

**LEGISLATIVE #**

**110356**

# City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan

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***Actuarial Valuation Report  
as of October 1, 2010***

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May 16, 2011

Board of Trustees  
City of Gainesville Consolidated Police Officers'  
and Firefighters' Retirement Plan  
200 East University Avenue  
Gainesville, FL 32601

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan as of October 1, 2010. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2010, to determine the minimum required contribution amount for the fiscal year ending September 30, 2012, and to satisfy State reporting requirements. In addition, this report provides a record of any assumption or method changes as well as plan amendments affecting the financial status of the Plan.

### **Summary of Valuation Results**

Currently, the fund receives contributions from the City of Gainesville, the State of Florida through Chapter 175/185 and active Members. The amount of the City contribution varies from year to year, while the Member contributions are equal to 7.5% of payroll for both Police Officers and Firefighters. After taking into account expected Member contributions and expected State contributions of 4.68% of payroll, the total required contribution from the City for the 2011/2012 fiscal year is 11.77% of projected payroll. For comparative purposes, the required City contribution for the 2010/2011 fiscal year was 9.08% of payroll.

### **Discussion of Valuation Results**

The contributions received by the Plan are used to pay for the normal cost of the plan plus provide a payment toward the unfunded actuarial accrued liability. Currently, the Plan has \$199,836,557 in accrued liability and \$177,250,288 in assets at actuarial value, resulting in an unfunded accrued liability of \$22,586,269.

The City's contribution of \$2,865,693 is determined as the normal cost (including administrative expenses) of \$4,381,021 plus the amortization of the unfunded liability of \$1,449,647, reduced for the expected Chapter 175/185 contributions of \$1,139,280 and expected employee contributions of \$1,825,695. The City's contribution equals 11.77% of projected payroll and is payable during the 2011/2012 fiscal year.

*Actuarial Experience*

The increase in the City's contribution is primarily due to lower than expected asset return. The Plan's unfunded liability was projected to be \$15,515,786 as of October 1, 2010. However, the unfunded liability of \$22,586,269 is \$7,070,483 greater than expected. The return on the actuarial value of assets was approximately 5.17%, which compares to the assumed return on the actuarial value of assets of 8.50%. The less than expected asset return resulted in an actuarial loss of approximately \$5.6 million.

*Changes in Actuarial Assumptions and Methods*

In preparing the actuarial valuation as of October 1, 2010, we have used the assumptions approved by the Board based on an experience analysis covering the five plan years ending on September 30, 2009. A summary of the assumptions changed from the prior valuation is shown below:

- a. Assumed rates of withdrawal from active status were updated for Police Officers.
- b. Assumed rates of retirement were updated.
- c. Assumed rates of disability were updated.
- d. No salary increases and payroll growth were assumed for fiscal 2011.
- e. Overtime pay was changed to equal 6.5% of non-overtime related pensionable at retirement.
- f. Accumulated sick leave is assumed to increase benefit service by 3/5 of a year at retirement (vs. 1/3 previously).
- g. Accumulated vacation paid upon termination was changed from 5.197% to 3.0% of final average earnings.

A breakdown of the effect of each change is as follows:

	Actuarial Accrued Liability	Normal Cost	Required Contributions
Original Assumptions	\$199,457,298	\$ 4,082,696	\$ 5,813,136
Change due to:			
Termination rates	337,719	(81,871)	(60,746)
Retirement rates	271,600	99,064	116,053
Disability rates	307,540	(28,621)	(9,384)
Salary scale	(1,671,664)	(82,906)	(187,473)
Overtime pay	1,608,037	89,978	190,566
Accumulated Sick Leave	1,148,997	82,101	153,974
Vacation Payout at Termination	<u>(1,622,970)</u>	<u>(83,936)</u>	<u>(185,458)</u>
Total assumption changes	\$ 379,259	\$ (6,191)	\$ 17,532

A summary of the actuarial methods and assumptions used in the valuation can be found in Table XI.

*Changes in Plan Provisions*

This actuarial valuation reflects all provisions of the plan as amended through October 1, 2010. There have been no plan changes since the prior valuation. A summary of the plan provisions can be found in Table XII.

*Financial and Member Data*

This valuation was performed using employee and financial data supplied by the City of Gainesville. Census data was received as of October 1, 2010. Buck did not audit this data, although it was reviewed for reasonableness and consistency with the prior year's information. The results of the valuation are dependent on the accuracy of the data. Tables IX through IXf provide a summary of the data used in the valuation.

**Estimated Impact of Pension Obligation Bond**

As requested, we have estimated the City's contribution rate without reflecting the pension obligation bond contribution. For this purpose we have excluded from the Plan's assets the special contribution of \$47,728,526 and investment earnings of \$36,033,851 as reported by the Plan. On this basis, the City's contribution rate would have been 42.27% of projected payroll for the fiscal year ending 2012. In Table Ia we present a comparison of the contribution requirements with and without the pension obligation bond.

**GASB 25/27 Information**

Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27) require the disclosure of certain information relative to plan funding. GASB 25 requires disclosure of funding progress and GASB 27 requires the calculation of the net pension obligation and annual pension cost. Results for the 2009/2010 and 2010/2011 fiscal years are shown in Table III.

### **Contents of the Report**

A summary of the results of the valuation is presented in Table I. Information for the auditors can be found in Tables III and IV. The disclosure information required by Chapter 112, Florida Statutes, is presented in Tables V through Vb. Tables VI through VIII provide information about the Plan's assets. Table VIII provide a historical record of the growth, expenditures, and annual returns of the Plan. Tables IX through IXf provide information regarding the participant population.

### **Certification**

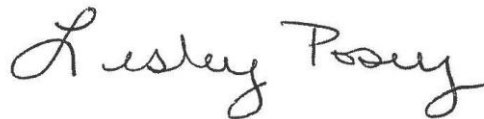
This actuarial valuation was prepared under our direct supervision and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate and, in our opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part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

This valuation was prepared in accordance with the standards of practice prescribed by the Actuarial Standards Board, based on the current provisions of the Retirement Plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Plan. We are members of the American Academy of Actuaries and meet the Academy's qualification standards to issue this Statement of Actuarial Opinion. We are available to answer questions regarding any of the content within this report.

Respectfully submitted,



Joseph L. Griffin, ASA, EA, MAAA, FCA  
Director  
Enrollment No. 11-06938



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Senior Consultant  
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**SUMMARY OF VALUATION RESULTS****TABLE I**

	<u>October 1, 2009</u>	<u>October 1, 2010</u>
<b>1. Number of Members</b>		
a. Active Members	<b>420</b>	<b>398</b>
b. Deferred Vested Members	<b>26</b>	<b>20</b>
c. Retired Members:		
i. Non-disabled	286	310
ii. Disabled	25	25
iii. Beneficiaries	25	26
iv. Sub-total	<b>336</b>	<b>361</b>
d. Total Members	<b>782</b>	<b>779</b>
 <b>2. Total Annual Compensation</b>	 <b>\$ 25,211,502</b>	 <b>\$ 24,342,597</b>
 <b>3. Projected Payroll</b>	 <b>\$ 26,219,962</b>	 <b>\$ 24,342,597</b>
 <b>4. Total Retired Member Benefits</b>	 <b>\$ 9,309,607</b>	 <b>\$ 10,745,531</b>
 <b>5. Annual Cost</b>		
a. Present Value of Future Benefits	\$ 218,942,107	\$ 230,153,225
b. Present Value of Future Normal Cost	29,735,818	30,316,668
<i>City Portion</i>	<i>16,751,679</i>	<i>16,542,092</i>
<i>Member Portion</i>	<i>12,984,139</i>	<i>13,774,576</i>
c. Actuarial Accrued Liability (AAL)	189,206,289	199,836,557
d. Actuarial Value of Assets	(174,013,284)	(177,250,288)
e. Unfunded AAL (UAAL)	<b>\$ 15,193,005</b>	<b>\$ 22,586,269</b>
 f. Normal Cost	 \$ 4,250,258	 \$ 4,076,505
g. Payment to Amortize Unfunded Liab/(Surpl)	968,624	1,449,647
h. Administrative Expenses	269,278	304,516
i. Total	<b>\$ 5,488,160</b>	<b>\$ 5,830,668</b>
 j. Expected Member Contributions	 \$ 1,966,497	 \$ 1,825,695
k. Expected State Contributions	1,139,280	1,139,280
l. Estimated City Contributions	2,382,383	2,865,693
m. Total	<b>\$ 5,488,160</b>	<b>\$ 5,830,668</b>
 <b>6. Annual Cost (as a % of Projected Payroll)</b>		
a. Total Required Contributions	20.93%	23.95%
b. Expected Member Contributions	7.50%	7.50%
c. Expected State Contributions	4.35%	4.68%
d. Estimated City Contributions	9.08%	11.77%



# VALUATION RESULTS WITH AND WITHOUT PENSION BOND TABLE Ia

	With Pension Bond October 1, 2010	Without Pension Bond October 1, 2010
<b>1. Number of Members</b>		
a. Active Members	398	398
b. Deferred Vested Members	20	20
c. Retired Members:		
i. Non-disabled	310	310
ii. Disabled	25	25
iii. Beneficiaries	26	26
iv. Sub-total	<u>361</u>	<u>361</u>
d. Total Members	779	779
 <b>2. Total Annual Compensation</b>	 \$ 24,342,597	 \$ 24,342,597
 <b>3. Projected Payroll</b>	 \$ 24,342,597	 \$ 24,342,597
 <b>4. Total Retired Member Benefits</b>	 \$ 10,745,531	 \$ 10,745,531
 <b>5. Annual Cost</b>		
a. Present Value of Future Benefits	\$ 230,153,225	\$ 230,153,225
b. Present Value of Future Normal Cost	30,316,668	30,316,668
<i>City Portion</i>	16,542,092	16,542,092
<i>Member Portion</i>	13,774,576	13,774,576
c. Actuarial Accrued Liability (AAL)	199,836,557	199,836,557
d. Actuarial Value of Assets	(177,250,288)	(85,108,332)
e. Unfunded AAL (UAAL)	<u>\$ 22,586,269</u>	<u>\$ 114,728,225</u>
 f. Normal Cost	 \$ 4,076,505	 \$ 4,076,505
g. Payment to Amortize Unfunded Liab/(Surpl)	1,449,647	8,873,259
h. Administrative Expenses	304,516	304,516
i. Total	<u>\$ 5,830,668</u>	<u>\$ 13,254,280</u>
 j. Expected Member Contributions	 \$ 1,825,695	 \$ 1,825,695
k. Expected State Contributions	1,139,280	1,139,280
l. Estimated City Contributions	2,865,693	10,289,305
m. Total	<u>\$ 5,830,668</u>	<u>\$ 13,254,280</u>
 <b>6. Annual Cost (as a % of Projected Payroll)</b>		
a. Total Required Contributions	23.95%	54.45%
b. Expected Member Contributions	7.50%	7.50%
c. Expected State Contributions	4.68%	4.68%
d. Estimated City Contributions	11.77%	42.27%

<b>1. Actual Unfunded Accrued Liability as of October 1, 2009</b>	\$	15,193,005
<b>2. Expected Change in Unfunded Liability During the 2009/2010 Plan Year</b>		
a. Due to Normal Cost	\$	2,553,039
b. Due to Interest on the Unfunded Liability		1,291,405
c. Expected City and State Contribution		(3,521,663)
d. Total Expected Change	\$	322,781
<b>3. Expected Unfunded Accrued Liability as of October 1, 2010</b>	\$	15,515,786
<b>4. Change in Unfunded Liability During the 2009/2010 Plan Year Due to:</b>		
a. Method changes	\$	0
b. Assumption changes		379,259
c. Plan amendments		0
d. Experience		6,691,224
e. Total change	\$	7,070,483
<b>5. Actual Unfunded Accrued Liability as of October 1, 2010</b>	\$	22,586,269
<b>6. Items Affecting Calculation of Accrued Liability</b>		
a. Plan provisions reflected in the accrued liability (see Table XII on page 41)		
b. Plan amendments reflected in item 4.c. above (see Table XIIa on page 45)		
c. Actuarial assumptions and methods used to determine accrued liability (see Table XI on page 36)		
d. Changes in actuarial assumptions and methods reflected in items 4.a. and 4.b. above (see Table XIa on page 40)		

<b>7. Expected Unfunded Accrued Liability Contribution Rate as of October 1, 2010</b>	3.69%
<b>8. Net Actuarial (Gains)/Losses During the 2009/2010 Plan Year</b>	
a. Due to Salary/Service/Data	(0.34%)
b. Due to Investment Performance	1.43%
c. Due to Turnover/Mortality	(0.21%)
d. Due to New Retirements	0.61%
e. Due to Difference and Timing in Contributions	0.20%
f. Due to New Members	0.02%
g. Total	1.71%
<b>9. Change in Unfunded Accrued Liability Rate During the 2009/2010 Plan Year Due to:</b>	
a. Method changes	0.00%
b. Assumption changes	0.10%
c. Plan amendments	0.00%
d. Total Change	0.10%
<b>10. Other Effects</b>	0.46%
<b>11. Unfunded Accrued Liability Contribution Rate as of October 1, 2010</b>	5.96%
<b>12. Comments on Change in Unfunded Accrued Liability Contribution Rate:</b>	

**Salary/Service/Data:** Average salary increases of 3.04% compared to expected increases of 4.91% as well as adjustments in the reported data.

**Investment Performance:** 5.17% actual vs. 8.50% expected return on the actuarial value of assets.

**Turnover/Mortality:** Net effect on the valuation liabilities of actual deaths, retirements, terminations of employment and disabilities different from what was anticipated in the aggregate by the assumptions related to those events.

**New retirements:** Greater than expected retirements (including DROP) and refund of employee

**New members:** Liability created from new members entering the plan.

**Due to Differences and Timing of Contributions:** Due to the one year lag of when the required contribution is determined and when it is deposited into the fund.

**Assumption changes:** Please refer to Table XIa for a summary of changes.

**Plan amendments:** None.

**Other effects:** Overall payroll increases and adjustments in the amortization of the unfunded actuarial accrued liability.

	Fiscal Year 2009/2010	Fiscal Year 2010/2011
<b>A. Number of Plan Participants as of October 1</b>		
a. Retirees and beneficiaries receiving benefits	336	361
b. Terminated plan participants entitled to but not yet receiving benefits	26	20
c. Active plan participants	420	398
d. Total	782	779
<b>B. Development of Annual Required Contribution (ARC)</b>		
Valuation Year	2008	2009
a. Employer normal cost:		
i. Total normal cost	\$ 4,424,947	\$ 4,519,536
ii. Expected employee contribution	(1,875,533)	(1,966,497)
iii. Employer normal cost	<b>\$ 2,549,414</b>	<b>\$ 2,553,039</b>
b. Amortization of UAAL:		
i. PV of future benefits	\$ 205,124,186	\$ 218,942,107
ii. PV of future employer normal costs	(16,339,411)	(16,751,679)
iii. PV of future employee contributions	(12,875,353)	(12,984,139)
iv. Actuarial accrued liability (AAL)	\$ 175,909,422	\$ 189,206,289
v. Actuarial value of assets	(174,300,297)	(174,013,284)
vi. Unfunded AAL (UAAL)	\$ 1,609,125	\$ 15,193,005
vii. Amort. of UAAL	115,604	968,624
c. <b>ARC</b> (Item B.a.iii. plus item B.b.vii.)	<b>\$ 2,665,018</b>	<b>\$ 3,521,663</b>
<b>C. Annual Pension Cost and Net Pension Obligation (NPO)</b>		
a. ARC	\$ 2,665,018	\$ 3,521,663
b. Interest on NPO	(4,644,424)	(4,718,563)
c. Adjustment to ARC	3,852,821	4,012,761
d. <b>Annual Pension Cost</b>	<b>\$ 1,873,415</b>	<b>\$ 2,815,861</b>
e. Contributions made	(2,745,640)	
f. Increase (decrease) in NPO	\$ (872,225)	
g. NPO (beginning of year)	(54,640,286)	
h. <b>NPO (end of year)</b>	<b>\$ (55,512,511)</b>	

**D. Three Year Trend Information**

Year Ended September 30	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2008	\$ 1,188,385	100%	\$ (53,672,004)
2009	1,493,189	100%	(54,640,286)
2010	1,873,415	100%	(55,512,511)

**E. Schedule of Funding Progress**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
10/1/2005	\$ 144,236,229	\$ 147,209,020	\$ 2,972,791	98.0%	\$ 21,307,037	14.0%
10/1/2006	155,509,178	157,048,198	1,539,020	99.0%	21,579,538	7.1%
10/1/2007	168,434,939	166,905,140	(1,529,799)	100.9%	22,739,418	(6.7%)
10/1/2008	174,300,297	175,909,422	1,609,125	99.1%	24,045,292	6.7%
10/1/2009	174,013,284	189,206,289	15,193,005	92.0%	25,211,502	60.3%
10/1/2010	177,250,288	199,836,557	22,586,269	88.7%	24,342,597	92.8%

**F. Additional Information**

Valuation date	<u>October 1, 2009</u>	<u>October 1, 2010</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent Closed	Level Percent Closed
Remaining amortization period	24 to 30 Years	23 to 30 Years
Asset valuation method	Market Related Value	Market Related Value
Actuarial assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	4.00% - 7.00%	4.00% - 7.00%
Includes projected payroll	4.00%	0.00% for fiscal 2011, 4.00% thereafter
Cost-of-living adjustments	2.00%	2.00%

**1. Actuarial Present Value of Accrued Benefits**

	<u>October 1, 2009</u>	<u>October 1, 2010</u>
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$ 107,564,021	\$ 124,339,677
ii. Active members	55,241,232	46,058,127
iii. Sub-total	<u>\$ 162,805,253</u>	<u>\$ 170,397,804</u>
b. Non-vested Accrued Benefits	9,882,659	10,488,852
c. Total Benefits	<u>\$ 172,687,912</u>	<u>\$ 180,886,656</u>
d. Market Value of Assets	<u>\$ 146,510,907</u>	<u>\$ 156,232,405</u>
e. Percentage Funded	<b>84.8%</b>	<b>86.4%</b>

**2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits**

a. Actuarial Present Value as of October 1, 2009	<b>\$ 172,687,912</b>
b. Increase (Decrease) During 2009/2010 Plan Year Attributable to:	
i. Interest	\$ 14,210,551
ii. Benefits accumulated	8,155,840
iii. Benefits paid	(11,009,919)
iv. Plan amendments	0
v. Changes in actuarial assumptions or methods	(3,157,728)
vi. Net increase (decrease)	<u>\$ 8,198,744</u>
c. Actuarial Present Value as of October 1, 2010	<b>\$ 180,886,656</b>

**3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits**

- a. Plan provisions reflected in the accrued benefits (see Table XII page 41)
- b. Plan amendments reflected in item 2.b.iv. above (see Table XIIa on page 45)
- c. Actuarial assumptions and methods used to determine present values (see Table XI on page 36)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above (see Table XIa on page 40)

October 1, 2010

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
<b>1. Participant Data</b>			
a. Active members:			
i. Number	263	135	398
ii. Total annual payroll	\$ 15,579,088	\$ 8,763,509	\$ 24,342,597
iii. Projected annual payroll	15,579,088	8,763,509	24,342,597
b. Retired members and beneficiaries:			
i. Number	191	145	336
ii. Total annualized benefit	\$ 6,036,283	\$ 4,310,719	\$ 10,347,002
c. Disabled members receiving benefits:			
i. Number	17	8	25
ii. Total annualized benefit	\$ 267,070	\$ 131,459	\$ 398,529
d. Terminated vested members:			
i. Number	17	3	20
ii. Total annualized benefit	\$ 208,704	\$ 45,403	\$ 254,107
<b>2. Assets</b>			
a. Actuarial Value of Assets			\$ 177,250,288
b. Market Value of Assets			156,232,405
<b>3. Liabilities</b>			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$ 57,837,749	\$ 40,549,069	\$ 98,386,818
Vesting benefits	1,444,569	695,881	2,140,450
Disability benefits	2,586,152	1,317,781	3,903,933
Death benefits	551,107	329,265	880,372
Return of member contributions	385,094	116,881	501,975
Sub-total	<u>\$ 62,804,671</u>	<u>\$ 43,008,877</u>	<u>\$ 105,813,548</u>
ii. Terminated vested members	\$ 1,093,307	\$ 212,162	\$ 1,305,469
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$ 70,797,332	\$ 48,811,577	\$ 119,608,909
Disabled members	<u>2,276,032</u>	<u>1,149,267</u>	<u>3,425,299</u>
Sub-total	<u>\$ 73,073,364</u>	<u>\$ 49,960,844</u>	<u>\$ 123,034,208</u>
iv. Total present value of all prospective benefits	\$ 136,971,342	\$ 93,181,883	\$ 230,153,225

October 1, 2010

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
b. Liabilities due and unpaid	\$ 0	\$ 0	\$ 0
c. Actuarial accrued liability	\$ 116,648,235	\$ 83,188,322	\$ 199,836,557
d. Unfunded actuarial accrued liability			\$ 22,586,269
<b>4. Actuarial Present Value of Accrued Benefits</b> (refer to Table IV for further details)	\$ 105,287,928	\$ 75,598,728	\$ 180,886,656
<b>5. Pension Cost</b>			
a. Normal cost			
Retirement benefits	\$ 2,169,852	\$ 1,232,421	\$ 3,402,273
Vesting benefits	113,053	67,106	180,159
Disability benefits	206,189	101,162	307,351
Death benefits	28,989	16,369	45,358
Return of member contributions	104,369	36,995	141,364
Total normal cost	\$ 2,622,452	\$ 1,454,053	\$ 4,076,505
As a % of projected payroll	16.83%	16.59%	16.75%
Administrative expenses			304,516
Total normal cost including administrative expenses			\$ 4,381,021
As a % of projected payroll			18.00%
b. Payment to amortize unfunded liability			\$ 1,449,647
As a % of projected payroll			5.96%
c. Expected State Contribution	\$ 558,361	\$ 580,919	\$ 1,139,280
As a % of projected payroll	3.58%	6.63%	4.68%
d. Amount to be contributed by members	\$ 1,168,432	\$ 657,263	\$ 1,825,695
As a % of projected payroll	7.50%	7.50%	7.50%
e. Expected City Contribution:			\$ 2,865,693
As a % of projected payroll			11.78%
<b>6. Past Contributions (for year ending September 30, 2010)</b>			
a. Required Employer and State contribution			\$ 2,665,018
b. Actual contribution made by:			
i. Employer			\$ 1,606,360
ii. State			1,139,280
iii. Members			2,884,651



**October 1, 2010**

	<b><u>Police</u></b>	<b><u>Firefighters</u></b>	<b><u>Total</u></b>
<b>7. Net actuarial (gain)/loss</b>			\$ 6,691,224
<b>8. Other disclosures</b>			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$ 123,607,478	\$ 60,053,537	\$ 183,661,015
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$ 9,270,561	\$ 4,504,015	\$ 13,774,576
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$ 11,052,546	\$ 5,489,546	\$ 16,542,092
c. Present value of future expected benefit payments for active members at entry age	n/a	n/a	n/a
d. Amount of active members' accumulated contributions	\$ 8,057,832	\$ 5,495,686	\$ 13,553,518

October 1, 2009

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
<b>9. Participant Data</b>			
a. Active members:			
i. Number	279	141	420
ii. Total annual payroll	\$ 16,102,858	\$ 9,108,644	\$ 25,211,502
iii. Projected annual payroll	16,746,972	9,472,990	26,219,962
b. Retired members and beneficiaries:			
i. Number	172	139	311
ii. Total annualized benefit	\$ 5,047,404	\$ 3,865,763	\$ 8,913,167
c. Disabled members receiving benefits:			
i. Number	17	8	25
ii. Total annualized benefit	\$ 265,763	\$ 130,677	\$ 396,440
d. Terminated vested members:			
i. Number	21	5	26
ii. Total annualized benefit	\$ 249,233	\$ 63,648	\$ 312,881
<b>10. Assets</b>			
a. Actuarial Value of Assets			\$ 174,013,284
b. Market Value of Assets			146,510,907
<b>11. Liabilities</b>			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$ 62,900,961	\$ 40,653,197	\$ 103,554,158
Vesting benefits	1,438,749	714,953	2,153,702
Disability benefits	3,020,966	1,501,378	4,522,344
Death benefits	411,444	245,826	657,270
Return of member contributions	346,326	144,286	490,612
Sub-total	<u>\$ 68,118,446</u>	<u>\$ 43,259,640</u>	<u>\$ 111,378,086</u>
ii. Terminated vested members	\$ 1,405,229	\$ 353,868	\$ 1,759,097
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$ 58,440,424	\$ 43,924,324	\$ 102,364,748
Disabled members	<u>2,284,728</u>	<u>1,155,448</u>	<u>3,440,176</u>
Sub-total	<u>\$ 60,725,152</u>	<u>\$ 45,079,772</u>	<u>\$ 105,804,924</u>
iv. Total present value of all prospective benefits	\$ 130,248,827	\$ 88,693,280	\$ 218,942,107

October 1, 2009

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
b. Liabilities due and unpaid	\$ 0	\$ 0	\$ 0
c. Actuarial accrued liability	\$ 110,191,035	\$ 79,015,254	\$ 189,206,289
d. Unfunded actuarial accrued liability			\$ 15,193,005
<b>12. Actuarial Present Value of Accrued Benefits</b> (refer to Table IV for further details)	\$ 100,175,471	\$ 72,512,441	\$ 172,687,912
<b>13. Pension Cost</b>			
a. Normal cost			
Retirement benefits	\$ 2,287,479	\$ 1,203,821	\$ 3,491,300
Vesting benefits	120,727	68,927	189,654
Disability benefits	269,525	132,420	401,945
Death benefits	25,914	14,409	40,323
Return of member contributions	88,265	38,771	127,036
Total normal cost	\$ 2,791,910	\$ 1,458,348	\$ 4,250,258
As a % of projected payroll	16.67%	15.39%	16.21%
Administrative expenses			269,278
Total normal cost including administrative expenses			\$ 4,519,536
As a % of projected payroll			17.24%
b. Payment to amortize unfunded liability			\$ 968,624
As a % of projected payroll			3.69%
c. Expected State Contribution	\$ 558,361	\$ 580,919	\$ 1,139,280
As a % of projected payroll	3.33%	6.13%	4.35%
d. Amount to be contributed by members	\$ 1,256,023	\$ 710,474	\$ 1,966,497
As a % of projected payroll	7.50%	7.50%	7.50%
e. Expected City Contribution			\$ 2,382,383
As a % of projected payroll			9.08%
<b>14. Past Contributions (for year ending September 30, 2009)</b>			
a. Required Employer and State contribution			\$ 2,357,709
b. Actual contribution made by:			
i. Employer			\$ 1,322,191
ii. State			1,139,280
iii. Members			2,658,334

October 1, 2009

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
<b>15. Net actuarial (gain)/loss</b>			\$ 11,982,142
<b>16. Other disclosures</b>			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$ 116,261,238	\$ 56,860,613	\$ 173,121,851
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$ 8,719,593	\$ 4,264,546	\$ 12,984,139
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$ 11,338,199	\$ 5,413,480	\$ 16,751,679
c. Present value of future expected benefit payments for active members at entry age	n/a	n/a	n/a
d. Amount of active members' accumulated contributions	\$ 8,350,622	\$ 5,412,289	\$ 13,762,911

<b><u>Fiscal Year Beginning</u></b>	<b><u>Emerging Retirees</u></b>	<b><u>Retired Members</u></b>	<b><u>Total</u></b>
2010	\$ 984,281	\$ 10,720,393	\$ 11,704,674
2011	1,445,263	10,771,233	12,216,496
2012	2,335,453	10,822,790	13,158,243
2013	3,334,102	10,857,883	14,191,984
2014	4,194,761	10,908,767	15,103,528
2015	4,883,362	10,986,038	15,869,400
2016	5,443,909	11,013,980	16,457,889
2017	6,262,552	11,051,919	17,314,471
2018	7,078,637	11,068,517	18,147,153
2019	7,627,710	11,095,383	18,723,093
2020	8,160,908	11,080,520	19,241,429
2021	8,766,042	11,093,062	19,859,104
2022	9,507,295	11,064,704	20,571,999
2023	10,373,317	11,046,165	21,419,482
2024	11,129,108	10,999,370	22,128,478

Description	Original Amount	Outstanding Balance as of October 1, 2009	2009/2010 Amortization Payment	Outstanding Balance as of October 1, 2010	2010/2011 Amortization Payment	Years Remaining October 1, 2010
1. 10/1/2003 Assumption Changes	\$ 2,269,023	\$ 2,559,075	\$ 180,447	\$ 2,596,149	\$ 187,664	23
2. 10/1/2003 Actuarial Losses	1,464,133	1,651,293	116,437	1,675,216	121,094	23
3. 10/1/2004 Assumption Changes	(1,558,759)	(1,726,013)	(118,909)	(1,753,815)	(123,666)	24
4. 10/1/2004 Actuarial Losses	926,984	1,026,450	70,715	1,042,983	73,543	24
5. 10/1/2005 Actuarial Gains	(296,800)	(322,207)	(21,719)	(327,876)	(22,588)	25
6. 10/1/2006 Actuarial Gains	(1,492,443)	(1,590,059)	(105,014)	(1,620,200)	(109,215)	26
7. 10/1/2007 Assumption Changes	(330,685)	(345,334)	(22,373)	(352,314)	(23,268)	27
8. 10/1/2007 Plan Amendments	2,695,043	2,814,432	182,340	2,871,319	189,634	27
9. 10/1/2007 Actuarial Gains	(5,455,576)	(5,697,253)	(369,111)	(5,812,409)	(383,876)	27
10. 10/1/2008 Actuarial Losses	3,188,345	3,259,913	207,419	3,329,587	215,716	28
11. 10/1/2009 Assumption Changes	1,580,566	1,580,566	98,870	1,616,044	102,824	29
12. 10/1/2009 Actuarial Losses	11,982,142	11,982,142	749,522	12,251,102	779,503	29
13. 10/1/2010 Actuarial Losses	6,691,224			6,691,224	418,558	30
14. 10/1/2010 Assumption Changes	379,259			379,259	23,724	30
<b>Total</b>	<b>\$ 22,042,456</b>	<b>\$ 15,193,005</b>	<b>\$ 968,624</b>	<b>\$ 22,586,269</b>	<b>\$ 1,449,647</b>	

**Primary Drivers of Unfunded Liability Bases**

1. Change in mortality table from 1983 GAM to 1994 GAM.
2. Average salary increases of 9.01% (vs. 4.94% assumed) and return on actuarial value of assets of 7.97% (vs. 8.50% assumed).
3. Overtime pay in future years assumed to not exceed 20% of base pay.
4. Average salary increases of 10.17% (vs. 4.85% assumed) offset by return on actuarial value of assets of 9.28% (vs. 8.50% assumed).
5. Return on actuarial value of assets of 10.73% (vs. 8.50% assumed) offset by average salary increases of 8.75% (vs. 4.95% assumed).
6. Return on actuarial value of assets of 10.64% (vs. 8.50% assumed) offset by average salary increases of 5.84% (vs. 4.95% assumed).
7. Retirement rate assumption changed to assume 50% will retire upon attaining the Rule of 70.
8. 2.625% benefit multiplier for post 10/1/2005 service, unreduced benefits upon attainment of Rule of 70 (COLA at age 62), reverse DROP implemented, DROP accounts credited with 5.5% interest, and members are allowed to purchase up to 5 years of military service.
9. Return on actuarial value of assets of 11.49% (vs. 8.50% assumed) offset by average salary increases of 6.95% (vs. 5.14% assumed).
10. Average salary increases of 9.23% (vs. 5.06% assumed) and return on actuarial value of assets of 6.22% (vs. 8.50% assumed).
11. Change in mortality table from 1994 GAM to fully generational RP-2000 with blue collar adjustment.
12. Average salary increases of 5.36% (vs. 4.88% assumed) and return on actuarial value of assets of 2.08% (vs. 8.50% assumed).
13. Return on Actuarial Value of Assets of 5.17% (vs. 8.50% assumed).
14. Updated assumed rates of withdrawal for Police Officers, rates of retirement, rates of disability, estimated overtime pay at retirement, accumulated vacation payout at termination, accumulated sick leave upon retirement, and no salary increases or payroll growth for fiscal 2011. These changes were based on an experience study covering the five plan years ending September 30, 2009.

Date	Projected Unfunded Liability
October 1, 2010	\$22,586,269
October 1, 2011	23,056,456
October 1, 2012	23,508,622
October 1, 2040	0

Note: Outstanding balance as of October 1, 2002 eliminated with proceeds of the pension obligation bond contribution of \$47,728,526.

	<u>October 1, 2009</u>	<u>October 1, 2010</u>
<b>1. Market Value of Assets*</b>		
a. Cash and cash equivalents (2%)	\$ 3,411,986	\$ 2,348,135
b. U.S. government bonds & notes (0%)	105,999	573,826
c. Corporate bonds (6%)	7,653,020	8,632,687
d. Equities (70%)	103,739,190	109,954,285
e. Insurance contracts (0%)	0	0
f. Real Estate (5%)	7,540,954	7,968,840
g. Mortgages/loans (1%)	1,907,772	1,905,039
h. Other assets (15%)	21,931,345	23,579,954
i. Accrued income receivable (0%)	170,939	202,254
j. Contributions receivable (1%)	0	1,180,604
k. Other receivables (0%)	96,123	119,975
l. Benefits payable (0%)	0	0
m. Other payables (0%)	(46,421)	(233,194)
n. Market Value of Assets	<u>\$ 146,510,907</u>	<u>\$ 156,232,405</u>

\* The percentages in parentheses indicate the proportion of assets committed to each type of investment as of October 1, 2010.

**ASSET RECONCILIATION****TABLE VIa**

<b>Year Ending</b>	<b><u>September 30, 2009</u></b>	<b><u>September 30, 2010</u></b>
<b>1. Market Value of Assets as of the beginning of the year</b>	<b>\$ 160,940,196</b>	<b>\$ 146,510,907</b>
<b>2. Increases Due to:</b>		
a. Contributions:		
i. Employer	\$ 1,322,191	\$ 1,606,360
ii. Members	2,658,334	2,884,651
iii. State	1,254,267	1,180,604
iv. Total	<u>\$ 5,234,792</u>	<u>\$ 5,671,615</u>
b. Investment income (interest and dividends)	2,216,925	1,736,605
c. Realized and unrealized gains/(losses)	(10,891,596)	14,696,662
d. Increase in salaries and wages payable		
i. Prior year salaries and wages payable	2,428	1,771
ii. Current year salaries and wages payable	1,771	2,196
	<u>(657)</u>	<u>425</u>
e. Total increases	<u>\$ (3,440,536)</u>	<u>\$ 22,105,307</u>
<b>3. Decreases Due to:</b>		
a. Benefit payments, including DROP payments	\$ (9,839,015)	\$ (10,672,688)
b. Refund of member contributions	(155,721)	(337,231)
c. Investment expenses	(680,646)	(1,069,374)
d. Administrative expenses	(269,278)	(304,516)
e. Adjustment	(44,093)	0
f. Total decreases	<u>\$ (10,988,753)</u>	<u>\$ (12,383,809)</u>
<b>4. Market Value of Assets as of the end of the year</b>	<b>\$ 146,510,907</b>	<b>\$ 156,232,405</b>



**RECONCILIATION OF DROP ACCOUNTS****Table VIb**

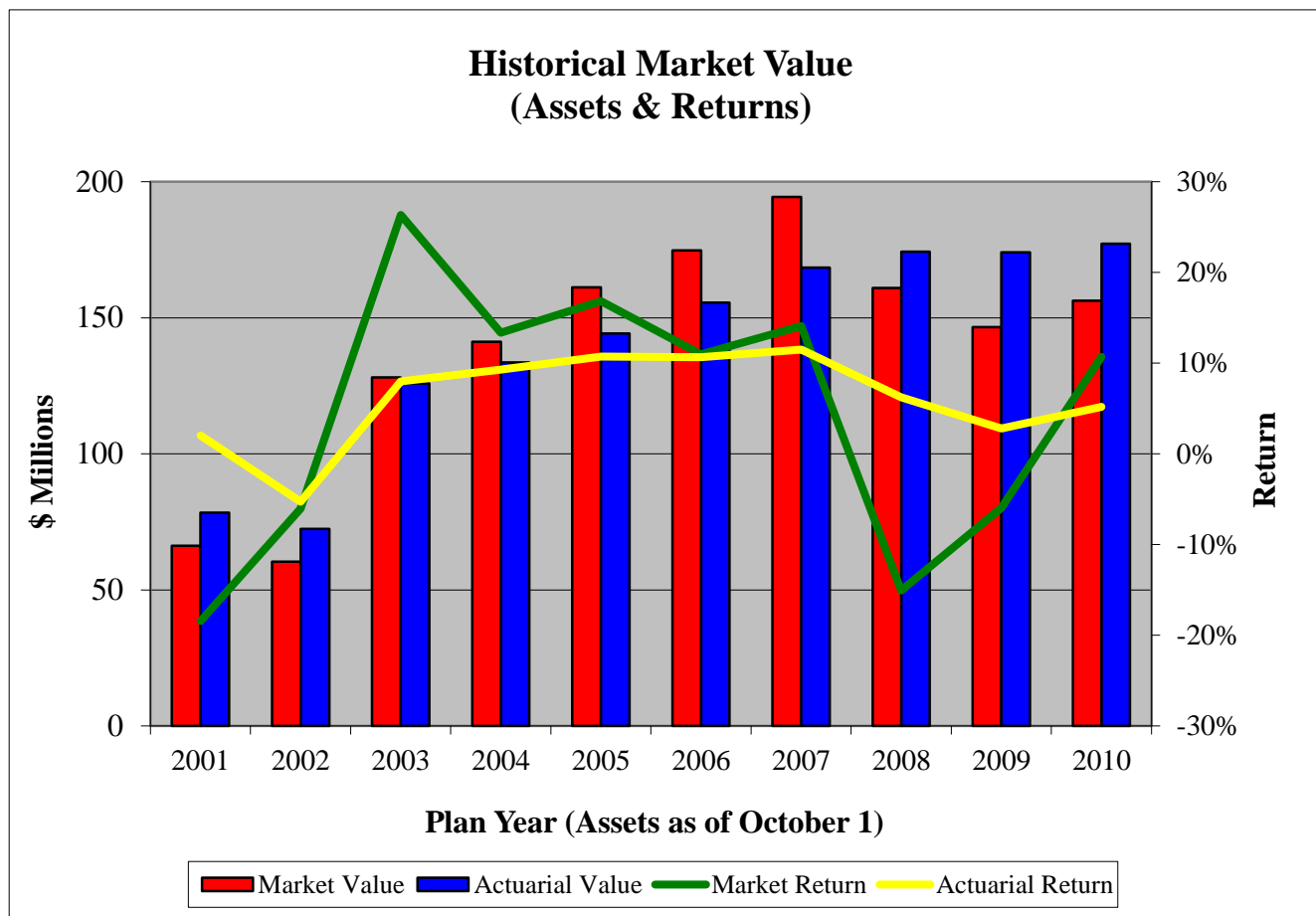
<b>Year Ending</b>	<b><u>September 30, 2009</u></b>	<b><u>September 30, 2010</u></b>
<b>1. Market Value of Assets as of the beginning of the year</b>	<b>\$ 1,775,985</b>	<b>\$ 2,211,496</b>
<b>2. Increases Due to:</b>		
a. Contributions to DROP Accounts	\$ 635,289	\$ 486,066
b. Investment Return	95,096	70,271
c. Total increases	<u>\$ 730,385</u>	<u>\$ 556,337</u>
<b>3. Decreases Due to:</b>		
a. Pension Payments	\$ (294,874)	\$ (747,634)
b. Expense Charges	0	0
c. Total decreases	<u>\$ (294,874)</u>	<u>\$ (747,634)</u>
<b>4. Market Value of Assets as of the end of the year</b>	<b>\$ 2,211,496</b>	<b>\$ 2,020,199</b>

**USE OF STATE PREMIUM TAX CONTRIBUTIONS****Table VIc**

<b>Year Ending</b>	<b><u>September 30, 2009</u></b>	<b><u>September 30, 2010</u></b>
<b>1. Accumulated balance at the beginning of the year</b>	<b>\$ 1,684,817</b>	<b>\$ 1,799,804</b>
<b>2. State Contributions</b>	<b>1,254,267</b>	<b>1,180,604</b>
<b>3. One-time use for benefit improvements</b>	<b>0</b>	<b>0</b>
<b>4. Amount to be used by the City</b>	<b>(1,139,280)</b>	<b>(1,124,707)</b>
<b>5. Increase in accumulated balance during the year</b>	<b>114,987</b>	<b>55,897</b>
<b>6. Accumulated balance at the end of the year</b>	<b>\$ 1,799,804</b>	<b>\$ 1,855,701</b>

**ACTUARIAL VALUE OF ASSETS****TABLE VI*d***

<b>1. Actuarial Value of Assets on October 1, 2009</b>	\$ 174,013,284
<b>2. Accumulated Balance of State Premium Tax</b>	<u>1,799,804</u>
<b>3. Actuarial Value of Assets on October 1, 2009 (1. + 2.)</b>	\$ 175,813,088
<b>4. 2009/2010 Net Cash Flow</b>	
a. Contributions made during the plan year	\$ 4,491,011
b. Disbursements (Net of investment expense)	<u>(11,314,435)</u>
c. Net Cash Flow during the plan year (4.a. + 4.b.)	\$ (6,823,424)
d. Contributions receivable	<u>1,180,604</u>
e. Net Cash Flow (4.c. + 4.d.)	\$ (5,642,820)
<b>5. Expected Investment Return ([ 3. x .085] + [4.c. x .0425])</b>	\$ 14,654,117
<b>6. Expected Actuarial Value of Assets on October 1, 2010 (3. + 4.e. + 5.)</b>	\$ 184,824,385
<b>7. Market Value of Assets on October 1, 2010</b>	\$ 156,232,405
<b>8. Excess of Market Value over Expected Actuarial Value (7. - 6.)</b>	\$ (28,591,980)
<b>9. 20% Adjustment towards Market (.20 x 8.)</b>	\$ (5,718,396)
<b>10. Actuarial Value of Assets Prior to the Application of the Asset Corridor (6. + 9.)</b>	\$ 179,105,989
<b>11. Asset Corridor</b>	
a. 80% of Market Value	\$ 124,985,924
b. 120% of Market Value	187,478,886
<b>12. Actuarial Value of Assets Prior to Reduction of State Premium Tax (10. not less than 11.a. and not greater than 11.b.)</b>	\$ 179,105,989
<b>13. Accumulated Balance of State Premium Tax</b>	<u>1,855,701</u>
<b>14. Actuarial Value of Assets on October 1, 2010 (12. - 13.)</b>	\$ 177,250,288



Plan Year <u>Ending</u>	Market Value as of <u>October 1</u>	Actuarial Value as of <u>October 1</u>	Benefit <u>Payments*</u>	Administrative <u>Expenses</u>	City, State, and Member <u>Contributions</u>	Market Value <u>Return</u>	Actuarial Value <u>Return</u>
2000	\$ 81,040,258	\$ 76,750,272					
2001	66,199,876	78,399,664	\$ 4,137,044	\$ 157,558	\$ 4,393,825	-18.42%	2.02%
2002	60,376,067	72,451,280	6,280,657	169,057	4,581,485	-6.06%	-5.27%
2003	128,078,663	125,816,211	6,847,454	189,999	52,804,413	26.35%	7.97%
2004	141,119,629	133,518,595	7,084,121	207,389	3,495,385	13.34%	9.28%
2005	161,173,031	144,236,229	7,422,418	209,880	4,209,613	16.84%	10.73%
2006	174,757,828	155,509,178	8,063,523	198,546	4,395,319	10.96%	10.64%
2007	194,396,293	168,434,939	8,780,839	264,478	4,371,932	14.10%	11.49%
2008	160,940,196	174,300,297	9,172,397	285,459	4,983,817	-15.08%	6.22%
2009	146,510,907	174,013,284	9,994,736	269,278	5,234,792	-5.93%	2.80%
2010	156,232,405	177,250,288	11,009,919	304,516	5,671,615	10.69%	5.17%

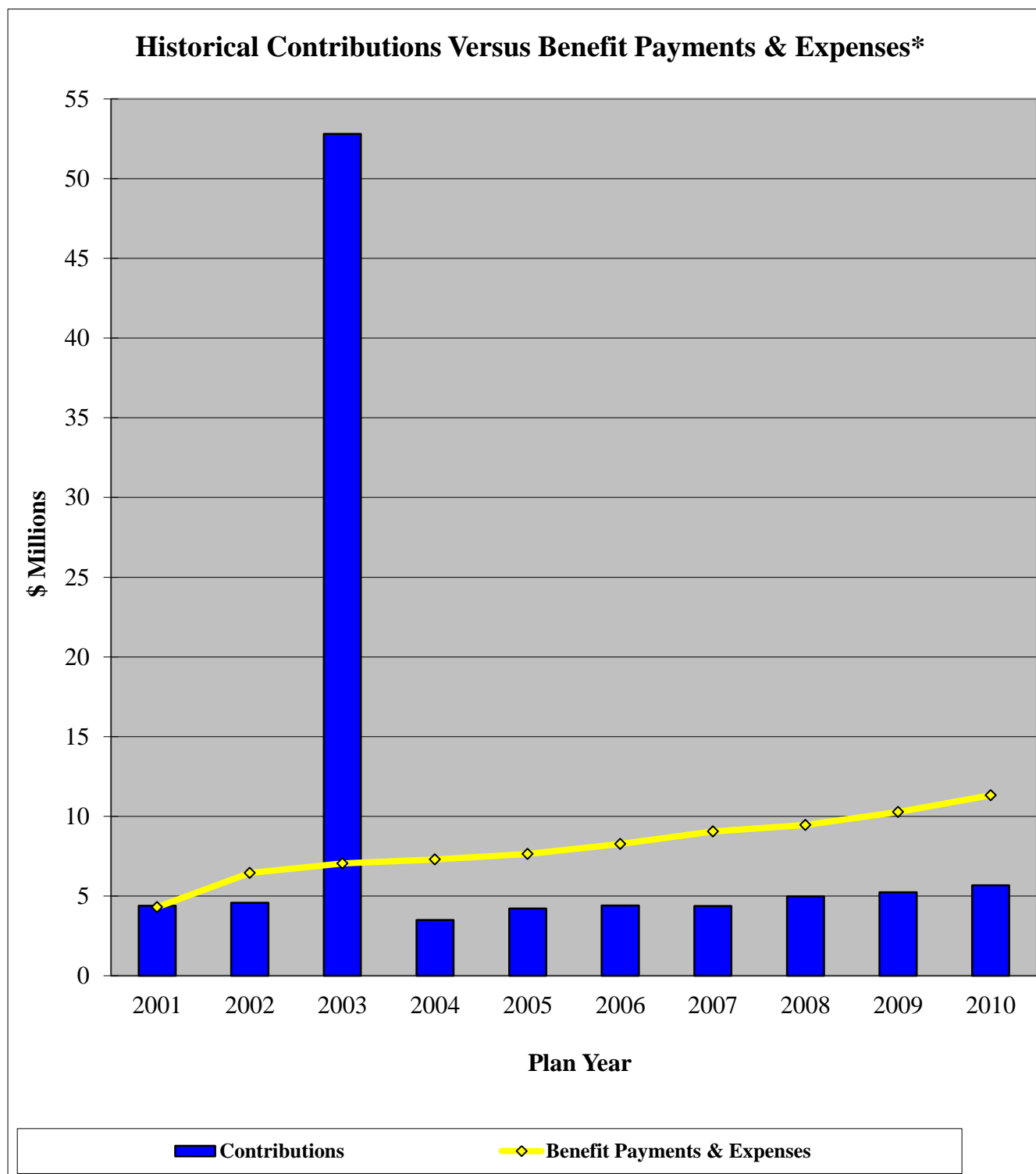
\* Includes contributions refunded and payments to DROP accounts.

**REVENUES BY SOURCE AND EXPENSES BY TYPE****TABLE VIIa**

<b>REVENUES</b>						
<b>Fiscal Year</b>	<b>City Contrib.</b>	<b>State Contrib.</b>	<b>Member Contrib.</b>	<b>Total Contrib.</b>	<b>Net Invest. Income</b>	<b>Total</b>
2001	\$ 2,357,855	\$ 897,696	\$ 1,138,274	\$ 4,393,825	\$ (12,723,401)	\$ (8,329,576)
2002	2,307,196	964,461	1,309,828	4,581,485	(3,131,425)	1,450,060
2003	50,357,964	1,018,653	1,427,796	52,804,413	22,335,323	75,139,736
2004	917,400	1,020,022	1,557,963	3,495,385	17,834,971	21,330,356
2005	1,476,918	1,085,890	1,646,805	4,209,613	24,496,929	28,706,542
2006	1,555,941	1,172,293	1,667,085	4,395,319	18,374,943	22,770,262
2007	1,401,953	1,253,399	1,716,580	4,371,932	24,311,850	28,683,782
2008	1,415,225	1,295,411	2,273,181	4,983,817	(27,674,649)	(22,690,832)
2009	1,322,191	1,254,267	2,658,334	5,234,792	(9,400,067)	(4,165,275)
2010	1,606,360	1,180,604	2,884,651	5,671,615	15,364,318	21,035,933

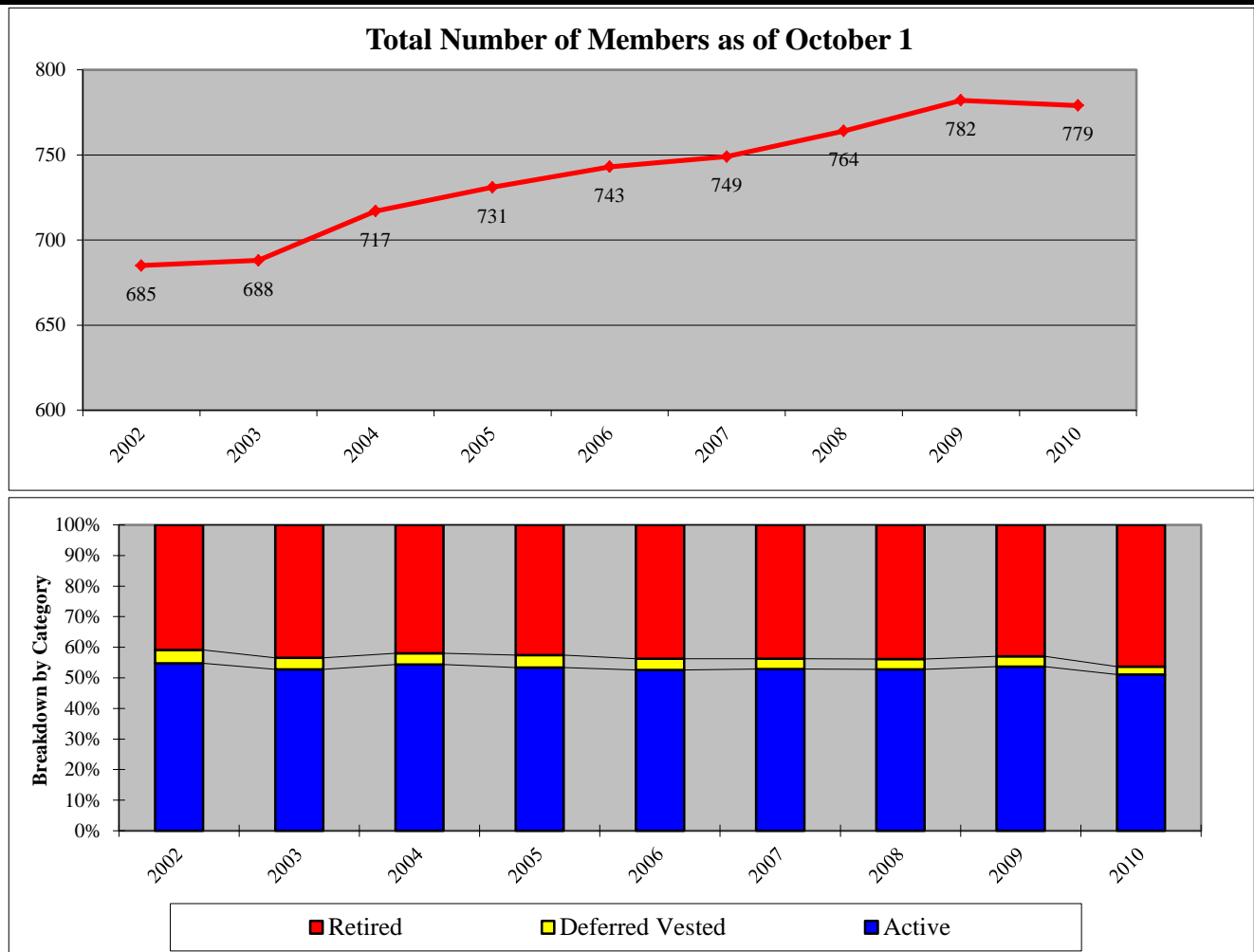
<b>EXPENSES</b>				
<b>Fiscal Year</b>	<b>Benefits Paid</b>	<b>Member Refunds</b>	<b>Administrative Expenses</b>	<b>Total</b>
2001	\$ 3,904,353	\$ 232,691	\$ 157,558	\$ 4,294,602
2002	6,126,979	153,678	169,057	6,449,714
2003	6,645,474	201,980	189,999	7,037,453
2004	6,951,917	132,204	207,389	7,291,510
2005	7,255,975	166,443	209,880	7,632,298
2006	7,926,264	137,259	198,546	8,262,069
2007	8,534,150	246,689	264,478	9,045,317
2008	8,926,960	245,437	285,459	9,457,856
2009	9,839,015	155,721	269,278	10,264,014
2010	10,672,688	337,231	304,516	11,314,435



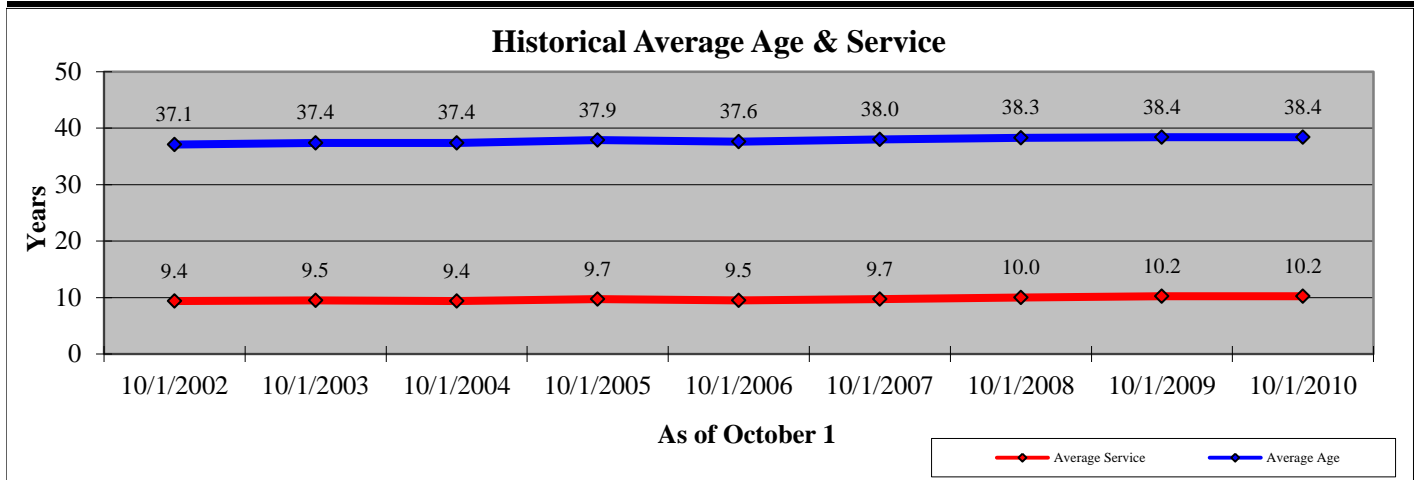
\* Please reference Table VIIa on page 26 for the historical benefit payments, expenses, and contributions.

# SUMMARY OF MEMBER DATA

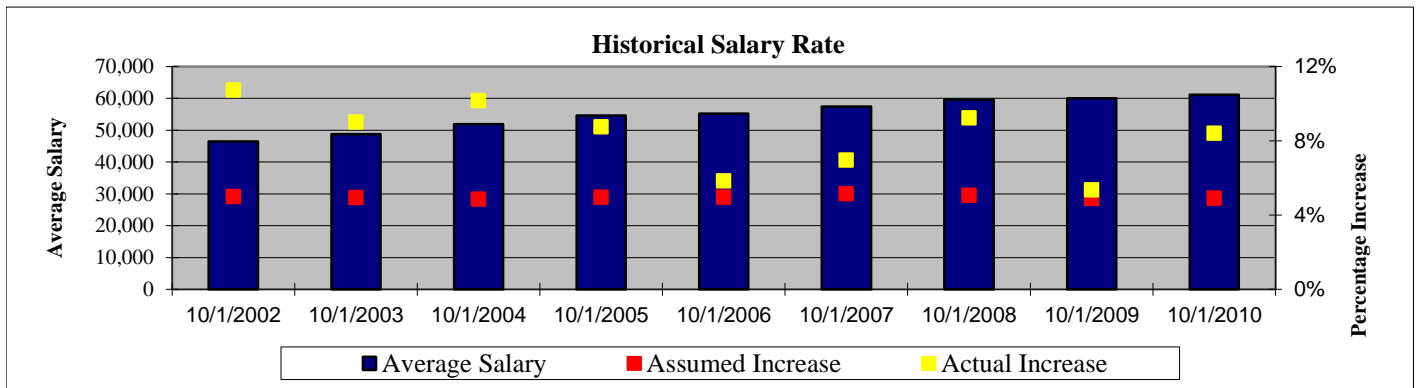
# TABLE IX



	October 1, 2009	October 1, 2010
<b>1. Active Members</b>		
a. Police Officers	279	263
b. Firefighters	141	135
c. Sub-total	<b>420</b>	<b>398</b>
<b>2. Inactive Members not in Receipt</b>	<b>26</b>	<b>20</b>
<b>3. Inactive Members in Receipt</b>		
a. Retirees (including DROP)	286	310
b. Disabled	25	25
c. Beneficiaries	25	26
d. Sub-total	<b>336</b>	<b>361</b>
<b>4. Total Members</b>	<b>782</b>	<b>779</b>



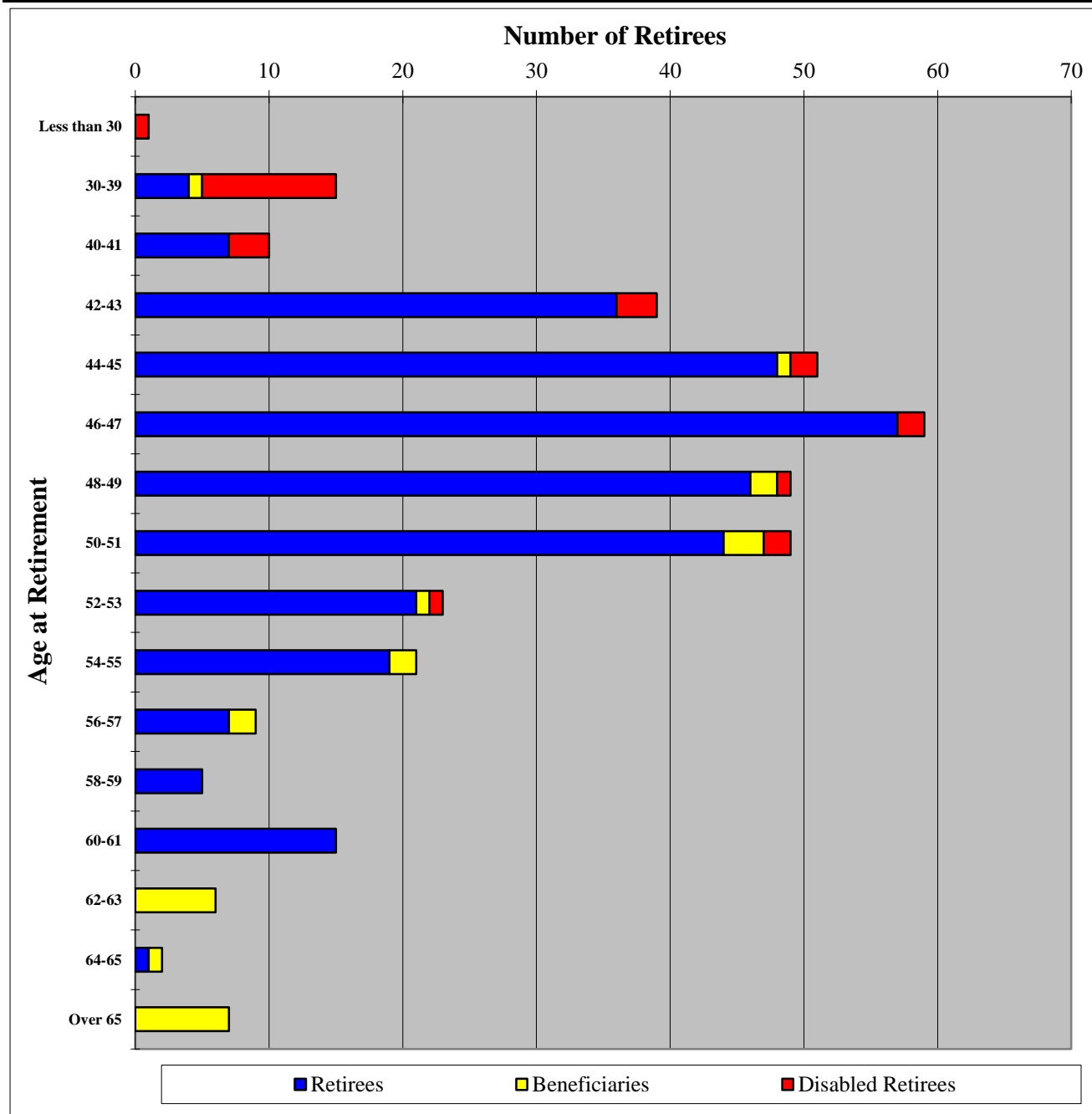
<u>Date</u>	<u>Average Service</u>	<u>Average Age</u>	<u>Date</u>	<u>Average Service</u>	<u>Average Age</u>
10/01/2002	9.4	37.1	10/01/2007	9.7	38.0
10/01/2003	9.5	37.4	10/01/2008	10.0	38.3
10/01/2004	9.4	37.4	10/01/2009	10.2	38.4
10/01/2005	9.7	37.9	10/01/2010	10.2	38.4
10/01/2006	9.5	37.6			



<u>Date</u>	<u>Payroll for Fiscal Year</u>	<u>Average Salary</u>	<u>Assumed Salary Increase</u>	<u>Actual Salary Increase</u>
10/01/2001	\$ 14,602,056	\$ 46,356	5.14%	8.00%
10/01/2002	17,437,302	46,500	5.00%	10.73%
10/01/2003	17,703,178	48,769	4.94%	9.01%
10/01/2004	20,229,474	51,871	4.85%	10.17%
10/01/2005	21,307,037	54,633	4.95%	8.75%
10/01/2006	21,579,538	55,190	4.95%	5.84%
10/01/2007	22,739,418	57,423	5.14%	6.95%
10/01/2008	24,045,292	59,666	5.06%	9.23%
10/01/2009	25,211,502	60,027	4.88%	5.36%
10/01/2010	24,342,597	61,162	4.91%	8.40%

<sup>1</sup> As of October 1, 2010, the 10-year average of historical payroll growth exceeds 4.0%.





	Police		Fire		Total	
	Avg. Age	Average Monthly Benefit	Avg. Age	Average Monthly Benefit	Avg. Age	Average Monthly Benefit
Non-Disabled Retirees	60.0	\$2,770.33	64.6	\$2,599.42	62.0	\$2,695.35
Disabled Retirees	54.4	1,309.17	54.5	1,369.36	54.5	1,328.43
Beneficiaries	68.2	1,234.53	75.0	633.92	70.6	1,026.63
All Retired Members	60.2	2,525.38	64.6	2,419.49	62.1	2,480.50

	<u>Active</u>	<u>Non-active, Non-retired</u>	<u>Retired</u>	<u>Total</u>
<b>1. Number of members as of October 1, 2009</b>	<b>420</b>	<b>26</b>	<b>336</b>	<b>782</b>
<b>2. Change in status during the plan year:</b>				
a. Actives who became inactive				
b. Actives who retired	(25)		25	
c. Inactives who became active				
d. Inactives who retired		(5)	5	
e. Retirees who became active				
<b>3. No longer members due to:</b>				
a. Death			(7)	(7)
b. Permanent break-in-service	(11)			(11)
c. Receipt of lump sum payment			(1)	(1)
d. Expiration of certain period				
e. Included in error last year		(1)		(1)
<b>4. New member due to:</b>				
a. Initial membership	14			14
b. Death of another member			2	2
c. Excluded in error last year			1	1
d. Reinstatement				
<b>5. Number of members as of October 1, 2010</b>	<b>398</b>	<b>20</b>	<b>361</b>	<b>779</b>

# AGE-SERVICE-SALARY TABLE

TABLE IXd

(All Active Members)

Attained Age	<u>Completed Years of Service</u>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
<b>Under 25</b>	<b>3</b>	<b>18</b>									<b>21</b>
Avg. Pay		48,453									46,979
<b>25 to 29</b>		<b>38</b>	<b>20</b>								<b>58</b>
Avg. Pay		48,553	54,000								50,431
<b>30 to 34</b>	<b>2</b>	<b>26</b>	<b>39</b>	<b>5</b>							<b>72</b>
Avg. Pay		48,583	57,714								54,219
<b>35 to 39</b>		<b>12</b>	<b>35</b>	<b>18</b>	<b>4</b>						<b>69</b>
Avg. Pay		50,921	56,029	65,789							58,175
<b>40 to 44</b>		<b>6</b>	<b>18</b>	<b>12</b>	<b>36</b>	<b>10</b>					<b>82</b>
Avg. Pay			55,383	66,380	75,470	87,311					69,200
<b>45 to 49</b>		<b>5</b>	<b>7</b>	<b>3</b>	<b>11</b>	<b>27</b>	<b>5</b>				<b>58</b>
Avg. Pay					70,159	89,516					77,090
<b>50 to 54</b>			<b>3</b>	<b>1</b>	<b>6</b>	<b>16</b>	<b>4</b>				<b>30</b>
Avg. Pay						83,307					79,843
<b>55 to 59</b>			<b>1</b>	<b>1</b>	<b>2</b>		<b>3</b>				<b>7</b>
Avg. Pay											
<b>60 to 64</b>				<b>1</b>							<b>1</b>
Avg. Pay											
<b>65 to 69</b>											
Avg. Pay											
<b>70 &amp; up</b>											
Avg. Pay											
<b>Total</b>	<b>5</b>	<b>105</b>	<b>123</b>	<b>41</b>	<b>59</b>	<b>53</b>	<b>12</b>				<b>398</b>
Avg. Pay		48,913	56,272	66,027	73,758	87,225	88,620				62,755

The average pay shown is the average of the annual rate of pay including any overtime pay and other special compensation.

# AGE-SERVICE-SALARY TABLE

TABLE IXe

(Police Officers)

Attained Age	<u>Completed Years of Service</u>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
<b>Under 25</b>	<b>2</b>	<b>14</b>									<b>16</b>
Avg. Pay		47,597									45,777
<b>25 to 29</b>		<b>29</b>	<b>10</b>								<b>39</b>
Avg. Pay		48,966	52,385								49,843
<b>30 to 34</b>	<b>2</b>	<b>17</b>	<b>28</b>	<b>3</b>							<b>50</b>
Avg. Pay		47,847	56,969								53,104
<b>35 to 39</b>		<b>10</b>	<b>22</b>	<b>14</b>	<b>3</b>						<b>49</b>
Avg. Pay		52,091	56,756	64,330							58,367
<b>40 to 44</b>		<b>6</b>	<b>15</b>	<b>10</b>	<b>22</b>	<b>2</b>					<b>55</b>
Avg. Pay			55,313	65,605	75,223						65,629
<b>45 to 49</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>15</b>	<b>4</b>				<b>36</b>
Avg. Pay						89,666					74,879
<b>50 to 54</b>			<b>2</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>1</b>				<b>13</b>
Avg. Pay											75,214
<b>55 to 59</b>			<b>1</b>	<b>1</b>	<b>2</b>		<b>1</b>				<b>5</b>
Avg. Pay											
<b>60 to 64</b>											
Avg. Pay											
<b>65 to 69</b>											
Avg. Pay											
<b>70 &amp; up</b>											
Avg. Pay											
<b>Total</b>	<b>4</b>	<b>81</b>	<b>82</b>	<b>32</b>	<b>36</b>	<b>22</b>	<b>6</b>				<b>263</b>
Avg. Pay		48,952	56,127	64,099	74,000	87,389					60,236

The average pay shown is the average of the annual rate of pay including any overtime pay and other special compensation.

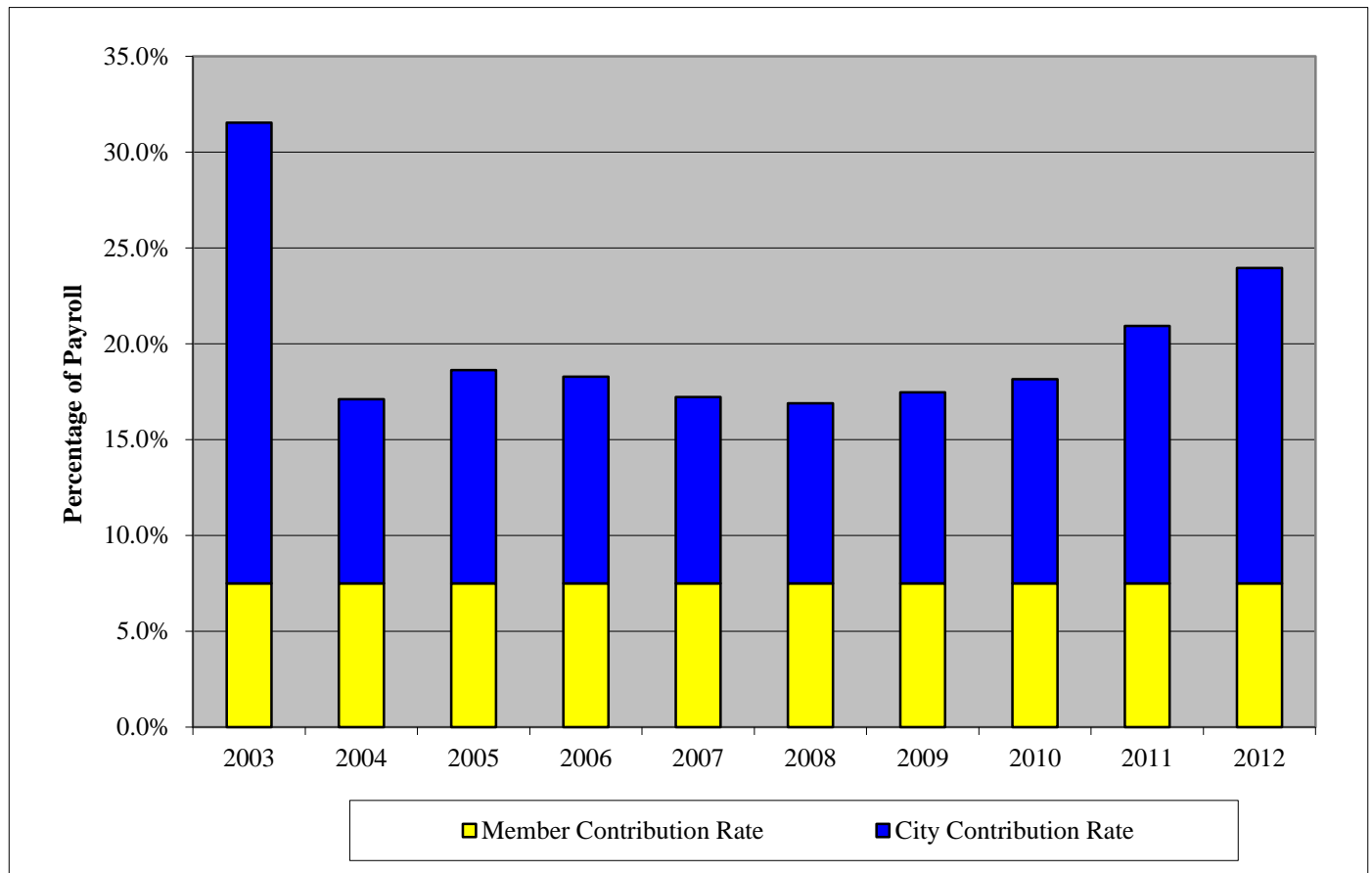
# AGE-SERVICE-SALARY TABLE

# TABLE IXf

(Firefighters)

Attained Age	<u>Completed Years of Service</u>										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
<b>Under 25</b>	<b>1</b>	<b>4</b>									<b>5</b>
Avg. Pay											
<b>25 to 29</b>		<b>9</b>	<b>10</b>								<b>19</b>
Avg. Pay			55,614								51,639
<b>30 to 34</b>		<b>9</b>	<b>11</b>	<b>2</b>							<b>22</b>
Avg. Pay			59,612								56,750
<b>35 to 39</b>		<b>2</b>	<b>13</b>	<b>4</b>	<b>1</b>						<b>20</b>
Avg. Pay			54,798								57,704
<b>40 to 44</b>			<b>3</b>	<b>2</b>	<b>14</b>	<b>8</b>					<b>27</b>
Avg. Pay					75,859						76,474
<b>45 to 49</b>			<b>3</b>		<b>6</b>	<b>12</b>	<b>1</b>				<b>22</b>
Avg. Pay						89,328					80,709
<b>50 to 54</b>			<b>1</b>		<b>2</b>	<b>11</b>	<b>3</b>				<b>17</b>
Avg. Pay						84,852					83,384
<b>55 to 59</b>							<b>2</b>				<b>2</b>
Avg. Pay											
<b>60 to 64</b>				<b>1</b>							<b>1</b>
Avg. Pay											
<b>65 to 69</b>											
Avg. Pay											
<b>70 &amp; up</b>											
Avg. Pay											
<b>Total</b>	<b>1</b>	<b>24</b>	<b>41</b>	<b>9</b>	<b>23</b>	<b>31</b>	<b>6</b>				<b>135</b>
Avg. Pay		48,779	56,562		73,378	87,109					67,662

The average pay shown is the average of the annual rate of pay including any overtime pay and other special compensation.



<u>Fiscal Year Ending</u>	<u>Member Contribution Percentage</u>	<u>Expected City / State Contribution Percentage</u>	<u>Fiscal Year</u>	<u>Member Contribution Percentage</u>	<u>Expected City / State Contribution Percentage</u>
2003	7.50%	24.03%	2008	7.50%	9.40%
2004	7.50%	9.61%	2009	7.50%	9.97%
2005	7.50%	11.13%	2010	7.50%	10.66%
2006	7.50%	10.78%	2011	7.50%	13.43%
2007	7.50%	9.72%	2012	7.50%	16.45%

Fiscal Year 2003/2004 does not include pension bond contribution of \$47,728,526.

**1. Actuarial Cost Method**

The method used to determine Normal Cost and Accrued Actuarial Liability is the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, an annual Normal Cost is determined for each covered active Member which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement (separation from active service) and expressed as a level percentage of compensation. The Actuarial Accrued Liability is determined as the excess of the total present value of all pension benefits over the total present value of future Normal Costs. The Unfunded Actuarial Accrued Liability as of the valuation date is determined as the excess of the Actuarial Accrued Liability over the assets of the Plan. The Normal Cost and Accrued Actuarial Liability are derived by making certain assumptions as to the rates of interest, mortality, turnover, etc., which are assumed to reflect experience for many years into the future. Since actual experience will differ from the assumptions, the costs determined must be regarded as estimates of the true costs of the Plan. The effects of any actuarial gains or losses are immediately reflected in the Unfunded Actuarial Accrued Liability and the Normal Cost. The unfunded actuarial accrued liability is amortized over periods up to 30 years.

**2. Decrements**

- **Healthy Mortality**

Fully Generational RP-2000 Combined Healthy Table with Blue Collar Adjustment.  
50% of deaths among active Members are assumed to be service incurred, and 50% are assumed to be non-service incurred.

- **Disabled Mortality**

RP-2000 Disabled Retiree Mortality Table.

- **Disability**

Representative values of the assumed annual rates of disability among Members in active service are set forth in the following table. All disabilities are assumed to be service-related.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.067%	30	0.144%	40	0.308%	50	0.854%
25	0.105%	35	0.182%	45	0.434%	55	1.274%

(continued)

- **Permanent Withdrawal from Active Status (Firefighters)**

The assumed annual rates of withdrawal among firefighters in active service are set forth in the following table:

Age	Years of Service					
	< 1	1 to 2	2 to 3	3 to 4	4 to 5	5 or more
Less than 30	10.0%	6.0%	5.0%	4.0%	3.0%	3.0%
30 to 34	10.0%	6.0%	5.0%	4.0%	3.0%	2.5%
35 to 39	10.0%	6.0%	5.0%	4.0%	3.0%	2.0%
40 to 44	10.0%	6.0%	5.0%	4.0%	3.0%	1.5%
45 to 49	10.0%	6.0%	5.0%	4.0%	3.0%	1.0%
50 to 54	10.0%	6.0%	5.0%	4.0%	3.0%	0.5%
55 or older	10.0%	6.0%	5.0%	4.0%	3.0%	0.0%

- **Permanent Withdrawal from Active Status (Police Officers)**

The assumed annual rates of withdrawal among police officers in active service are set forth in the following table:

Age	Years of Service					
	< 1	1 to 2	2 to 3	3 to 4	4 to 5	5 or more
Less than 30	20.0%	12.0%	8.0%	6.0%	4.0%	4.0%
30 to 34	20.0%	12.0%	8.0%	6.0%	4.0%	3.5%
35 to 39	20.0%	12.0%	8.0%	6.0%	4.0%	2.0%
40 to 44	20.0%	12.0%	8.0%	6.0%	4.0%	1.5%
45 to 49	20.0%	12.0%	8.0%	6.0%	4.0%	1.0%
50 to 54	20.0%	12.0%	8.0%	6.0%	4.0%	0.5%
55 or older	20.0%	12.0%	8.0%	6.0%	4.0%	0.0%

- **Retirement**

The assumed annual rates of retirement are set forth in the following table:

Service	Rate at Each Age
20	25%
21-24	5%
25	100%

100% of Members retire upon reaching age 58.



**3. Interest Rates**

- **Used for Calculating All Liabilities (including GASB 25/27 liabilities)**  
8.50% per annum

**4. Marriage Assumption**

- **Percent Married**  
90% of Members are assumed to be married
- **Age Difference Between Spouses**  
Male spouses are assumed to be two years older than female spouses

**5. Salary Increases**

No salary increases or growth in payroll were assumed for the fiscal year ending 2011. For years beyond 2011, salaries are assumed to increase at the annual rates set forth in the following table:

Age Range	Rate at Each Age	Age Range	Rate at Each Age
Less than 30	7.0%	35 to 39	5.0%
30 to 34	6.0%	40 and older	4.0%

**6. Expenses**

Annual administrative expenses, *exclusive* of investment expenses and commissions, are assumed to be equal to the annual average of actual administrative expenses incurred since the previous valuation. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

(continued)

**7. Assets**

The actuarial value of assets is based on a moving market value averaged over five years. Each year, the actuarial asset value is projected forward at the valuation date based on actual contributions and benefit payments at the assumed interest assumption. One fifth of the difference between the projected actuarial value and the market value plus the prior deferrals is added to the projected actuarial value. The remaining four fifths is deferred to each of the next four years as future adjustments to the actuarial value. The result cannot be greater than 120% of market value or less than 80% of market value.

**8. Unfunded Liability Bases and Funding Period (Pursuant to Chapter 112, Florida Statutes)**

All unfunded liability bases which were established prior to October 1, 1997, as well as those bases established as of that date, have been combined into a single, "fresh-start" base effective October 1, 1997. This base will be amortized over a period of 20 years, which period is within the maximum amortization period allowed by Chapter 112.64, Florida Statutes. New bases established after October 1, 1997 will be amortized over a period of 30 years as allowed by the Statutes. In addition, the annual payment towards the unfunded actuarial accrued liability has been determined as a level percentage of payroll. Total payroll has been assumed to increase at the rate of 4.00% per annum, except for fiscal 2011, for which no payroll growth is assumed.

**9. Vacation Payout at Termination**

Accumulated vacation that is paid upon termination of employment is assumed to increase Members' compensation by 8.65% in the year of termination. This is equivalent to an increase in final average compensation of 3.0%.

**10. Accumulated Sick Leave**

Accumulated sick leave is assumed to increase benefit service by 3/5 of a year at retirement.

**11. Overtime Pay**

Overtime pay will be equal to 6.5% of non-overtime related pensionable earnings in the years prior to retirement.

The following assumptions have been changed in the past few years:

Effective October 1, 2001:

- a. The asset method was changed from a book-related value to a market related value with a five - year phase in.
- b. The interest rate used for calculating all liabilities has been changed from 9.00% to 8.50%.

Effective October 1, 2003:

The mortality assumption has been changed from 1983 Group Annuity Mortality Table to the 1994 Group Annuity Mortality Table.

Effective October 1, 2004

Overtime pay in future years is assumed not to exceed 20% of base pay.

Effective October 1, 2007:

Assumed rates of retirement were adjusted to include an assumption that 50% of Members reaching the Rule of 70 will retire.

Effective October 1, 2009:

The mortality assumption has been changed from the 1994 Group Annuity Mortality Table for all Members to the fully generational RP-2000 Combined Healthy Table with Blue Collar Adjustment for nondisabled Members and the RP-2000 Disabled Retiree Mortality Table for disabled Members.

**Effective October 1, 2010:**

- a. Assumed rates of permanent withdrawal from active status were updated for Police Officers to better represent plan experience.**
- b. Assumed rates of retirement were updated to better represent plan experience.**
- c. Assumed rates of disability were updated to better represent plan experience.**
- d. No salary increases and payroll growth were assumed for fiscal 2011, while the long term assumptions for payroll growth and salary increases remains unchanged for years beyond fiscal 2011.**
- e. Assumed rate of overtime pay was changed to be equal to 6.5% of non-overtime related pensionable earnings in the years prior to retirement.**
- f. Assumed increase in benefit service for accumulated sick leave upon retirement was changed from 1/3 to 3/5 of a year.**
- g. Accumulated vacation paid upon termination changed from 5.197% to 3.0% of final average earnings.**

Note: Assumption and method changes that have first been reflected in this valuation are shown in bold.

**1. Monthly Accrued Benefit**

Prior to July 9, 2007, 2.5% of final Average Earnings multiplied by Credited Service

On and after July 9, 2007, 2.5% of Final Average Earnings multiplied by Credited Service prior to October 1, 2005 plus 2.625% of final Average Earnings multiplied by Credited Service on or after October 1, 2005.

**2. Normal Retirement Age and Benefit**

- **Age**  
Age 55 with at least 10 years of Credited Service or any age with at least 20 years of Credited Service, or any age if combined age and Credited Service is at least 70.
- **Amount**  
Monthly Accrued Benefit
- **Form of Payment**  
Life annuity with ten years certain (normal form of payment);  
Life annuity;  
Actuarially reduced  $66\frac{2}{3}\%$  joint and contingent annuity (optional);  
Actuarially reduced 50% joint and last survivor annuity (optional);  
Actuarially reduced  $66\frac{2}{3}\%$  joint and last survivor annuity (optional);  
Actuarially reduced 75% joint and last survivor annuity (optional);  
Actuarially reduced 100% joint and last survivor annuity (optional);

(Note: All forms of payment guarantee at least the return of the Member Contributions. In addition, the Member may change his joint annuitant after retirement under the conditions set forth in the Plan.)

**3. Early Retirement Age and Benefit**

- **Age**  
Age 50 with at least 10 years of Credited Service.
- **Amount**  
Monthly Accrued Benefit actuarially reduced by no more than 3% per year for each year that age at retirement precedes age 55.
- **Form of Payment**  
Same as for Normal Retirement

(continued)

**4. Deferred Retirement Option Program (DROP)**

Effective October 1, 1999, a deferred retirement option plan (DROP) has been established. A Member is eligible for participation in the DROP after completing 25 years of service or provided combined age and Credited Service is at least 70. Members of the DROP continue as active employees but no longer contribute or accrue benefits. The accrued benefit is calculated at entry into the DROP and is paid into an account within the Plan designated by the Member for investment. The maximum period of participation is 60 months. At termination of employment, participant is paid balance of account in the form elected.

Effective July 10, 2007, a reverse deferred retirement option program (reverse DROP) has been established. A Member is eligible for participation in the reverse DROP if eligibility for the DROP has been met as of the effective date of commencement in the DROP. Participation in the reverse DROP allows the participant to select a date in the past (the effective date of commencement) for participation in the DROP.

**5. Disability Retirement Eligibility and Benefit**

- **Eligibility**

Active Members are eligible for a disability benefit provided that they either: (1) become totally and permanently disabled in the line of duty, or (2) have earned at least five years of Credited Service and become totally and permanently disabled not in the line of duty.

- **Amount**

A monthly benefit equal to the largest of (a), (b), or (c), as follows:

- (a) Monthly Accrued Benefit;
- (b) 42% of Final Average Earnings (for disabilities incurred in the line of duty); or
- (c) 25% of Final Average Earnings (for all other disabilities)

- **Form of Payment**

Same as for Normal Retirement, but in no event will payments be made after the Member's recovery from such disability.

**6. Termination Benefit**

- **Age**

Age 55 with early commencement available as early as age 50 with at least 10 years of Credited Service.

- **Amount**

Monthly Accrued Benefit actuarially reduced, but not to exceed 3% per year, for each year that age at retirement precedes age 55.

(continued)

- **Form of Payment**

Same as for Normal Retirement

(Note: Members with less than 10 years of Credited Service who terminate employment will receive a refund of their Member Contributions. Members with at least 10 years of Credited Service who terminate employment may elect to receive a refund of their Member Contributions in lieu of any other Plan benefit.)

**7. Pre-Retirement Death Benefit**

In the case of the death of a Member prior to retirement, his beneficiary will receive the Member's accumulated contributions without interest, or if such Member had at least 10 years of Credited Service, then his beneficiary will receive the Member's benefit accrued as of the date of death and payable in the form chosen by the beneficiary, reduced if paid at the deceased Member's Early retirement date and unreduced if paid at the deceased Member's normal retirement date.

**8. Cost-of-Living Adjustments**

A retired Member on or before October 1, 1999 will receive an annual 2% adjustment beginning at the later of November 1, 1999 and the October 1 following his 62<sup>nd</sup> birthday.

A Member who retires after October 1, 1999 (including DROP participants) with 25 or more years of service will receive an annual 2% adjustment beginning at the later of November 1, 1999 and the October first following his 55th birthday.

A Member who retires after October 1, 1999 (including DROP participants) with 20 or more years of service but less than 25 years of service or who retires on or after July 9, 2007 under the "Rule of 70" with less than 20 years of service will receive an annual 2% adjustment beginning at the later of November 1, 1999 and the October first following his 62<sup>nd</sup> birthday.

A Member who receives a disability retirement benefit after October 1, 1999, shall upon the attainment of age 62 on or before October 1<sup>st</sup>, have the next monthly retirement benefit adjusted by two percent beginning his benefit for the month of October next coincident with the retiree's attainment of age 62.

**9. Final Average Earnings**

Final Average Earnings mean average earnings for the highest 36 consecutive months, where earnings include base pay (including all paid leaves), overtime pay, working out of classification pay, longevity pay, Florida city firefighters supplemental education incentive payments, Florida police officer educational salary incentive payments, police security overtime pay, special

assignment pay, special duty assignment pay, paramedic certification pay, stand-by pay, call-back pay, acting out of classification pay, and termination vacation pay, except as provided for by collective bargaining agreements. In addition, for those employees who become a Member of the plan on or after October 1, 1996, earnings are limited to \$150,000 per year (as indexed).

**10. Credited Service**

Credited Service means the total number of months of service with the City, expressed in terms of full and fractional years, where a Member earns one month of service for at least 10 days of service within each month beginning on the day of the month corresponding to the Member's date of employment. Credited Service will include unused sick leave credits, any authorized leave of absence up to 90 days, and military service as required by Federal law.

**11. Membership Requirements**

In order to become a Member of the Plan, a person must be employed by the City of Gainesville, Florida on a full-time basis as a certified firefighter or law enforcement officer. An otherwise eligible employee may elect to have future City contributions made to the ICMA program in lieu of continuing his active membership in the plan.

**12. Member Contributions**

Members are required to contribute 7-1/2% of gross pay. Member Contributions are deemed to be "picked-up" by the City pursuant to Internal Revenue Code (IRC) §414(h)(2).

**13. Actuarial Equivalence**

Actuarial equivalence shall mean a benefit of equivalent value to the benefit which otherwise would have been provided to the Member, based on the 1994 Group Annuity Mortality Basic Table-Unisex 50/50 and an interest rate of 9.5 percent, unless otherwise specified.

The following plan amendments have been adopted within the past few years:

Effective October 1, 1999:

- a. The Social Security offset has been eliminated;
- b. The DROP has been created, as described in Item 4., Table XII;
- c. An annual COLA has been included, as described in Item 8., Table XII.
- d. The pre-retirement death benefit has been amended as described in Item 7., Table XII.

Effective October 1, 2007:

- a. A 2.625% multiplier for active Members as of October 1, 2005 for service from October 1, 2005. The pension benefit with respect to service prior to October 1, 2005 is based on the current 2.5% multiplier.
- b. Rule of 70 retirement implemented to allow Members to retire with unreduced benefits. Members retiring under the Rule of 70 would be eligible to enter the DROP and to receive a COLA once they reach age 62.
- c. Reverse DROP implemented, as well as a fixed rate of return of 5.5% per year established for DROP accounts.
- d. Members are allowed to purchase up to five years of prior public safety service.

NOTE: Plan changes that have first been reflected in this valuation are shown in bold print.