVISIONS OF RETIREMENT SYSTEM

SUMMARY OF PLAN PROVISIONS

A. Ordinances

Plan established under the Code of Ordinances for the City of Pompano Beach, Florida, Sections 34.045-34.073 and was most recently amended under Ordinance No. 2012-31 passed and adopted on March 31, 2012. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

August 15, 1972

C. Plan Year

October 1 through September 30.

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

- (1) All Police Officers and Dispatchers who were participants of the prior Employees' Pension Plan and
- (2) Police Officers and Dispatchers who elected to remain in the Plan prior to the takeover of the police department by the Broward Sheriff's Office on 8/1/99.
- (3) All Firefighters who were participants of the prior Employees' Pension Plan; and
- (4) All regular, full time Firefighters (20 hours per week and 5 months per year) from age 18, upon date of employment.

F. Continuous Service

Continuous Service is measured as the total number of years and completed months from the date of employment to the date of termination or retirement. No service is credited for any periods of employment for which a member received a refund of their contributions.

G. Earnings

Police Officers: Basic compensation and regular longevity pay, increased for temporary upgrade pay. Also includes up to 25 hours per year of overtime pay.

Firefighters: Basic compensation and regular longevity pay, increased for temporary upgrade pay.

H. Average Monthly Earnings (AME)

The average of Earnings during the highest 3 years preceding termination or retirement; not including lump sum payments of unused leave.

I. Normal Retirement

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 47 with 20 years of Continuous Service, or
- (2) age 55 with 10 years of Continuous Service.

Police

Benefit: 3.0% of AME multiplied by years of Continuous Service up to a maximum of 25 years, plus 2.0% of AME multiplied by years of Continuous Service in excess of 37.5.

Firefighter

Benefit: 3.0% of AME multiplied by the first 10 years Continuous Service, plus 4.0% of AME multiplied by the next 10 years, plus 2.0% of AME multiplied by the next 5 years with a maximum benefit equal to 80% of AME.

Normal Form

of Benefit: 10 Years Certain and Life; other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

J. Early Retirement

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon the completion of 20 years of Continuous Service or the attainment of age 50 with 10 years of Continuous Service.

Benefit: The member's accrued Normal Retirement Benefit based upon the member's AME and Continuous Service as of the date of termination. Benefit is actuarially reduced for each year by which the Early Retirement date precedes the member's Normal Retirement date. The Early Retirement reduction is 3% per year if early retirement occurs after age 50.

Normal Form

of Benefit: 10 Years Certain and Life; other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled and unable to perform regular duties or any other duties available in the Department from an act occurring in the performance of duty for the City is eligible for a disability benefit.

Benefit: 75% of rate of Earnings in effect on the date of disability.

Normal Form

of Benefit: Benefits begin on the first day of the month following the date the Board approves the disability and are payable until death or recovery from disability. If the member dies before receiving payments for 10 years, the member's designated beneficiary will receive the same monthly benefit for the remainder of the 10 year period. Other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

M. Non-Service Connected Disability

Eligibility: Any member with 10 or more years of Continuous Service who becomes totally and permanently disabled and unable to perform regular duties or any other duties available in the Department from an act not directly caused by the performance of duty for the City is eligible for a disability benefit.

Benefit: 3.0% of AME multiplied by years of Continuous Service subject to a maximum of 60% of the rate of Earnings on the date of disability, plus 2.0% of AME multiplied by years of Continuous Service in excess of 25. Disability benefit is guaranteed to be no less than 25% of AME.

Normal Form

of Benefit: Benefits begin on the first day of the month following the date the Board approves the disability and are payable until death or recovery from disability. If the member dies before receiving payments for 10 years, the member's designated beneficiary will receive the same monthly benefit for the remainder of the 10 year period. Other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

N. Death in the Line of Duty

Eligibility: Any member who dies as a direct result of an occurrence arising in the performance of service for the City is eligible for survivor benefits.

Benefit: (1) \$5,000 lump sum paid to the member's designated beneficiary; plus
 (2) Member's spouse will receive 75% of member's Earnings; plus
 (3) Each unmarried child under age 18 (22 if full-time student) will receive 7 1/2% of member's Earnings. If there is no spouse, benefits increase to 15% per child.

Maximum benefit to spouse and children is 90% of earnings; if no spouse maximum for children is 50% of Earnings.

Normal Form

of Benefit: Spouse's benefits are paid until death or remarriage; children's benefits are paid until the earlier of age 18 (22 if full-time student), marriage or death.

COLA: Beginning five years after benefit payments begin, beneficiaries receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

O. Other Pre-Retirement Death

Eligibility: Any member with 1 or more years of Continuous Service who dies while employed by the City is eligible for survivor benefits.

Benefit: (A) For members with less than 1 year of Continuous Service, no survivor benefits are payable.

(B) For members with 1 year, but less than 5 years, of Continuous Service, the designated beneficiary will be paid a \$5,000 lump sum.

(C) For members with 5 years, but less than 10 years, of Continuous Service:

- (1) \$5,000 lump sum paid to the member's designated beneficiary; plus
- (2) Member's spouse will receive 65% of member's accrued pension as of the date of death subject to a minimum of 20% of AME; plus
- (3) Each unmarried child under age 18 (22 if full-time student) will receive 7 1/2% of member's Earnings. If there is no spouse, benefits increase to 15% of member's Earnings per child.

Maximum benefit to spouse and children is 50% of earnings.

(D) For members with 10 or more years of Continuous Service, the designated beneficiary can elect to receive benefits described under subsection (C) above or the member's accrued benefit as of the date of death. Benefits are payable at the member's Normal or Early Retirement date and will be reduced for Early Retirement, when applicable.

Normal Form of Benefit: Spouse's benefits are paid until death or remarriage; children's benefits are paid until the earlier of age 18 (22 if full-time student), marriage or death.

COLA: Beginning five years after benefit payments begin, beneficiaries receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity option or the 50%, 66 2/3%, 75% or 100% Joint and Survivor options.

R. Vested Termination

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service (See vesting table below).

Vesting is determined in accordance with the following table.

YEARS OF CREDITED SERVICE	% OF NORMAL RETIREMENT BENEFITS
Less Than 10	0%
10 or more	100%

Benefit: The member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members may elect to receive an actuarially reduced Early Retirement Benefit.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2%. An additional annual increase of up to 1% is payable if certain conditions are met.

Plan members with less than 10 years of Credited Service will receive a refund of their own accumulated contributions with interest.

S. Refunds

- Eligibility: All members terminating employment with less than 10 years of Credited Service are eligible. Optionally, vested members (those with 10 or more years of credited service) may elect a refund in lieu of the vested benefits otherwise due.
- Benefit: Refund of the member's contributions with interest. Interest is currently credited at a rate of 3%.

T. Member Contributions

- Police: 8.6% of Earnings paid by BSO.
 Firefighters: 11.6% of Earnings "picked up" by the City.

U. Employer Contributions

Chapters 175 and 185 Premium Tax Refunds and any additional amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

Beginning five years after benefit payments begin, retirees and their beneficiaries receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

W. 13th Check

Not Applicable

X. Deferred Retirement Option Plan

- Eligibility: Plan members are eligible for the DROP on the first day of the month coincident with or next following the earlier of:

- (1) age 47 with 20 years of Continuous Service, or
- (2) age 55 with 10 years of Continuous Service.

Members who meet eligibility must submit a written election to participate in the DROP.

- Benefit: The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

In addition, the members accumulated sick and annual leave pay will be credited to the member's DROP account in 5 equal annual installments on the member's DROP participation anniversary dates.

Maximum

DROP Period: 60 months for Police, 96 months for Firefighters.

Interest

Credited: The member's DROP account is credited or debited quarterly at a rate equal to one of the following as elected by the member:

- (1) the actual net rate of investment return realized by the Plan for that quarter, or
- (2) a rate set quarterly by the Board of Trustees, or
- (3) the actual net rate of investment return realized by a separate investment account made available by the Board of Trustees but with investment proportions designated by the member.

Normal Form

of Benefit: The member's DROP account is paid out under one of the following options as elected by the member:

- (1) a full single lump sum payment, or
- (2) annual installments in amounts as requested by the member by June 30th of each year, or
- (3) equal monthly installments as requested by the member by June 30th of each year, or
- (4) a single lump sum of the remaining balance after any annual or monthly installments have been made under options (2) or (3) above.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met. For Firefighters, if participant leaves the DROP after five years, the COLA begins when participant leaves the DROP.

Y. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Pompano Beach Police Officers' and Firefighters' Retirement Plan liability if continued beyond the availability of funding by the current funding source.

Z. Changes from Previous Valuation

Under Ordinance No. 2012-30 and Ordinance No. 2012-31, which passed March 31, 2012, the following changes occurred regarding the use of Chapter 175 money used to fund the Pension Plan:

- Effective November 1, 2011, the member contribution rate is increased by 6.82%, and \$846,732 of the excess premium tax revenue will be used to reduce member contributions back to the level on October 31, 2011 such that there is no change in the member contribution. The use of the excess premium tax revenue to reduce the member contribution rate will result in a one-time

credit of \$846,732 for the fiscal year ending September 30, 2012.

- The amount of state money that can be used to fund the Plan on behalf of firefighters increased from \$732,754 to \$821,230 beginning with the fiscal year ending September 30, 2011. The Chapter 175 contribution for the fiscal year ending September 30, 2011 was \$1,303,696, of which \$821,230 was used to fund the pension plan and \$482,466 was used as a share plan allocation.
- A Share Plan was established on October 1, 2010. The \$3,386,928 State reserve was split between the one-time credit of \$846,732 used to fund the pension plan and an initial Share Plan allocation of \$2,540,196.