

A Xerox Company

buckconsultants

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

*Actuarial Valuation Report
as of October 1, 2009*

TABLE OF CONTENTS

		<u>Page Number</u>
Discussion	1
<u>Liabilities</u>		
Table I	Summary of Valuation Results.....	4
Table Ia	Valuation Results With and Without Pension Bond.....	5
Table II	Gain and Loss Analysis.....	6
Table III	Accounting Disclosures (GASB 25/27).....	8
Table IV	Present Value of Accrued Benefits.....	10
Table V	Information Req. by Florida Statute Chapter 112.....	11
Table Va	Projection of Benefit Payments.....	17
Table Vb	Unfunded Liability Bases.....	18
<u>Assets</u>		
Table VI	Assets.....	19
Table VIa	Asset Reconciliation.....	20
Table VIb	Reconciliation of DROP Accounts.....	21
Table VIc	Use of State Premium Tax Contributions.....	22
Table VID	Actuarial Value of Assets.....	23
Table VII	Historical Asset Information.....	24
Table VIIa	Revenues by Source and Expenses by Type.....	25
Table VIII	Contributions vs. Payments.....	26
<u>Data</u>		
Table IX	Summary of Member Data.....	27
Table IXa	Active Data	28
Table IXb	Retiree Data.....	29
Table IXc	Data Reconciliation.....	30
Table IXd	Age-Service-Salary Table (All Active Members).....	31
Table IXe	Age-Service-Salary Table (Active Police Officers).....	32
Table IXf	Age-Service-Salary Table (Active Firefighters).....	33
Table X	Historical Contribution Rate.....	34
<u>Assumptions</u>		
Table XI	Actuarial Assumptions and Methods.....	35
Table XIa	Assumption Changes.....	39
<u>Plan Provisions</u>		
Table XII	Plan Provisions.....	40
Table XIIa	Plan Amendments.....	44

April 28, 2010

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, 2009. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2009, and to determine the minimum required contribution amount for the 2009/2010 plan year, payable in the 2010/2011 fiscal year under Chapters 112, 175, and 185 of the Florida Statutes. In addition, this report provides a record of any plan amendments or other plan changes affecting the financial status of the Plan.

Data Used

This valuation was performed using employee and financial data supplied by the City of Gainesville. Census data was received as of October 1, 2009. 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.

Plan Amendments and Other Changes Affecting the Financial Status of the Fund

This actuarial valuation reflects all provisions of the plan as amended through October 1, 2009. There have been no plan changes since the prior valuation. A summary of the plan provisions can be found in Table XII.

Summary of Valuation Results

Currently, the fund receives contributions from the City of Gainesville, the State of Florida through Chapter 175/185 and from 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 firefighters and police officers. After taking into account expected member contributions and expected State contributions of 4.35% of payroll, the total required contribution from the City for the 2010/2011 fiscal year is 9.08% of projected payroll. The required City contribution for the 2009/2010 fiscal year was 6.10% of payroll.

The contributions received by the fund are used to pay for the normal cost of the plan plus provide a payment toward the unfunded actuarial accrued liability. Currently, the fund has \$189,206,289 in

accrued liability and \$174,013,284 in assets at actuarial value, resulting in an unfunded accrued liability of \$15,193,005.

The City's contribution of \$2,382,383 is determined as the normal cost (including administrative expenses) of \$4,519,536 plus the amortization of the unfunded liability of \$968,624, reduced for the expected Chapter 175/185 contribution of \$1,139,280 and expected employee contributions \$1,966,497. The City's contribution amounts to 9.08% of projected payroll and is payable during 2010/2011 fiscal year.

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 \$1,630,297 as of October 1, 2009. However, the unfunded liability of \$15,193,005 is \$13,562,708 greater than expected. The return on the actuarial value of assets was approximately 2.80%, 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 \$9.6 million.

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 System's assets the special contribution of \$47,728,526 and investment earnings of \$27,801,120 as reported by the Plan. On this basis, the City's contribution rate would have been 36.10% of projected payroll for the fiscal year ending 2011. In Table Ia we present a comparison of the contribution requirements with and without the pension obligation bond.

In preparing the actuarial valuation as of October 1, 2009 we have used the same assumptions as were used to complete the valuation as of October 1, 2008, with the exception of the mortality assumption. 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. This assumption change increased the unfunded liability by \$1.6 million. A summary of the actuarial methods and assumptions used in the valuation can be found in Tables XI.

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 2008/2009 and 2009/2010 fiscal years are shown in Table III.

Contents of the Report

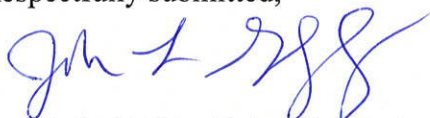
A summary of the results of the valuation is presented in Table I. Information for the auditors can be found in Tables III and IV. The disclosure information required by Chapter 112, Florida Statutes, is presented in Table V. Tables VI through VIII provide information about the fund's assets. In particular, Table VI provides a breakdown of the fund assets by investment type, Table VIa provides an asset reconciliation between October 1, 2008 and October 1, 2009, and Tables VII, VIIa, and VIII provide a historical record of the growth, expenditures, and annual returns of the fund. Tables IX provides information regarding the participant population. A historical record of the employee and City contribution percentages is displayed in Table X. Table XI outlines the actual assumptions and methods. Finally, Table XII illustrates the plan provisions.

Certification

This actuarial valuation was prepared and completed by us or 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.

In addition, we certify that we have experience in performing valuations for public sector retirement systems, that the valuation was prepared in accordance with the standards of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, 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 Enrolled Actuaries and Members of the American Academy of Actuaries. We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report, and we are available to answer questions regarding any of the content within this report.

Respectfully submitted,



Joseph L. Griffin, E.A., M.A.A.A.
Director
Enrollment No. 08-06938



Lesley Posey, A.S.A., E.A., M.A.A.A.
Senior Consultant
Enrollment No. 08-05588

SUMMARY OF VALUATION RESULTS

TABLE I

	<u>As of October 1, 2008</u>	<u>As of October 1, 2009</u>
1. Number of Members		
a. Active Members	403	420
b. Deferred Vested Members	26	26
c. Retired Members:		
i. Non-disabled	286	286
ii. Disabled	25	25
iii. Beneficiaries	24	25
iv. Sub-total	<u>335</u>	<u>336</u>
d. Total Members	<u><u>764</u></u>	<u><u>782</u></u>
2. Total Annual Compensation	\$24,045,292	\$25,211,502
3. Projected Payroll	\$25,007,104	\$26,219,962
4. Total Retired Member Benefits	\$9,046,676	\$9,309,607
5. Annual Cost		
a. Present Value of Future Benefits	\$205,124,186	\$218,942,107
b. Present Value of Future Normal Cost	\$29,214,764	\$29,735,818
<i>City Portion</i>	<i>\$16,339,411</i>	<i>\$16,751,679</i>
<i>Member Portion</i>	<i>\$12,875,353</i>	<i>\$12,984,139</i>
c. Actuarial Accrued Liability (AAL)	\$175,909,422	\$189,206,289
d. Actuarial Value of Assets	(\$174,300,297)	(\$174,013,284)
e. Unfunded AAL (UAAL)	<u>\$1,609,125</u>	<u>\$15,193,005</u>
f. Normal Cost	\$4,139,488	\$4,250,258
g. Payment to Amortize Unfunded Liab/(Surpl)	\$115,604	\$968,624
h. Administrative Expenses	\$285,459	\$269,278
i. Total	<u>\$4,540,551</u>	<u>\$5,488,160</u>
j. Expected Member Contributions	\$1,875,533	\$1,966,497
k. Expected State Contributions	\$1,139,280	\$1,139,280
l. Estimated City Contributions	\$1,525,738	\$2,382,383
m. Total	<u>\$4,540,551</u>	<u>\$5,488,160</u>
6. Annual Cost (as a % of Projected Payroll)		
a. Total Required Contributions	18.16%	20.93%
b. Expected Member Contributions	7.50%	7.50%
c. Expected State Contributions	4.56%	4.35%
d. Estimated City Contributions	6.10%	9.08%

VALUATION RESULTS WITH AND WITHOUT PENSION BOND TABLE Ia

	<u>With Pension Bond</u> <u>October 1, 2009</u>	<u>Without Pension Bond</u> <u>October 1, 2009</u>
1. Number of Members		
a. Active Members	420	420
b. Deferred Vested Members	26	26
c. Retired Members:		
i. Non-disabled	286	286
ii. Disabled	25	25
iii. Beneficiaries	25	25
iv. Sub-total	<u>336</u>	<u>336</u>
d. Total Members	<u><u>782</u></u>	<u><u>782</u></u>
2. Total Annual Compensation	\$25,211,502	\$25,211,502
3. Projected Payroll	\$26,219,962	\$26,219,962
4. Total Retired Member Benefits	\$9,309,607	\$9,309,607
5. Annual Cost		
a. Present Value of Future Benefits	\$218,942,107	\$218,942,107
b. Present Value of Future Normal Cost	\$29,735,818	\$29,735,818
<i>City Portion</i>	<i>\$16,751,679</i>	<i>\$16,751,679</i>
<i>Member Portion</i>	<i>\$12,984,139</i>	<i>\$12,984,139</i>
c. Actuarial Accrued Liability (AAL)	\$189,206,289	\$189,206,289
d. Actuarial Value of Assets	(\$174,013,284)	(\$83,377,709)
e. Unfunded AAL (UAAL)	<u>\$15,193,005</u>	<u>\$105,828,580</u>
f. Normal Cost	\$4,250,258	\$4,250,258
g. Payment to Amortize Unfunded Liab/(Surpl)	\$968,624	\$8,053,351
h. Administrative Expenses	\$269,278	\$269,278
i. Total	<u>\$5,488,160</u>	<u>\$12,572,887</u>
j. Expected Member Contributions	\$1,966,497	\$1,966,497
k. Expected State Contributions	\$1,139,280	\$1,139,280
l. Estimated City Contributions	\$2,382,383	\$9,467,110
m. Total	<u>\$5,488,160</u>	<u>\$12,572,887</u>
6. Annual Cost (as a % of Projected Payroll)		
a. Total Required Contributions	20.93%	47.95%
b. Expected Member Contributions	7.50%	7.50%
c. Expected State Contributions	4.35%	4.35%
d. Estimated City Contributions	9.08%	36.10%

1. Actual Unfunded Accrued Liability as of October 1, 2008	\$1,609,125
2. Expected Change in Unfunded Liability During the 2008/2009 Plan Year	
a. Due to Normal Cost for Benefits	\$2,549,414
b. Due to Interest on the Unfunded Liability	\$136,776
c. Expected City and State Contribution	(\$2,665,018)
d. Total Expected Change	<u>\$21,172</u>
3. Expected Unfunded Accrued Liability as of October 1, 2009	<u><u>\$1,630,297</u></u>
4. Change in Unfunded Liability During the 2008/2009 Plan Year Due to:	
a. Method changes	\$0
b. Assumption changes	\$1,580,566
c. Plan amendments	\$0
d. Experience	\$11,982,142
e. Total change	<u>\$13,562,708</u>
5. Actual Unfunded Accrued Liability as of October 1, 2009	<u><u>\$15,193,005</u></u>
6. Items Affecting Calculation of Accrued Liability	
a. Plan provisions reflected in the accrued liability (see Table XII on page 40)	
b. Plan amendments reflected in item 4.c. above (see Table XIIa on page 44)	
c. Actuarial assumptions and methods used to determine accrued liability (see Table XI on page 35)	
d. Changes in actuarial assumptions and methods reflected in items 4.a. and 4.b. above (see Table XIa on page 39)	

7. Expected Unfunded Accrued Liability Contribution Rate as of October 1, 2009	0.46%
8. Net Actuarial (Gains)/Losses During the 2008/2009 Plan Year	
a. Due to Salary/Service/Data	0.31%
b. Due to Investment Performance	2.30%
c. Due to Turnover/Mortality	0.01%
d. Due to New Retirements	0.13%
e. Due to Difference and Timing in Contributions	0.05%
f. Due to New Members	0.06%
g. Total	2.86%
9. Change in Unfunded Accrued Liability Rate During the 2008/2009 Plan Year Due to:	
a. Method changes	0.00%
b. Assumption changes	0.38%
c. Plan amendments	0.00%
d. Total Change	0.38%
10. Other Effects	(0.01%)
11. Unfunded Accrued Liability Contribution Rate as of October 1, 2009	3.69%
12. Comments on Change in Unfunded Accrued Liability Contribution Rate:	

Salary/Service/Data: Average salary increases of 5.36% compared to expected increases of 4.88% as well as adjustments in the reported data.

Investment Performance: 2.80% 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 benefits for new retirements and refund of employee contributions.

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: The mortality assumption was updated.

Plan amendments: None.

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

	Fiscal Year 2008/2009	Fiscal Year 2009/2010
A. Number of Plan Participants as of October 1		
a. Retirees and beneficiaries receiving benefits	335	336
b. Terminated plan participants entitled to but not yet receiving benefits	26	26
c. Active plan participants	403	420
d. Total	<u>764</u>	<u>782</u>

Valuation Year	2007	2008
B. Development of Annual Required Contribution (ARC)		
a. Employer normal cost:		
i. Total normal cost	\$4,211,996	\$4,424,947
ii. Expected employee contribution	(\$1,773,675)	(\$1,875,533)
iii. Employer normal cost	<u>\$2,438,321</u>	<u>\$2,549,414</u>
b. Amortization of UAAL:		
i. PV of future benefits	\$195,400,074	\$205,124,186
ii. PV of future employer normal costs	(\$15,983,703)	(\$16,339,411)
iii. PV of future employee contributions	(\$12,511,231)	(\$12,875,353)
iv. Actuarial accrued liability (AAL)	\$166,905,140	\$175,909,422
v. Actuarial value of assets	(\$168,434,936)	(\$174,300,297)
vi. Unfunded AAL (UAAL)	(\$1,529,796)	\$1,609,125
vii. Amort. of UAAL	(\$80,612)	\$115,604
c. ARC	<u><u>\$2,357,709</u></u>	<u><u>\$2,665,018</u></u>
(Item B.a.iii. plus item B.b.vii.)		

C. Annual Pension Cost and Net Pension Obligation (NPO)		
a. ARC	\$2,357,709	\$2,665,018
b. Interest on NPO	(\$4,562,120)	(\$4,644,424)
c. Adjustment to ARC	\$3,697,600	\$3,852,821
d. Annual Pension Cost	<u>\$1,493,189</u>	<u>\$1,873,415</u>
e. Contributions made	(\$2,461,471)	
f. Increase (decrease) in NPO	(\$968,282)	
g. NPO (beginning of year)	(\$53,672,004)	
h. NPO (end of year)	<u><u>(\$54,640,286)</u></u>	

D. Three Year Trend Information

Year Ended September 30	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2007	\$1,181,032	100%	(\$52,305,884)
2008	\$1,188,385	100%	(\$53,672,004)
2009	\$1,493,189	100%	(\$54,640,286)

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)
10/1/2004	\$133,518,595	\$136,712,754	\$3,194,159	97.7%	\$20,229,474	15.8%
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%

F. Additional Information

Valuation date	<u>October 1, 2008</u>	<u>October 1, 2009</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent Closed	Level Percent Closed
Remaining amortization period	25 to 30 Years	24 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%	4.00%
Cost-of-living adjustments	2.00%	2.00%

1. Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2008</u>	<u>As of October 1, 2009</u>
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$105,112,253	\$107,564,021
ii. Active members	\$46,055,010	\$55,241,232
iii. Sub-total	<u>\$151,167,263</u>	<u>\$162,805,253</u>
b. Non-vested Accrued Benefits	<u>\$9,463,870</u>	<u>\$9,882,659</u>
c. Total Benefits	<u>\$160,631,133</u>	<u>\$172,687,912</u>
d. Market Value of Assets	\$160,940,196	\$146,510,907
e. Percentage Funded	100%	85%

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

a. Actuarial Present Value as of October 1, 2008	\$160,631,133
b. Increase (Decrease) During 2008/2009 Plan Year Attributable to:	
i. Interest	\$13,228,870
ii. Benefits accumulated	\$7,980,373
iii. Benefits paid	(\$9,994,736)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	\$842,272
vi. Net increase (decrease)	<u>\$12,056,779</u>
c. Actuarial Present Value as of October 1, 2009	<u>\$172,687,912</u>

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

- a. Plan provisions reflected in the accrued benefits (see Table XII page 40)
- b. Plan amendments reflected in item 2.b.iv. above (see Table XIIa on page 44)
- c. Actuarial assumptions and methods used to determine present values (see Table XI on page 35)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above (see Table XIa on page 39)

October 1, 2009

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
1. Participant Data			
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
2. Assets			
a. Actuarial Value of Assets	n/a	n/a	\$174,013,284
b. Market Value of Assets	n/a	n/a	\$146,510,907
3. Liabilities			
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	\$68,118,446	\$43,259,640	\$111,378,086
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	\$2,284,728	\$1,155,448	\$3,440,176
Sub-total	\$60,725,152	\$45,079,772	\$105,804,924
v. Total present value of all future expected ben. pmts.	\$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	n/a	n/a	\$15,193,005
4. Actuarial Present Value of Accrued Benefits (refer to Table IV for further details)	\$100,175,471	\$72,512,441	\$172,687,912
5. Pension Cost			
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	n/a	n/a	\$269,278
Total normal cost including administrative expenses	n/a	n/a	\$4,519,536
As a % of projected payroll	n/a	n/a	17.24%
b. Payment to amortize unfunded liability	n/a	n/a	\$968,624
As a % of projected payroll	n/a	n/a	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:	n/a	n/a	\$2,382,383
As a % of projected payroll	n/a	n/a	9.08%
6. Past Contributions (For year ending September 30, 2009)			
a. Required Employer and State contribution	n/a	n/a	\$2,357,709
b. Actual contribution made by:			
i. Employer	n/a	n/a	\$1,322,191
ii. State	n/a	n/a	\$1,139,280
iii. Members	n/a	n/a	\$2,658,334

October 1, 2009

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
7. Net actuarial (gain)/loss	n/a	n/a	\$11,982,142
8. Other disclosures			
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

October 1, 2008

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
9. Participant Data			
a. Active members:			
i. Number	269	134	403
ii. Total annual payroll	\$15,613,703	\$8,431,589	\$24,045,292
iii. Projected annual payroll	\$16,238,251	\$8,768,853	\$25,007,104
b. Retired members and beneficiaries:			
i. Number	169	141	310
ii. Total annualized benefit	\$4,840,073	\$3,775,856	\$8,615,929
c. Disabled members receiving benefits:			
i. Number	17	8	25
ii. Total annualized benefit	\$270,576	\$132,562	\$403,138
d. Terminated vested members:			
i. Number	21	5	26
ii. Total annualized benefit	\$237,931	\$47,341	\$285,272
10. Assets			
Actuarial Value of Assets	n/a	n/a	\$174,300,297
Market Value of Assets	n/a	n/a	\$160,940,196
11. Liabilities			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$56,417,177	\$34,921,870	\$91,339,047
Vesting benefits	\$1,397,260	\$684,582	\$2,081,842
Disability benefits	\$3,602,826	\$1,750,002	\$5,352,828
Death benefits	\$469,462	\$271,508	\$740,970
Return of member contributions	\$352,876	\$144,370	\$497,246
Sub-total	\$62,239,601	\$37,772,332	\$100,011,933
ii. Terminated vested members	\$1,219,334	\$331,172	\$1,550,506
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$56,081,294	\$43,003,172	\$99,084,466
Disabled members	\$2,983,785	\$1,493,496	\$4,477,281
Sub-total	\$59,065,079	\$44,496,668	\$103,561,747
v. Total present value of all future expected ben. pmts.	\$122,524,014	\$82,600,172	\$205,124,186

October 1, 2008

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
b. Liabilities due and unpaid	\$0	\$0	\$0
c. Actuarial accrued liability	\$102,618,407	\$73,291,015	\$175,909,422
d. Unfunded actuarial accrued liability	n/a	n/a	\$1,609,125
12. Actuarial Present Value of Accrued Benefits (refer to Table IV for further details)	\$93,315,973	\$67,315,160	\$160,631,133
13. Pension Cost			
a. Normal cost			
Retirement benefits	\$2,162,268	\$1,151,875	\$3,314,143
Vesting benefits	\$114,212	\$65,446	\$179,658
Disability benefits	\$324,286	\$159,031	\$483,317
Death benefits	\$25,962	\$13,985	\$39,947
Return of member contributions	\$84,582	\$37,841	\$122,423
Total normal cost	\$2,711,310	\$1,428,178	\$4,139,488
As a % of projected payroll	16.70%	16.29%	16.55%
Administrative expenses			\$285,459
Total normal cost including administrative expenses			\$4,424,947
As a % of projected payroll			17.69%
b. Payment to amortize unfunded liability	n/a	n/a	\$115,604
As a % of projected payroll	n/a	n/a	0.46%
c. Expected State Contribution	\$558,361	\$580,919	\$1,139,280
As a % of projected payroll	3.44%	6.62%	4.56%
d. Amount to be contributed by members	\$1,217,869	\$657,664	\$1,875,533
As a % of projected payroll	7.50%	7.50%	7.50%
e. Expected City Contribution	n/a	n/a	\$1,525,737
As a % of projected payroll	n/a	n/a	6.10%
14. Past Contributions (For year ending September 30, 2008)			
a. Required Employer and State contribution	n/a	n/a	\$2,108,542
b. Actual contribution made by:			
i. Employer	n/a	n/a	\$1,415,225
ii. State	n/a	n/a	\$1,139,280
iii. Members	n/a	n/a	\$2,273,181

October 1, 2008

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
15. Net actuarial (gain)/loss	n/a	n/a	\$3,188,345
16. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$116,356,661	\$55,314,713	\$171,671,374
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$8,726,750	\$4,148,603	\$12,875,353
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$11,178,857	\$5,160,554	\$16,339,411
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*	\$7,557,072	\$4,734,149	\$12,291,221

* Estimated based on data provided as of June 30, 2008 with a projection to September 30, 2008.

<u>Fiscal Year Beginning</u>	<u>Emerging Retirees</u>	<u>Retired Members</u>	<u>Total</u>
2009	\$1,419,251	\$9,332,745	\$10,751,996
2010	\$3,038,649	\$9,375,977	\$12,414,626
2011	\$3,869,082	\$9,425,073	\$13,294,154
2012	\$4,598,787	\$9,471,838	\$14,070,625
2013	\$5,287,768	\$9,502,141	\$14,789,909
2014	\$5,974,283	\$9,545,775	\$15,520,058
2015	\$6,660,059	\$9,611,857	\$16,271,916
2016	\$7,283,740	\$9,626,523	\$16,910,263
2017	\$7,958,238	\$9,653,314	\$17,611,552
2018	\$8,586,411	\$9,651,889	\$18,238,300
2019	\$9,103,864	\$9,656,745	\$18,760,609
2020	\$9,623,937	\$9,633,452	\$19,257,389
2021	\$10,193,685	\$9,624,749	\$19,818,433
2022	\$10,831,784	\$9,574,889	\$20,406,673
2023	\$11,596,037	\$9,536,773	\$21,132,810

UNFUNDED LIABILITY BASES

TABLE Vb

Description	Original Amount	Outstanding Balance as of October 1, 2008	2008/2009	Outstanding Balance as of October 1, 2009	2009/2010	Years Remaining October 1, 2009
			Actual Amortization Payment		Expected Amortization Payment	
1) 10/1/2003 Assumption Change	\$2,269,023	\$2,518,508	\$173,506	\$2,559,075	\$180,447	24
2) 10/1/2003 Actuarial Losses	\$1,464,133	\$1,625,116	\$111,958	\$1,651,293	\$116,437	24
3) 10/1/2004 Assumption Change	(\$1,558,759)	(\$1,696,174)	(\$114,336)	(\$1,726,013)	(\$118,909)	25
4) 10/1/2004 Actuarial Losses	\$926,984	\$1,008,705	\$67,995	\$1,026,450	\$70,715	25
5) 10/1/2005 Actuarial Gains	(\$296,800)	(\$316,213)	(\$20,884)	(\$322,207)	(\$21,719)	26
6) 10/1/2006 Actuarial Gains	(\$1,492,443)	(\$1,558,557)	(\$100,975)	(\$1,590,059)	(\$105,014)	27
7) 10/1/2007 Assumption Change	(\$330,685)	(\$338,108)	(\$21,513)	(\$345,334)	(\$22,373)	28
8) 10/1/2007 Plan Amendment	\$2,695,043	\$2,755,538	\$175,327	\$2,814,432	\$182,340	28
9) 10/1/2007 Actuarial Gains	(\$5,455,576)	(\$5,578,035)	(\$354,915)	(\$5,697,253)	(\$369,111)	28
10) 10/1/2008 Actuarial Losses	\$3,188,345	\$3,188,345	\$199,441	\$3,259,913	\$207,419	29
11) 10/1/2009 Assumption Change	\$1,580,566			\$1,580,566	\$98,870	30
12) 10/1/2009 Actuarial Losses	\$11,982,142			\$11,982,142	\$749,522	30
Total	\$14,971,973	\$1,609,125	\$115,604	\$15,193,005	\$968,624	

Primarily 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).

<u>Date</u>	<u>Projected Unfunded Liability</u>
October 1, 2009	\$15,193,005
October 1, 2010	\$15,515,786
October 1, 2011	\$15,827,264
October 1, 2039	\$0

Note: Outstanding balance as of October 1, 2002 liquidated as a result of pension obligation bond contribution of \$47,728,526.

	<u>As of October 1, 2008</u>	<u>As of October 1, 2009</u>
1. Market Value of Assets*		
a. Cash and cash equivalents (3%)	\$4,003,871	\$3,411,986
b. U.S. government bonds & notes (0%)	\$606,344	\$105,999
c. Corporate bonds (5%)	\$8,862,363	\$7,653,020
d. Equities (71%)	\$104,224,346	\$103,739,190
e. Insurance contracts (0%)	\$0	\$0
f. Real Estate (5%)	\$11,785,556	\$7,540,954
g. Mortgages/loans (1%)	\$2,378,687	\$1,907,772
h. Other assets (15%)	\$28,976,594	\$21,931,345
i. Accrued income receivable (0%)	\$0	\$170,939
j. Contributions receivable (0%)	\$0	\$0
k. Other receivables (0%)	\$508,126	\$96,123
l. Benefits payable (0%)	\$0	\$0
m. Other payables (0%)	(\$405,691)	(\$46,421)
n. Market Value of Assets	\$160,940,196	\$146,510,907

* The percentages in parentheses indicate the proportion of assets committed to each type of investment as of October 1, 2009.

ASSET RECONCILIATION**TABLE VIa**

Year Ending	9/30/2008	9/30/2009
1. Market Value of Assets as of the beginning of the year	<u>\$194,396,293</u>	<u>\$160,940,196</u>
2. Increases Due to:		
a. Contributions:		
i. Employer	\$1,415,225	\$1,322,191
ii. Members	\$2,273,181	\$2,658,334
iii. State	\$1,295,411	\$1,254,267
iv. Total	<u>\$4,983,817</u>	<u>\$5,234,792</u>
b. Investment income (interest and dividends)	\$2,589,793	\$2,216,925
c. Realized and unrealized gains/(losses)	(\$30,264,442)	(\$10,891,596)
d. Increase in salaries and wages payable		
i. Prior year salaries and wages payable	\$2,171	\$2,428
ii. Current year salaries and wages payable	<u>\$2,428</u>	<u>\$1,771</u>
	<u>\$257</u>	<u>(\$657)</u>
e. Total increases	<u>(\$22,690,575)</u>	<u>(\$3,440,536)</u>
3. Decreases Due to:		
a. Benefit payments, including DROP payments	(\$8,926,960)	(\$9,839,015)
b. Refund of member contributions	(\$245,437)	(\$155,721)
c. Investment expenses	(\$1,307,666)	(\$680,646)
d. Administrative expenses	(\$285,459)	(\$269,278)
e. Adjustment	<u>\$0</u>	<u>(\$44,093)</u>
f. Total decreases	<u>(\$10,765,522)</u>	<u>(\$10,988,753)</u>
4. Market Value of Assets as of the end of the year	<u>\$160,940,196</u>	<u>\$146,510,907</u>

RECONCILIATION OF DROP ACCOUNTS

Table VIb

Year Ending	<u>9/30/2008</u>	<u>9/30/2009</u>
1. Market Value of Assets as of the beginning of the year	<u>\$2,395,770</u>	<u>\$1,775,985</u>
2. Increases Due to:		
a. Contributions to DROP Accounts	\$934,195	\$635,289
b. Investment Return	<u>(\$12,482)</u>	<u>\$95,096</u>
c. Total increases	\$921,713	\$730,385
3. Decreases Due to:		
a. Pension Payments	(\$1,541,498)	(\$294,874)
b. Expense Charges	<u>\$0</u>	<u>\$0</u>
c. Total decreases	<u>(\$1,541,498)</u>	<u>(\$294,874)</u>
4. Market Value of Assets as of the end of the year	<u>\$1,775,985</u>	<u>\$2,211,496</u>

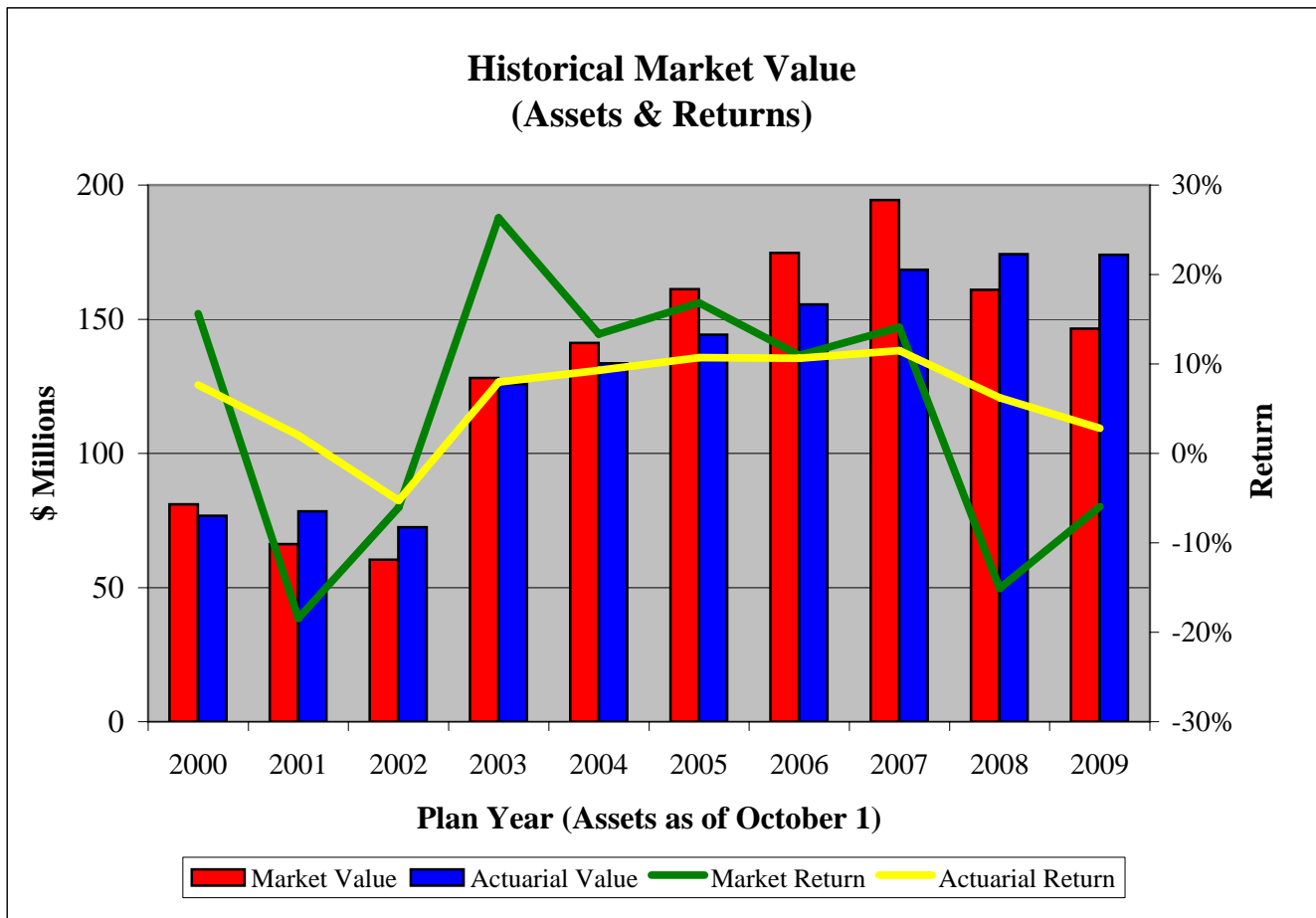
USE OF STATE PREMIUM TAX CONTRIBUTIONS

Table VIc

Year Ending	<u>9/30/2008</u>	<u>9/30/2009</u>
1. Accumulated balance at the beginning of the year	<u>\$1,528,686</u>	<u>\$1,684,817</u>
2. State Contributions	1,295,411	1,254,267
3. One-time use for benefit improvements	\$0	\$0
4. Amount to be used annually by the City	(\$1,139,280)	(\$1,139,280)
5. Increase in accumulated balance during the year	\$156,131	\$114,987
6. Accumulated balance at the end of the year	<u>\$1,684,817</u>	<u>\$1,799,804</u>

ACTUARIAL VALUE OF ASSETS**TABLE VI d**

1. Actuarial Value of Assets on October 1, 2008 (excluding state reserve)	\$174,300,297
2. State Contribution Reserve	\$1,684,817
3. Actuarial Value of Assets on October 1, 2008 (including state reserve)	\$175,985,114
4. 2008/2009 Net Cash Flow	
a. Contributions	\$5,234,792
b. Disbursements (Net of investment expense)	<u>(\$10,264,014)</u>
c. Net Cash Flow	<u>(\$5,029,222)</u>
4.a.+ 4.b.	
5. Expected Investment Return [3. x .085] + [4.c. x .0425]	\$14,744,993
6. Expected Actuarial Value of Assets on October 1, 2009 3. + 4.c. + 5.	\$185,700,885
7. Market Value of Assets on October 1, 2009	\$146,510,907
8. Excess of Market Value over Expected Actuarial Value 7. - 6.	(\$39,189,978)
9. 20% Adjustment towards Market .20 x 8.	(\$7,837,996)
10. Market Related Value of Assets on October 1, 2009 6. + 9.	\$177,862,889
11. 80% of Market Value .80 x 7.	\$117,208,726
12. 120% of Market Value 1.20 x 7.	\$175,813,088
13. Preliminary Actuarial Value of Assets on October 1, 2009 10. not less than 11. and not greater than 12.	\$175,813,088
14. State Contribution Reserve	\$1,799,804
15. Actuarial Value of Assets on October 1, 2009 13. - 14.	\$174,013,284



Plan Year Ending	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments*	Administrative Expenses	City, State, and Member Contributions	Market Value Return	Actuarial Value Return
1999	\$71,460,006	\$72,733,066					
2000	\$81,040,258	\$76,750,272	\$5,393,542	\$216,145	\$4,129,442	15.64%	7.64%
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%

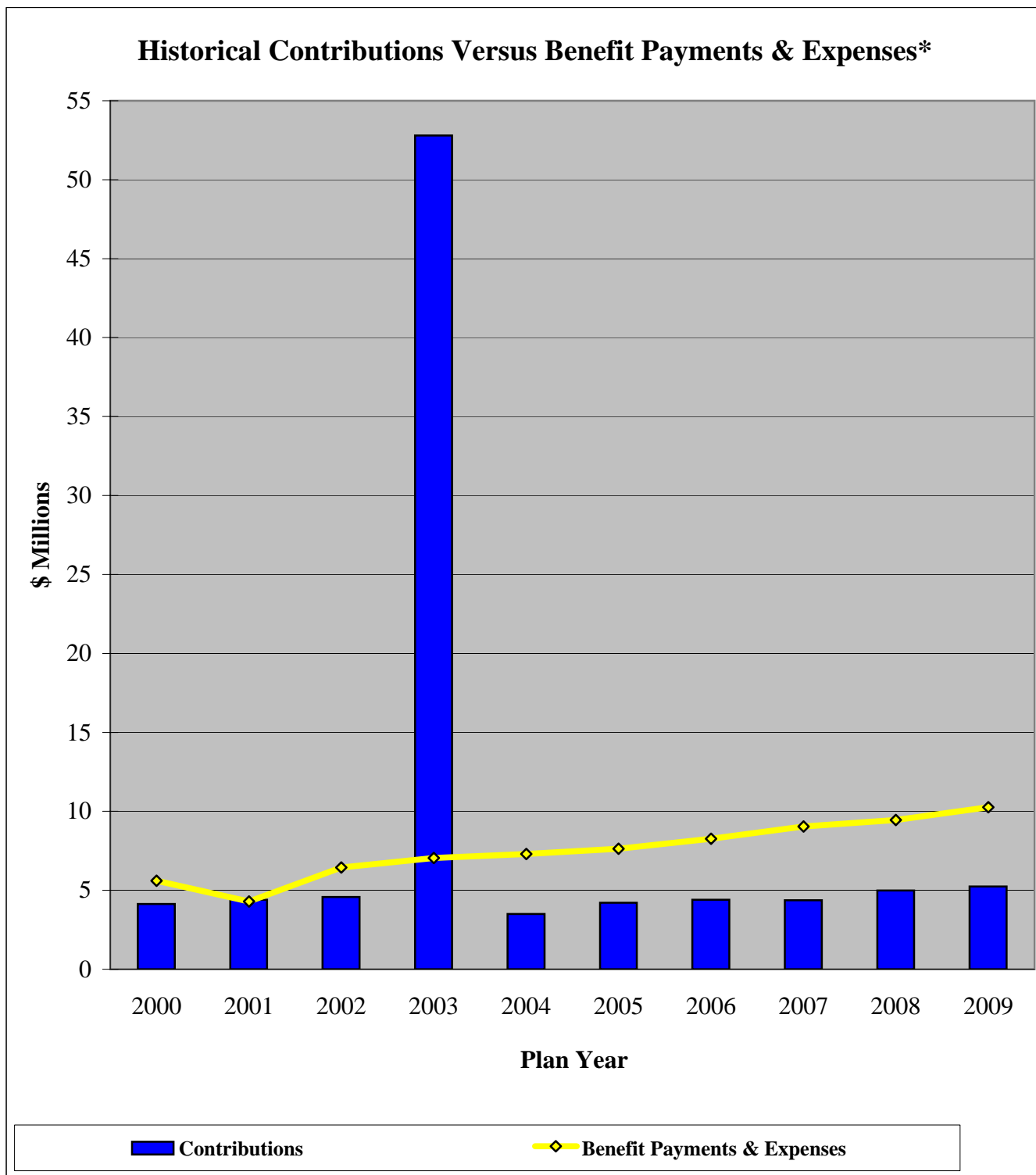
* Includes contributions refunded and payments to DROP accounts.

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

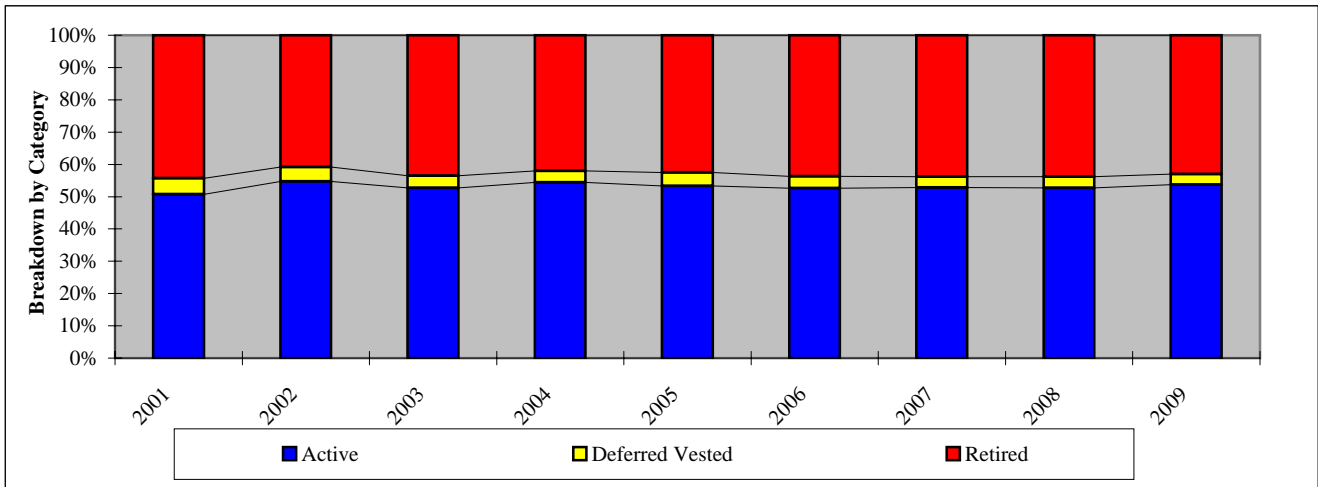
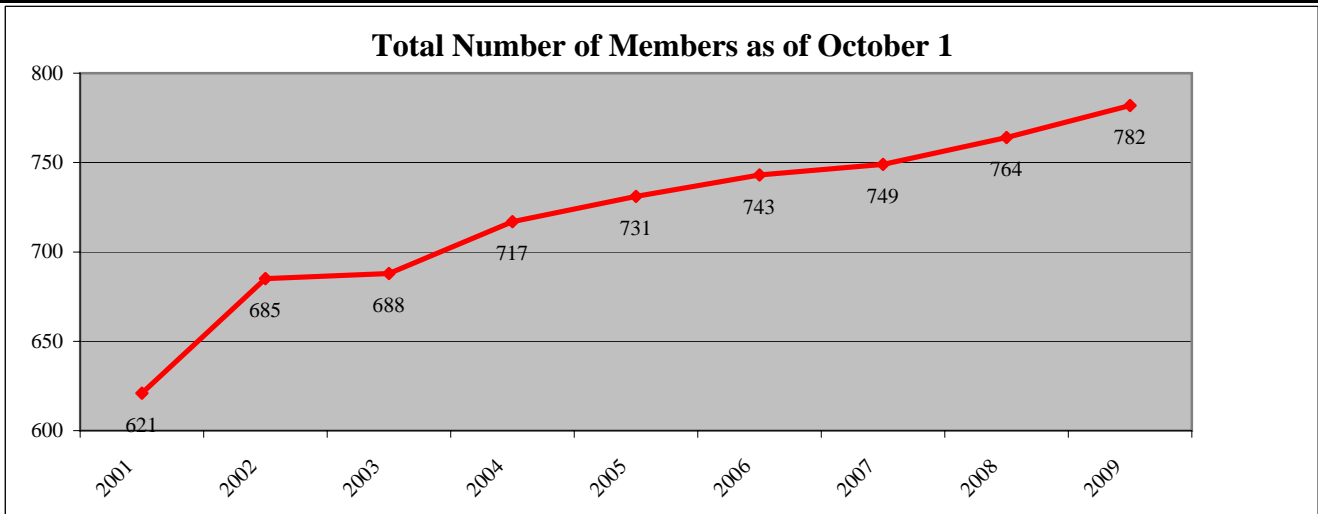
Fiscal Year	City Contrib.	State Contrib.	Member Contrib.	Total Contrib.	Net Invest. Income	Total
2000	\$2,121,647	\$820,238	\$1,187,557	\$4,129,442	\$11,698,559	\$15,828,001
2001	\$2,357,855	\$897,696	\$1,138,274	\$4,393,825	(\$12,723,401)	(\$8,329,576)
2002	\$2,307,196	\$964,461	\$1,309,828	\$4,581,485	(\$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)

EXPENSES

Fiscal Year	Benefits Paid	Member Refunds	Administrative Expenses	Total
2000	\$5,215,096	\$178,446	\$216,145	\$5,609,687
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

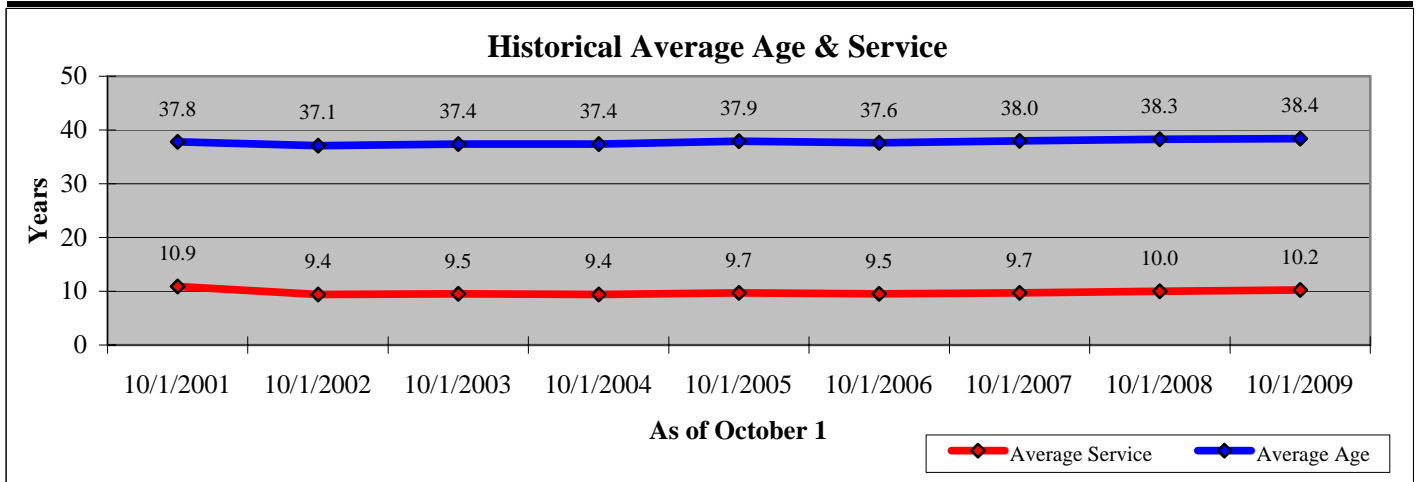


* Please reference Table VIIa on page 25 for the historical benefit payments, expenses, and contributions.

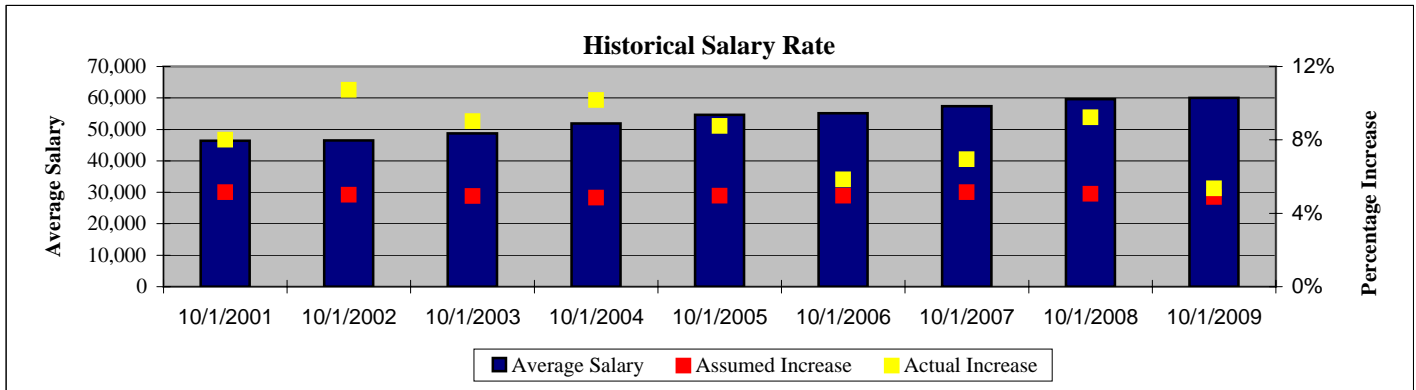


	As of October 1, 2008*	As of October 1, 2009
1. Active Members		
a. Police Officers	269	279
b. Firefighters	134	141
c. Sub-total	403	420
2. Non-active, Non-retired Members		
a. Fully or partially vested	26	26
b. Beneficiaries	0	0
c. Sub-total	26	26
3. Retired Members		
a. Non-disabled (including DROP)	286	286
b. Disabled	25	25
c. Beneficiaries	24	25
d. Sub-total	335	336
4. Total Members	764	782

* Data was provided as of June 30, 2008 and projected to October 1, 2008.

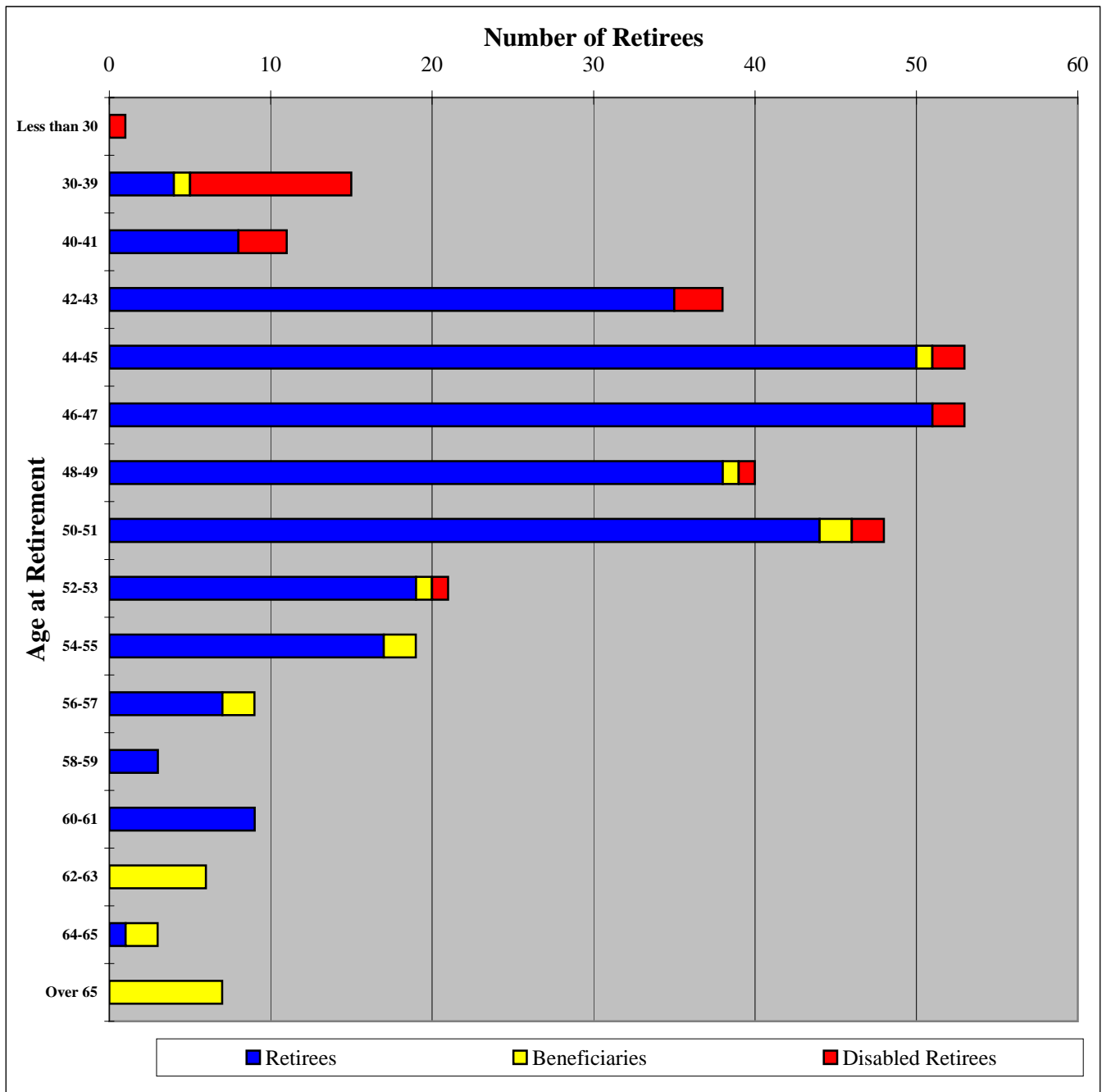


Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
10/01/2001	10.9	37.8	10/01/2006	9.5	37.6
10/01/2002	9.4	37.1	10/01/2007	9.7	38.0
10/01/2003	9.5	37.4	10/01/2008	10.0	38.3
10/01/2004	9.4	37.4	10/01/2009	10.2	38.4
10/01/2005	9.7	37.9			



Date	Payroll for Fiscal Year	Average Salary	Assumed Salary Increase	Actual Salary Increase
10/01/1999	\$16,821,405			
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%

¹ As of October 1, 2009, the 10-year average of historical payroll growth exceeds 4.0%.



Average benefits being paid per month:

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Non-Disabled Retirees	\$2,594.47	\$2,434.86	\$2,521.92
Disabled Retirees	1,302.76	1,361.22	1,321.47
Beneficiaries	<u>992.45</u>	<u>623.87</u>	<u>859.76</u>
All Retired Members	2,342.67	2,265.56	2,308.93

	<u>Active</u>	<u>Non-active, Non-retired</u>	<u>Retired</u>	<u>Total</u>
1. Number of members as of October 1, 2008*	403	26	335	764
2. Change in status during the plan year:				
a. Actives who became inactive				
b. Actives who retired	(4)		4	
c. Inactives who became active				
d. Inactives who retired				
e. Retirees who became active				
3. No longer members due to:				
a. Death			(5)	(5)
b. Permanent break-in-service	(19)			(19)
c. Receipt of lump sum payment				
d. Expiration of certain period				
e. Included in error last year				
4. New member due to:				
a. Initial membership	40			40
b. Death of another member			2	2
c. Excluded in error last year				
d. Reinstatement				
5. Number of members as of October 1, 2009	420	26	336	782

* Data was provided as of June 30, 2008 and projected to October 1, 2008.

AGE-SERVICE-SALARY TABLE

TABLE IXd

(All Active Members)

Attained Age	Completed Years of Service										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	
Under 25	7	17									24
Avg. Pay		42,401									36,389
25 to 29	4	44	15								63
Avg. Pay		44,449	54,419								45,110
30 to 34	2	21	38	6							67
Avg. Pay		45,067	55,047								51,531
35 to 39		27	31	20	10						88
Avg. Pay		45,741	50,443	64,573	65,434						53,915
40 to 44		5	13	13	33	7					71
Avg. Pay			52,075	61,464	77,080						68,287
45 to 49	1	3	6	4	12	38	2				66
Avg. Pay					72,456	89,449					78,396
50 to 54			1	2	8	17	4				32
Avg. Pay						85,729					81,863
55 to 59			1	1	1	2	2				7
Avg. Pay											
60 to 64				1			1				2
Avg. Pay											
65 to 69											
Avg. Pay											
70 & up											
Avg. Pay											
Total	14	117	105	47	64	64	9				420
Avg. Pay	18,161	44,853	53,243	64,625	73,989	86,886					60,027

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	Completed Years of Service										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	
Under 25	7	13									20
Avg. Pay		42,274									35,105
25 to 29	4	27	8								39
Avg. Pay		44,485									43,765
30 to 34	2	16	26	5							49
Avg. Pay		46,340	53,640								50,562
35 to 39		25	19	13	7						64
Avg. Pay		46,368	49,158	65,254							53,061
40 to 44		5	9	11	15	3					43
Avg. Pay				59,986	77,801						65,918
45 to 49	1	3	4	4	5	28	1				46
Avg. Pay						89,853					78,148
50 to 54			1	2	4	6					13
Avg. Pay											79,620
55 to 59			1	1	1		1				4
Avg. Pay											
60 to 64							1				1
Avg. Pay											
65 to 69											
Avg. Pay											
70 & up											
Avg. Pay											
Total	14	89	68	36	32	37	3				279
Avg. Pay	18,161	45,406	52,812	63,704	73,863	89,265					57,716

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

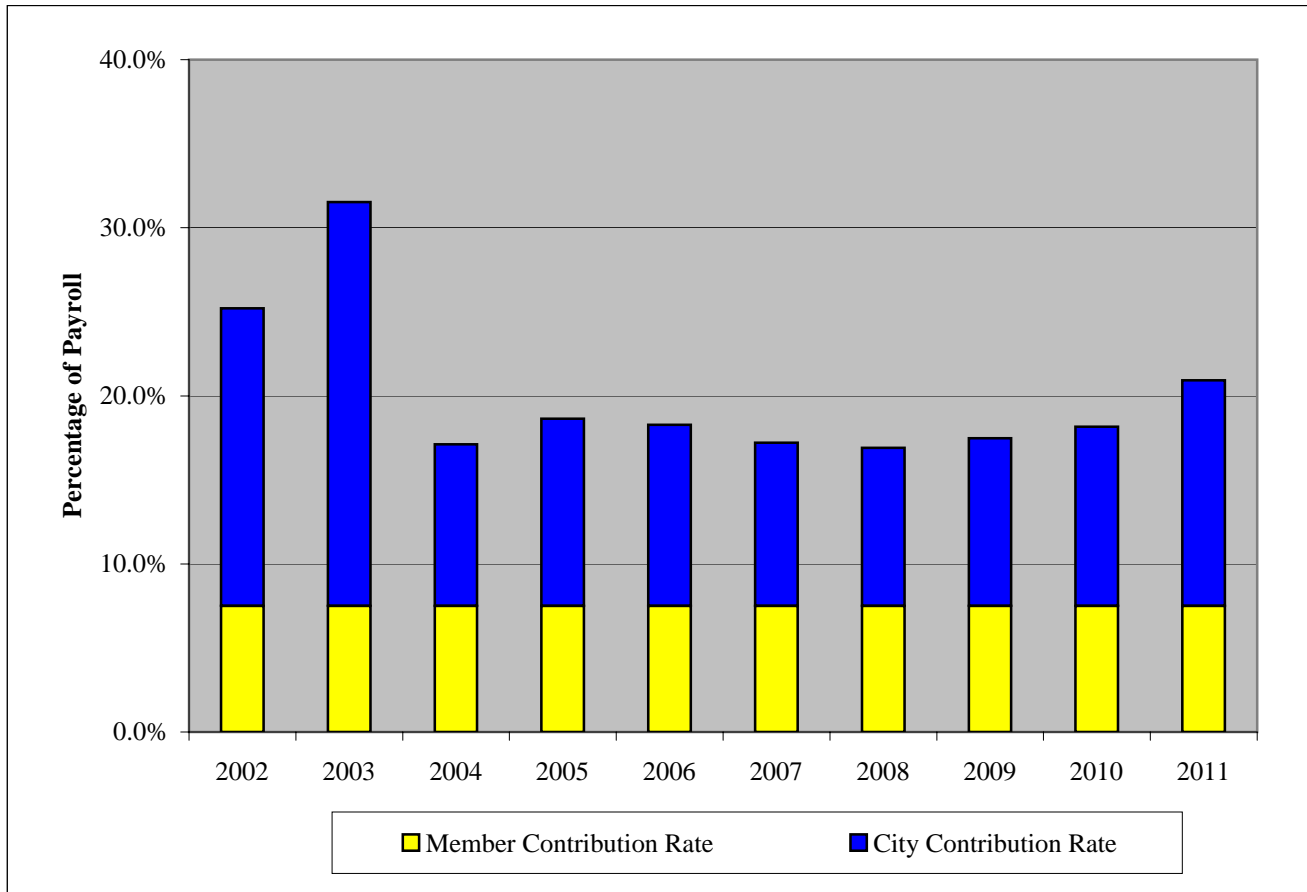
AGE-SERVICE-SALARY TABLE

TABLE IXf

(Firefighters)

Attained Age	Completed Years of Service										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		
Under 25 Avg. Pay		4										4
25 to 29 Avg. Pay		17 44,391	7									24 47,295
30 to 34 Avg. Pay		5	12 58,097	1								18 54,167
35 to 39 Avg. Pay		2	12 52,477	7	3							24 56,191
40 to 44 Avg. Pay			4	2	18 76,479	4						28 71,923
45 to 49 Avg. Pay			2		7	10 88,319	1					20 78,964
50 to 54 Avg. Pay					4	11 84,989	4					19 83,397
55 to 59 Avg. Pay						2	1					3
60 to 64 Avg. Pay				1								1
65 to 69 Avg. Pay												
70 & up Avg. Pay												
Total Avg. Pay		28 43,095	37 54,035	11 67,639	32 74,114	27 83,624	6					141 64,600

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>
2002	7.50%	17.71%	2007	7.50%	9.72%
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%

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	0.095%	30	0.205%	40	0.440%	50	1.220%
25	0.150%	35	0.260%	45	0.620%	55	1.820%

(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	15.0%	9.0%	6.0%	4.5%	3.0%	3.0%
30 to 34	15.0%	9.0%	6.0%	4.5%	3.0%	2.5%
35 to 39	15.0%	9.0%	6.0%	4.5%	3.0%	2.0%
40 to 44	15.0%	9.0%	6.0%	4.5%	3.0%	1.5%
45 to 49	15.0%	9.0%	6.0%	4.5%	3.0%	1.0%
50 to 54	15.0%	9.0%	6.0%	4.5%	3.0%	0.5%
55 or older	15.0%	9.0%	6.0%	4.5%	3.0%	0.0%

- **Retirement**

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

Age Range	Rate at Each Age	Age Range	Rate at Each Age
Less than 45	10%	50 to 55	10%
45 to 49	10%	55	100%

50% are assumed to retire after meeting the Rule of 70. 100% are assumed to retire after 25 years of service.

(continued)

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

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%	35 to 39	5%
30 to 34	6%	40 and older	4%

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.

9. Member Share of the Required Contribution

- The members' share of the total required contribution has been set at 7-1/2% beginning October 1, 1999.

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

Effective October 1, 1999:

- a. The assumed rates of retirement set forth in item 2., Table XI have been changed due to amendments to the Plan;
- b. The method of determining the members' share of the required contribution has been changed to the method described in item 9., Table XI in order to comply with Section 2-599 of the Code of Ordinances.

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.

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

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**

Any age with at least 10 years of Credited Service

• Amount

Monthly Accrued Benefit, payable at age 60

• Form of Payment

Same as for Normal Retirement

(continued)

(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 62nd 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 62nd birthday.

A member who receives a disability retirement benefit after October 1, 1999, shall upon the attainment of age 62 on or before October 1st, 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

(continued)

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).

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.