

**OCTOBER 1, 2004  
ACTUARIAL VALUATION  
FOR THE  
CITY OF WILTON MANORS  
RETIREMENT PLAN**

**ANNUAL EMPLOYER CONTRIBUTION  
IS DETERMINED BY THIS VALUATION  
FOR THE PLAN YEAR ENDING**

**SEPTEMBER 30, 2005**

**TO BE PAID IN THE EMPLOYER FISCAL YEAR ENDING**

**SEPTEMBER 30, 2005**

**October 2005**

## TABLE OF CONTENTS

<b>I</b>	<b>Introduction</b>	
	a. Discussion .....	1
	b. Financial Soundness of the Plan .....	3
	c. Recent History of Plan Changes .....	6
<b>II</b>	<b>Valuation Results</b>	
	a. Comparative Summary of Valuation Results .....	7
	b. Derivation of Normal Cost and Present Value of Projected Benefits.....	13
	c. Development of Unfunded Frozen Actuarial Accrued Liability .....	17
	d. Liquidation of the Unfunded Actuarial Accrued Liability .....	18
	e. Recent History of Valuation Results .....	20
	f. Actuarial Gains and Losses.....	21
	g. FASB Information.....	23
	h. GASB Information .....	26
	i. Actuarial Assumptions and Cost Methods .....	29
	j. Glossary of Terms .....	32
<b>III</b>	<b>Pension Fund Information</b>	
	a. Statement of Assets .....	33
	b. Income and Disbursements .....	34
	c. Actuarial Value of Assets .....	35
	d. Investment Rate of Return .....	37
<b>IV</b>	<b>Member Statistics</b>	
	a. Statistical Data .....	38
	b. Reconciliation of Membership Data.....	40
	c. Age and Service Distributions .....	41
<b>V</b>	<b>Summary of Retirement Plan Provisions .....</b>	<b>43</b>
<b>Appendix</b>	<b>State Requirements</b>	

**SECTION I**

**INTRODUCTION**

## DISCUSSION

### TOTAL REQUIRED CONTRIBUTION

The required City contribution for the plan year ending September 30, 2005, is \$ 799,497 (17.78% of payroll), as shown below:

<b>Required City Contribution</b>			
	<b>General</b>	<b>Police</b>	<b>Total</b>
Total Required Employer Contribution	\$ 497,204	302,293	799,497
As a % of Payroll	18.81 %	16.30 %	17.78 %
Expected State Premium Tax Refund	N/A	\$0	\$0
As a % of Payroll	N/A	--	--
Remaining City Contribution	497,204	302,293	799,497
As a % of Payroll	18.81 %	16.30 %	17.78 %

### EXPERIENCE

Actual experience during the past year was less favorable overall than that anticipated by the actuarial assumptions. The most significant factor was the investment return of 2.4% on a valuation asset basis as compared to the assumed return of 8.0%. The return on a market value basis was 9.9%. However, the return in excess of the assumed rate was only partially recognized this year, with the remainder smoothed into future years. At the same time portions of past investment losses were recognized this year.

### CHANGES IN BENEFITS

There were no changes in benefits in connection with the current valuation.

**CHANGES IN ACTUARIAL METHODS AND ASSUMPTIONS**

The actuarial cost method was changed from Frozen Entry Age to Entry Age Normal. This caused the city contribution to change from \$1,004,020 to \$ 799,497

**CONCLUSION**

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

## FINANCIAL SOUNDNESS OF THE PLAN

The purpose of this Section of the Report is to provide certain measures which indicate the financial soundness of the program. These measures relate to short term solvency, long term solvency and level funding.

The various percentages listed in this Section as of a single valuation date are not overly significant standing alone. What is more significant is the trend of the rates over a period of years. It is also important to keep in mind that each time benefits or assumptions are revised, actuarial liabilities are created or diminished. Any newly created liabilities are financed systematically over a period of future years. All actuarially computed values in this analysis are based on the actuarial assumptions utilized in the respective years' actuarial valuations.

### SHORT TERM SOLVENCY

The ultimate test of financial soundness is the program's ability to pay all promised benefits when due. The program's progress in accumulating assets to pay all promised benefits can be measured by comparing the market value of assets with:

1. Accumulated contributions of active members of the program,
2. The actuarial present value (APV) of projected benefits payable to those already receiving benefits and to vested terminations, and
3. The employer-financed portion of the actuarial present value of accrued benefits payable to active participants. This amount is based on benefits earned to date without future credited service or salary increases.

The total of the first two items should generally be fully covered by assets. The portion of the third item covered by assets should increase over time. Increases in benefits will, of course, adversely affect the trend in the years when such increases are first reflected in the actuarial values.

Although different actuarial assumptions might be used in the event of a termination of the program, this test shows how much of the benefits accrued to date might be covered by assets in the event of a plan termination using the valuation assumptions.

<b>Valuation Date</b>	<b>Market Value of Assets</b>	<b>Actuarial Present Value (APV) of Accrued Benefits</b>	<b>% of APV Covered by Assets</b>
10/1/04	\$ 18,776,519	\$ 17,945,974	105 %
10/1/03	16,972,813	16,052,992	106
10/1/02	14,513,666	13,580,038	107
10/1/01	16,456,134	12,502,721	132

#### **LONG TERM SOLVENCY**

Over the longer term, the solvency of an ongoing plan can be measured by comparing the actuarial value of assets to an amount known as the Actuarial Accrued Liability (AAL) under the Entry Age Actuarial Cost Method. This item has often been called the "past service liability". Its derivation differs from the short-term solvency value derivation in several ways, but mainly due to the fact that future salary increases are included in the AAL. As in the case of the short-term solvency values, the AAL is affected immediately by any revisions in benefits or assumptions. The accumulation of assets to equal the AAL can be considered a long-range funding goal. Largely because of periodic benefit increases, very few retirement programs have attained this goal.

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>% of AAL Covered by Assets</b>
10/1/04	\$ 19,595,445	\$ 23,306,822	84 %
10/1/03	19,018,370	21,381,035	89
10/1/02	17,310,192	19,094,379	91
10/1/01	17,353,618	17,890,346	97

## LEVEL CONTRIBUTION RATES

The actuarial assumptions and cost methods have been chosen with the intent of producing required employer contributions which remain fairly level as a percentage of covered payroll. If this goal is attained, future employer contribution rates will not have to be raised materially in order to make up for the past. For many employers, this measure of the program's soundness is the most important of all.

<b>Employer Contribution Rates As a % of Payroll</b>			
<b>Valuation Date</b>	<b>Normal Cost</b>	<b>Amortization of UFAAL/UAAL*</b>	<b>Total</b>
10/1/04	9.94 %	7.13 %	17.78 %
10/1/03	15.03	1.64	17.33
10/1/02	11.19	2.93	14.69
10/1/01	6.23	3.07	9.68
10/1/00	5.24	2.86	8.45

\* Effective 10/1/04, the actuarial cost method was change from Frozen Entry Age, which produces and Unfunded Frozen Actuarial Accrued Liability (UFAAL) to Entry Age Normal, which produces an Unfunded Actuarial Accrued Liability (UAAL).

A major factor affecting the stability of the percentages just shown is how well the actual plan experience is faring compared to the actuarial assumptions. The value of the difference between what actually occurred and what was assumed to occur is called the actuarial gain or loss. Gains tend to lower the subsequent cost of the program while losses tend to cause subsequent costs to rise. A summary of the actuarial gains and losses of the Plan is in the next Section.

Analysis of all the benchmarks listed above over a period of years will provide an indication of whether the program is becoming financially stronger or weaker.

## RECENT HISTORY OF PLAN CHANGES

1. Ordinance 789, passed and effective January 26, 1999, provides for a 30 day window to participate in an early retirement incentive program. Eligible members include members who are at least 50 years of age, with at least 17 years of credited service in the plan, and whose position is eliminated by the City Council. The plan provides for up to three years granted additional service credit in order to bring credited service years to 20.
2. Ordinance 832, effective October 1, 2003 except where noted, provides for the following:
  - a. Effective September 1, 2001, a one-time irrevocable election to join the City's defined contribution plan rather than the defined benefit plan for the City Manager, Department Directors and Assistant Directors, and the City Planner.
  - b. A one-time irrevocable election to join the City's defined contribution plan rather than the defined benefit plan for newly hired General employees.
  - c. Unreduced early retirement for the City Manager, Department Directors and Assistant Directors, and the City Planner.
  - d. The purchase of credited service back to date of hire for selected employees not allowed to participate in the Plan until after six months from date of hire.
  - e. A monthly stipend to future retirees and current DROP participants after they separate from service. This provision applies only to members who first participate in the plan on or before September 30, 2005.
3. Effective October 1, 2003, the asset valuation method was changed to market value smoothed against a target rate of return without phase-in, beginning with market value at October 1, 1999, as if it had always been in effect.
4. Effective October 1, 2004, the actuarial cost method was change from Frozen Entry Age, which produces and Unfunded Frozen Actuarial Accrued Liability (UFAAL) to Entry Age Normal, which produces an Unfunded Actuarial Accrued Liability (UAAL).

**SECTION II**

**VALUATION RESULTS**

<b>COMPARATIVE SUMMARY OF VALUATION RESULTS FOR ALL EMPLOYEES AS OF OCTOBER 1</b>	
<b>2004 New</b>	
<b>Covered Group</b>	
A. Number of Participants	
Actives	89
Retirees, Disabilities, Beneficiaries and Vested Terminations	44
Total Annual Covered Payroll	\$ 4,497,194
<b>Long Range Cost</b>	
B. Actuarial Present Value of Projected Benefits	\$ 27,732,801
C. Actuarial Present Value of Future Normal Costs	4,425,979
D. Actuarial Accrued Liability (AAL): B - C	23,306,822
E. Valuation Assets	19,595,445
F. Unfunded Actuarial Accrued Liability (UAAL): D - E	3,711,377
<b>Current Cost</b>	
G. Payment Required to Amortize UAAL	\$ 320,772
As % of Payroll	7.13 %
H. Employer Normal Cost (for current year)	446,646
As % of Payroll	9.93 %
I. Plan Year to which Contributions Apply	2004/05
J. Interest	32,079
K. Total Required City Contribution	799,497
As % of Payroll	17.78 %
M. Estimate of State Contributions	0
N. Remaining City Contributions	799,497
As % of Payroll	17.78 %

<b>COMPARATIVE SUMMARY OF VALUATION RESULTS FOR ALL EMPLOYEES AS OF OCTOBER 1</b>		
	<b>2004 Old</b>	<b>2003</b>
<b>Covered Group</b>		
A. Number of Participants		
Actives	89	85
Retirees, Disabilities, Beneficiaries and Vested Terminations	44	40
Total Annual Covered Payroll	\$ 4,497,194	\$ 4,151,363
<b>Long Range Cost</b>		
B. Actuarial Present Value of Projected Benefits	\$ 27,732,801	\$ 25,505,510
C. Valuation Assets	19,595,445	19,018,370
D. Unfunded Frozen Actuarial Accrued Liability (UFAAL)	795,248	805,359
E. Actuarial Present Value of Future Normal Costs	7,342,108	5,681,781
<b>Current Cost</b>		
F. Payment Required to Amortize UFAAL	\$ 80,927	\$ 67,994
As % of Payroll	1.80 %	1.64 %
G. Total Normal Cost (for current year, exclusive of funding toward UFAAL)	1,360,628	1,062,468
As % of Payroll	30.26 %	25.59 %
H. Plan Year to which Contributions Apply	2004/05	2003/04
I. Interest	38,616	27,672
J. Total Required Contribution	1,480,171	1,158,134
As % of Payroll	32.91 %	27.90 %
K. Estimate of Member Contributions	476,151	438,675
As % of Payroll	10.59 %	10.57 %
L. Estimate of State Contributions	0	0
M. Remaining City Contributions	1,004,020	719,459
As % of Payroll	22.33 %	17.33 %

<b>COMPARATIVE SUMMARY OF VALUATION RESULTS FOR GENERAL EMPLOYEES AS OF OCTOBER 1</b>	
<b>2004 New</b>	
<b>Covered Group</b>	
A. Number of Participants	
Actives	59
Retirees, Disabilities, Beneficiaries and Vested Terminations	32
Total Annual Covered Payroll	\$ 2,643,181
<b>Long Range Cost</b>	
B. Actuarial Present Value of Projected Benefits	\$ 15,154,404
C. Actuarial Present Value of Future Normal Costs	2,872,887
D. Actuarial Accrued Liability (AAL): B - C	12,281,517
E. Valuation Assets	10,198,390
F. Unfunded Actuarial Accrued Liability (UAAL): D - E	2,083,127
<b>Current Cost</b>	
G. Payment Required to Amortize UAAL	\$ 180,551
As % of Payroll	6.83 %
H. Employer Normal Cost (for current year)	296,703
As % of Payroll	11.23 %
I. Plan Year to which Contributions Apply	2004/05
J. Interest	19,950
K. Total Required City Contribution	497,204
As % of Payroll	18.81 %
M. Estimate of State Contributions	N/A
N. Remaining City Contributions	497,204
As % of Payroll	18.81 %

<b>COMPARATIVE SUMMARY OF VALUATION RESULTS FOR GENERAL EMPLOYEES AS OF OCTOBER 1</b>		
	<b>2004 Old</b>	<b>2003</b>
<b>Covered Group</b>		
A. Number of Participants		
Actives	59	55
Retirees, Disabilities, Beneficiaries and Vested Terminations	32	28
Total Annual Covered Payroll	\$ 2,643,181	\$ 2,353,890
<b>Long Range Cost</b>		
B. Actuarial Present Value of Projected Benefits	\$ 15,154,404	\$ 13,641,945
C. Valuation Assets	10,198,390	9,979,191
D. Unfunded Frozen Actuarial Accrued Liability (UFAAL)	640,121	642,132
E. Actuarial Present Value of Future Normal Costs	4,315,893	3,020,622
<b>Current Cost</b>		
F. Payment Required to Amortize UFAAL As % of Payroll	\$ 61,867 2.34 %	\$ 48,877 2.08 %
G. Total Normal Cost (for current year, exclusive of funding toward UFAAL) As % of Payroll	795,039 30.08 %	581,716 24.71 %
H. Plan Year to which Contributions Apply	2004/05	2003/04
I. Interest	22,646	14,867
J. Total Required Contribution As % of Payroll	879,552 33.28 %	645,460 27.42 %
K. Estimate of Member Contributions As % of Payroll	290,750 11.00 %	258,928 11.00 %
L. Estimate of State Contributions	N/A	N/A
M. Remaining City Contributions As % of Payroll	588,802 22.28 %	386,532 16.42 %

<b>COMPARATIVE SUMMARY OF VALUATION RESULTS FOR POLICE OFFICERS AS OF OCTOBER 1</b>	
<b>2004 New</b>	
<b>Covered Group</b>	
A. Number of Participants	
Actives	30
Retirees, Disabilities, Beneficiaries and Vested Terminations	12
Total Annual Covered Payroll	\$ 1,854,013
<b>Long Range Cost</b>	
B. Actuarial Present Value of Projected Benefits	\$ 12,578,397
C. Actuarial Present Value of Future Normal Costs	1,553,092
D. Actuarial Accrued Liability (AAL): B - C	11,025,305
E. Valuation Assets	9,397,055
F. Unfunded Actuarial Accrued Liability (UAAL): D - E	1,628,250
<b>Current Cost</b>	
G. Payment Required to Amortize UAAL	\$ 140,221
As % of Payroll	7.56 %
H. Employer Normal Cost (for current year)	149,943
As % of Payroll	8.09 %
I. Plan Year to which Contributions Apply	2004/05
J. Interest	12,129
K. Total Required City Contribution	302,293
As % of Payroll	16.30 %
M. Estimate of State Contributions	0
N. Remaining City Contributions	302,293
As % of Payroll	16.30 %

<b>COMPARATIVE SUMMARY OF VALUATION RESULTS FOR POLICE OFFICERS AS OF OCTOBER 1</b>		
	2004 Old	2003
<b>Covered Group</b>		
A. Number of Participants		
Actives	30	30
Retirees, Disabilities, Beneficiaries and Vested Terminations	12	12
Total Annual Covered Payroll	\$ 1,854,013	\$ 1,797,473
<b>Long Range Cost</b>		
B. Actuarial Present Value of Projected Benefits	\$ 12,578,397	\$ 11,863,565
C. Valuation Assets	9,397,055	9,039,179
D. Unfunded Frozen Actuarial Accrued Liability (UFAAL)	155,127	163,227
E. Actuarial Present Value of Future Normal Costs	3,026,215	2,661,159
<b>Current Cost</b>		
F. Payment Required to Amortize UFAAL	\$ 19,060	\$ 19,117
As % of Payroll	1.03 %	1.06 %
G. Total Normal Cost (for current year, exclusive of funding toward UFAAL)	565,589	480,752
As % of Payroll	30.51 %	26.75 %
H. Plan Year to which Contributions Apply	N/A	2003/04
I. Interest	15,970	12,805
J. Total Required Contribution	600,619	512,674
As % of Payroll	32.40 %	28.52 %
K. Estimate of Member Contributions	185,401	179,747
As % of Payroll	10.00 %	10.00 %
L. Estimate of State Contributions	0	0
M. Remaining City Contributions	415,218	332,927
As % of Payroll	22.40 %	18.52 %

<b>DERIVATION OF NORMAL COST GENERAL EMPLOYEES AS OF OCTOBER 1</b>	
<b>2004 New</b>	
A. Entry Age Normal Cost for	
Service Retirement Benefits	395,840
Vesting Benefits	24,102
Preretirement Death Benefits	8,303
Disability	43,836
Return of Contributions	24,400
Total	<u>496,481</u>
B. Normal Cost for Administrative Expenses	90,972
C. Expected Member Contributions	290,750
D. Employer Normal Cost for Plan Year Beginning October 1: A + B - C	296,703

<b>PRESENT VALUE OF PROJECTED BENEFITS GENERAL EMPLOYEES AS OF OCTOBER 1</b>	
<b>2004 New</b>	
A. Present Value of Future Salaries	\$ 16,202,540
B. Present Value of Projected Benefits	
1. Active Members	
Service Retirement Benefits	9,204,109
Vesting Benefits	288,320
Preretirement Death Benefits	143,057
Disability	308,102
Return of Contributions	56,703
Total	<u>10,000,291</u>
2. Inactive Members	
Service Retirees	4,831,996
DROP Participants	0
Disability Retirees	127,452
Beneficiaries	165,582
Terminated Vested & Misc.	29,083
Total	<u>5,154,113</u>
3. Grand Total	15,154,404

<b>PRESENT VALUE OF PROJECTED BENEFITS AND DERIVATION OF NORMAL COST, GENERAL EMPLOYEES AS OF OCTOBER 1</b>		
	<b>2004 Old</b>	<b>2003</b>
A. Present Value of Future Salaries	\$ 16,202,540	\$ 14,545,244
B. Present Value of Projected Benefits		
1. Active Members		
Service Retirement Benefits	9,204,109	8,861,507
Vesting Benefits	288,320	275,723
Preretirement Death Benefits	143,057	141,748
Disability	308,102	284,607
Return of Contributions	56,703	49,991
Total	<u>10,000,291</u>	<u>9,613,576</u>
2. Inactive Members		
Service Retirees	4,831,996	2,123,718
DROP Participants	0	1,592,062
Disability Retirees	127,452	128,271
Beneficiaries	165,582	171,621
Terminated Vested & Misc.	29,083	12,697
Total	<u>5,154,113</u>	<u>4,028,369</u>
3. Grand Total	15,154,404	13,641,945
C. Valuation Assets	10,198,390	9,979,191
D. Unfunded Frozen Actuarial Accrued Liability	640,121	642,132
E. Present Value of Future Normal Costs	4,315,893	3,020,622
F. Normal Cost Rate	26.6371 %	20.7671 %
Normal Cost for		
1. Benefits	704,067	488,835
2. Expenses	90,972	92,881
3. Total	<u>795,039</u>	<u>581,716</u>

<b>DERIVATION OF NORMAL COST POLICE OFFICERS AS OF OCTOBER 1</b>	
<b>2004 New</b>	
A. Entry Age Normal Cost for	
Service Retirement Benefits	196,946
Vesting Benefits	20,312
Preretirement Death Benefits	6,546
Disability	4,779
Return of Contributions	23,221
Total	<u>251,804</u>
B. Normal Cost for Administrative Expenses	83,540
C. Expected Member Contributions	185,401
D. Employer Normal Cost for Plan Year Beginning October 1: A + B - C	149,943

<b>PRESENT VALUE OF PROJECTED BENEFITS POLICE OFFICERS AS OF OCTOBER 1</b>	
<b>2004 New</b>	
A. Present Value of Future Salaries	\$ 11,639,163
B. Present Value of Projected Benefits	
1. Active Members	
Service Retirement Benefits	9,145,763
Vesting Benefits	191,129
Preretirement Death Benefits	184,031
Disability	159,995
Return of Contributions	16,517
Total	<u>9,697,435</u>
2. Inactive Members	
Service Retirees	2,101,454
DROP Participants	304,066
Disability Retirees	356,358
Beneficiaries	119,084
Terminated Vested & Misc.	0
Total	<u>2,880,962</u>
3. Grand Total	12,578,397

<b>PRESENT VALUE OF PROJECTED BENEFITS AND DERIVATION OF NORMAL COST, POLICE OFFICERS AS OF OCTOBER 1</b>		
	<b>2004 Old</b>	<b>2003</b>
A. Present Value of Future Salaries	\$ 11,639,163	\$ 12,048,747
B. Present Value of Projected Benefits		
1. Active Members		
Service Retirement Benefits	9,145,763	8,385,771
Vesting Benefits	191,129	204,238
Preretirement Death Benefits	184,031	180,306
Disability	159,995	157,991
Return of Contributions	16,517	17,629
Total	<u>9,697,435</u>	<u>8,945,935</u>
2. Inactive Members		
Service Retirees	2,101,454	2,124,912
DROP Participants	304,066	305,907
Disability Retirees	356,358	364,673
Beneficiaries	119,084	122,138
Terminated Vested & Misc.	0	0
Total	<u>2,880,962</u>	<u>2,917,630</u>
3. Grand Total	12,578,397	11,863,565
C. Valuation Assets	9,397,055	9,039,179
D. Unfunded Frozen Actuarial Accrued Liability	155,127	163,227
E. Present Value of Future Normal Costs	3,026,215	2,661,159
F. Normal Cost Rate	26.0003 %	22.0866 %
Normal Cost for		
1. Benefits	482,049	397,001
2. Expenses	83,540	83,751
3. Total	<u>565,589</u>	<u>480,752</u>

<b>Development of Unfunded Frozen Actuarial Accrued Liability (UFAAL)</b>		
	<b>General</b>	<b>Police Officers</b>
1. Prior year (UFAAL)	\$ 642,132	\$ 163,227
2. Prior year City Normal Cost	322,788	301,005
3. City contributions during plan year	386,532	332,927
4. Interest		
a. On (1) and (2)	77,194	37,139
b. On (3)	<u>15,461</u>	<u>13,317</u>
c. Total: (a) - (b)	61,733	23,822
5. UFAAL this year: (1) + (2) - (3) + (4)	640,121	155,127

**LIQUIDATION OF THE  
UNFUNDED ACTUARIAL ACCRUED LIABILITY  
GENERAL EMPLOYEES**

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

<b>UAAL GENERAL EMPLOYEES AS OF OCTOBER 1, 2004</b>					
Original			Current		
Date & Source	Amortization Period	Amount	Years Remaining	Amount	Payment
10/1/91 Plan Amendment	30	\$	16	\$ (229)	\$ (24)
10/1/94 Method Change	30		19	27,066	2,610
10/1/94 Assumption Changes	30		19	(15,641)	(1,508)
10/1/95 Plan Amendment	30		20	644,085	60,742
10/1/96 Assumption Change	30		21	124,322	11,492
10/1/98 Plan Amendment	30		23	20,369	1,819
10/1/03 Plan Amendment	30	624,219	29	618,215	51,300
10/1/03 Asset Method Change	30	(785,623)	29	(778,066)	(64,564)
10/1/04 Cost Method Change	30	1,443,006	30	1,443,006	118,684
				<u>2,083,127</u>	<u>180,551</u>

**LIQUIDATION OF THE  
UNFUNDED ACTUARIAL ACCRUED LIABILITY  
POLICE OFFICERS**

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

<b>UAAL POLICE OFFICERS AS OF OCTOBER 1, 2004</b>					
Original			Current		
Date & Source	Amortization Period	Amount	Years Remaining	Amount	Payment
10/1/91 Plan Amendment	30	\$	16	\$ (4,860)	(508)
10/1/94 Method Change	30		19	24,449	2,357
10/1/94 Assumption Changes	30		19	10,534	1,016
10/1/95 Plan Amendment	30		20	478,559	45,132
10/1/96 Assumption Change	30		21	42,427	3,922
10/1/03 Plan Amendment	30	293,612	29	290,373	24,095
10/1/03 Asset Method Change	30	(694,013)	29	(686,355)	(56,954)
10/1/04 Cost Method Change	30	1,473,123	30	1,473,123	121,161
				<u>1,628,250</u>	<u>140,221</u>

<b>RECENT HISTORY OF VALUATION RESULTS</b>							
<b>Valuation Date</b>	<b>Number of Members</b>		<b>Covered Annual Payroll</b>	<b>Actuarial Value of Assets</b>	<b>UFAAL/ UAAL*</b>	<b>Employer Normal Cost</b>	
	<b>Active</b>	<b>Inactive</b>				<b>Amount</b>	<b>% of Payroll</b>
10/1/04	89	44	\$ 4,497,194	\$ 19,595,445	\$ 3,711,377	\$ 446,646	9.93 %
10/1/03	85	40	4,151,363	19,018,370	805,359	623,793	15.03
10/1/02	84	40	3,895,860	17,310,192	1,380,902	436,012	11.19
10/1/01	82	38	3,718,783	17,353,619	1,393,349	231,771	6.23
10/1/00	80	37	3,433,976	16,512,409	1,389,441	179,975	5.24
10/1/99	75	35	3,103,876	14,964,230	1,380,119	207,989	6.70

\* Effective 10/1/04, the actuarial cost method was change from Frozen Entry Age, which produces an Unfunded Frozen Actuarial Accrued Liability (UFAAL) to Entry Age Normal, which produces an Unfunded Actuarial Accrued Liability (UAAL).

## ACTUARIAL GAINS AND LOSSES

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

Year Ending	Development of Actuarial Gain / (Loss)		
	General	Police Officers	Combined
1. Last Year's Normal Cost Rate	20.7671 %	22.0866 %	
2. This Year's Normal Cost Rate	26.6371	26.0003	
3. Difference: (1) - (2)	(5.8700)	(3.9137)	
4. Present Value Future Payroll	\$ 16,202,540	\$ 11,639,163	
5. Net Actuarial Gain (Loss): (3) x (4)	(951,089)	(455,522)	\$ (1,406,611)

Year Ending	Historical Actuarial Gain / (Loss)		
	General	Police Officers	Combined
9/30/04	\$ (951,089)	\$ (455,522)	\$ (1,406,611)
9/30/03	(619,343)	(608,052)	(1,227,395)
9/30/02	(826,781)	(532,588)	(1,359,369)
9/30/01	(125,857)	(35,569)	(161,426)

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

Year Ended	Investment Rate of Return		Salary Increases		
	Actual	Assumed	General Actual	Police Actual	Assumed
9/30/04	2.4 %	8.0 %	8.7 %	3.6 %	5.5 %
9/30/03	1.7	8.0	4.8	5.9	5.5
9/30/02	0.9	8.0	6.8	7.1	5.5
9/30/01	6.8	8.0	7.5	8.9	5.5
9/30/00	12.0	8.0	5.8	5.2	5.5
9/30/99	14.2	8.0	4.3	8.2	5.5
9/30/98	12.8	8.0	15.3	3.3	5.5
9/30/97	12.5	8.0	8.2	3.2	5.5

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

<b>FASB NO. 35 INFORMATION ALL EMPLOYEES AS OF OCTOBER 1</b>		
	<b>2004</b>	<b>2003</b>
<b>A. Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Vested Benefits		
a. Members Currently Receiving Benefits	\$ 7,701,926	\$ 5,035,333
b. DROP Participants	304,066	1,897,969
c. Terminated Vested Members	29,083	12,697
d. Other Members	<u>10,665,181</u>	<u>9,805,146</u>
e. Total	18,700,256	16,751,145
2. Non-Vested Benefits	<u>868,084</u>	<u>789,335</u>
3. Total: (1) + (2)	19,568,340	17,540,480
4. Accumulated Contributions of Active Members	3,300,542	3,103,949
<b>B. Statement of Change in Accumulated Plan Benefits</b>		
1. Total Value at Beginning of Year	17,540,480	15,413,671
2. Increase (decrease) during year attributable to:		
a. Plan Amendment	0	3,749,465
b. Change in actuarial assumptions & methods	0	0
c. Benefits paid and contribution refunds	(891,632)	(874,994)
d. Other, including latest member data, benefits accumulated and decrease in discount period	<u>2,919,492</u>	<u>(747,662)</u>
e. Net Increase	2,027,860	2,126,809
3. Total Value at End of Year	19,568,340	17,540,480
<b>C. Market Value of Assets</b>	18,776,519	16,972,813
<b>D. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods.</b>		

<b>FASB NO. 35 INFORMATION GENERAL EMPLOYEES AS OF OCTOBER 1</b>		
	<b>2004</b>	<b>2003</b>
<b>A. Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Vested Benefits		
a. Members Currently Receiving Benefits	\$ 5,125,030	\$ 2,423,610
b. DROP Participants	0	1,592,062
c. Terminated Vested Members	29,083	12,697
d. Other Members	4,972,102	5,008,181
e. Total	<u>10,126,215</u>	<u>9,036,550</u>
2. Non-Vested Benefits	678,409	554,638
3. Total: (1) + (2)	10,804,624	9,591,188
4. Accumulated Contributions of Active Members	1,622,362	1,589,047
<b>B. Statement of Change in Accumulated Plan Benefits</b>		
1. Total Value at Beginning of Year	9,591,188	8,432,857
2. Increase (decrease) during year attributable to:		
a. Plan Amendment	0	561,456
b. Change in actuarial assumptions & methods	0	0
c. Benefits paid and contribution refunds	(583,585)	(566,780)
d. Other, including latest member data, benefits accumulated and decrease in discount period	<u>1,797,021</u>	<u>1,163,655</u>
e. Net Increase	<u>1,213,436</u>	<u>1,158,331</u>
3. Total Value at End of Year	10,804,624	9,591,188
<b>C. Market Value of Assets</b>	9,753,924	8,882,135
<b>D. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods.</b>		

<b>FASB NO. 35 INFORMATION POLICE OFFICERS AS OF OCTOBER 1</b>		
	<b>2004</b>	<b>2003</b>
<b>A. Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Vested Benefits		
a. Members Currently Receiving Benefits	\$ 2,576,896	\$ 2,611,723
b. DROP Participants	304,066	305,907
c. Terminated Vested Members	0	0
d. Other Members	<u>5,693,079</u>	<u>4,796,965</u>
e. Total	8,574,041	7,714,595
2. Non-Vested Benefits	189,675	234,697
3. Total: (1) + (2)	8,763,716	7,949,292
4. Accumulated Contributions of Active Members	1,678,180	1,514,902
<b>B. Statement of Change in Accumulated Plan Benefits</b>		
1. Total Value at Beginning of Year	7,949,292	6,980,814
2. Increase (decrease) during year attributable to:		
a. Plan Amendment	0	3,188,009
b. Change in actuarial assumptions & methods	0	0
c. Benefits paid and contribution refunds	(308,047)	(308,214)
d. Other, including latest member data, benefits accumulated and decrease in discount period	<u>1,122,471</u>	<u>(1,911,317)</u>
e. Net Increase	814,424	968,478
3. Total Value at End of Year	8,763,716	7,949,292
<b>C. Market Value of Assets</b>	9,022,595	8,090,678
<b>D. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods.</b>		

**GASB STATEMENT NO. 25  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Valuation Date</b>	<b>Fiscal Year End</b>	<b>Annual Required Contributions</b>	<b>Actual City Contributions</b>	<b>Actual State Contributions</b>	<b>Percentage Contributed</b>
10/1/04	9/30/05	\$ 799,497	N/A	N/A	N/A
10/1/03	9/30/04	719,459	\$ 719,459	\$ 0	100 %
10/1/02	9/30/03	572,216	572,216	0	100
10/1/01	9/30/02	359,836	359,836	0	100
10/1/00	9/30/01	278,248	361,913	0	130
10/1/99	9/30/00	298,915	311,563	0	104
10/1/98	9/30/99	381,365	362,429	35,072	104
10/1/97	9/30/98	405,502	352,111	71,394	104
10/1/96	9/30/97	371,145	352,069	34,780	104
10/1/95	9/30/96	432,479	450,778	0	104

<b>GASB STATEMENT NO. 25 SCHEDULE OF FUNDING PROGRESS</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets: (a)</b>	<b>FAAL/ AAL*: (b)</b>	<b>Unfunded FAAL/AAL* (UAAL): (b)-(a)</b>	<b>Funded Ratio: (a)/(b)</b>	<b>Covered Payroll: (c)</b>	<b>UAAL As % of Covered Payroll: [(b)-(a)]/(c)</b>
10/1/04	\$ 19,595,445	\$ 23,306,822	\$ 3,711,377	84.1 %	\$ 4,497,194	82.5 %
10/1/03	19,018,370	19,823,729	805,359	95.9	4,151,363	19.4
10/1/02	17,310,192	18,691,094	1,380,902	92.6	3,895,860	35.4
10/1/01	17,353,619	18,746,968	1,393,349	92.6	3,718,783	37.5
10/1/00	16,512,409	17,901,850	1,389,441	92.2	3,433,976	40.5
10/1/99	14,964,230	16,344,349	1,380,119	91.6	3,103,876	44.5

\* Effective 10/1/04, the actuarial cost method was change from Frozen Entry Age, which produces an Frozen Actuarial Accrued Liability (FAAL) to Entry Age Normal, which produces an Actuarial Accrued Liability (AAL).

**REQUIRED SUPPLEMENTARY INFORMATION  
GASB STATEMENT NO. 25**

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

Valuation Date	October 1, 2004
Contribution Rates:	
Employer (and State)	17.78%
Plan Members	10.59%
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level dollar amount
Remaining Amortization Period	16-30 years
Asset Valuation Method	5-year smoothed market with phase-in
Actuarial Assumptions	
Investment rate of return*	8.0%
Projected salary increases*	5.5%
Cost-of-living adjustments	N/A
*Includes inflation and other general increases at	3.5%

## ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHODS

A. Mortality

The 1983 Group Annuity Mortality Table for males with females set back six years.

B. Interest to be Earned by Fund

8.0%, compounded annually

C. Allowances for Expenses

Actual expenses paid in previous year.

D. Employee Withdrawal Rates

Samples Rates are shown below:

<u>Age</u>	<u>Males</u>	<u>Females</u>
20	22.4%	37.4%
25	14.9	22.4
30	10.4	14.9
35	7.4	10.4
40	4.3	7.4
45	2.7	4.3
50	0.9	2.7
55	0.0	0.0
60 and Over	0.0	0.0

E. Disability Benefit

Sample Rates are shown below:

<u>Age</u>	<u>Males</u>	<u>Females</u>
20	0.17%	0.34%
25	0.17	0.34
30	0.17	0.34
35	0.18	0.36
40	0.20	0.40
45	0.23	0.46
50	0.29	0.58
55	0.39	0.78
60	0.59	1.18
65	0.00	0.00

F. Salary Increase Factors

Current salary was assumed to increase at 5.5% per annum.

G. Inflation Rate

An implicit rate of 3.5% is assumed to be included in the assumed interest rate to be earned by the Fund (Item B.) as well as the assumed annual salary increase factor (Item F.).

H. Retirement Age

Age	Eligible for Retirement with Early Retirement Reduction		Eligible for Unreduced Retirement	
	General	Police	General	Police
40	0%	0%	2%	5%
41	0%	0%	2%	5%
42	0%	0%	2%	5%
43	0%	0%	2%	5%
44	0%	0%	2%	5%
45	0%	0%	5%	50%
46	0%	0%	5%	50%
47	0%	0%	5%	50%
48	0%	0%	5%	50%
49	0%	0%	5%	50%
50	5%	5%	50%	100%
51	5%	5%	50%	
52	5%	5%	50%	
53	5%	5%	50%	
54	5%	5%	50%	
55	10%	10%	50%	
56	10%	10%	50%	
57	10%	10%	50%	
58	25%	25%	50%	
59	25%	25%	50%	
60	100%	100%	100%	

Also, for employees that are eligible for Normal retirement or the DROP as of the valuation date, we have assumed that they would retire one half year after the valuation date.

I. Valuation of Assets

Effective with the October 1, 2003 valuation, the assets are valued using an IRS approved smoothed market value without phase in, beginning with the market value at October 1, 1999, as if the method had always been in effect. It recognizes the difference between actual and expected investment income at the rate of 20% per year. The actuarial value of assets is calculated as market value minus unrecognized excesses (shortages) of actual investment income as compared to expected. Actual contributions and expenses are used to determine the expected return. The actuarial value of assets is further adjusted to the extent necessary to fall within the corridor of 80% to 120% of the fair market value of plan assets.

J. Cost Method

Entry Age Normal Actuarial Cost Method (Frozen Entry Age Actuarial Cost Method was used in the 10/1/03 valuation).

K. Changes From Previous Valuation

See Cost Method.

## GLOSSARY OF TERMS

1. **Actuarial Present Value** is the value of an amount or series of amounts payable at various times, determined as of the valuation date by the application of the set of actuarial assumptions.
2. **Actuarial Assumptions** are assumptions as to the occurrence of future events affecting pension costs. The previous page outlines the Actuarial Assumptions utilized in this valuation.
3. **Actuarial Cost Method** is a procedure for determining the Actuarial Present Value of pension plan benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and Actuarial Accrued Liability.
4. **Entry Age Actuarial Cost Method** is a method under which the current year's cost, or Normal Cost is calculated for each individual. The Normal Cost is the amount, determined as a level amount which, if deposited each year from the time an employee was first included in the actuarial valuation (or would have been had the plan been in effect) until retirement, would fully fund his or her benefit.
5. **Entry Age Actuarial Accrued Liability** at any given time is equal to the Actuarial Present Value of Projected Benefits minus the Actuarial Present Value of future Normal Costs. Under the Entry Age Actuarial Cost Method, experience gains (losses) reduce (increase) the Actuarial Accrued Liability. Increases or decreases in the Actuarial Accrued Liability will also occur as a result of changes in pension plan benefits, actuarial assumptions, or asset valuation methods.
6. **Unfunded Actuarial Accrued Liability** is the Entry Age Actuarial Accrued Liability less the Actuarial Value of Assets.

**SECTION III**

**PENSION FUND INFORMATION**

<b>STATEMENT OF ASSETS AT MARKET VALUE AS OF OCTOBER 1, 2004</b>			
	General	Police	Total
Cash & Short Term Investments	\$ 256,958	\$ 231,842	\$ 488,800
General Investments			
U.S. Government Securities	2,264,814	2,043,444	4,308,258
Corporate Bonds	801,298	722,977	1,524,275
Common Stocks	6,846,173	6,177,009	13,023,182
Accrued Interest & Dividends	39,823	36,838	76,661
Sub-Total	<u>9,952,108</u>	<u>8,980,268</u>	<u>18,932,376</u>
Receivables			
Member Contributions	10,599	6,919	17,518
City Contributions	0	0	0
State Contributions	0	0	0
Net due from Brokers	87,104	80,573	167,677
Sub-Total	<u>97,703</u>	<u>87,492</u>	<u>185,195</u>
Payables			
Accounts Payable	10,746	9,940	20,686
DROP Benefits Payable	371,240	109,018	480,258
Sub-Total	<u>381,986</u>	<u>118,958</u>	<u>500,944</u>
Total Pension Fund Assets	9,924,783	9,180,644	19,105,427
Less: Pension Fund Assets Allocated to the Volunteer Firefighter's Plan	170,859	158,049	328,908
Net Pension Fund Assets	9,753,924	9,022,595	18,776,519

**INCOME AND DISBURSEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	General	Police	Total
A. Market Value as of Beginning of Year	\$ 8,882,135	\$ 8,090,678	\$ 16,972,813
B. Receipts During Period			
1. Contributions			
a. Employee	277,782	180,619	458,401
b. City	386,532	332,927	719,459
c. State	0	0	0
d. Total	<u>664,314</u>	<u>513,546</u>	<u>1,177,860</u>
2. Investment Earnings			
a. Interest & Dividends	261,339	240,005	501,344
b. Net Realized and Unrealized Appreciation	636,657	584,689	1,221,346
c. Earnings Allocated to Firefighters	15,964	14,736	30,700
d. Total: a. + b. - c.	<u>882,032</u>	<u>809,958</u>	<u>1,691,990</u>
3. Other Non-investment Income	0	0	0
4. Total Receipts During Period	1,546,346	1,323,504	2,869,850
C. Disbursements During Period			
1. Benefits			
a. Monthly	484,027	301,010	785,037
b. Earnings credited to DROP, net fees	75,250	7,037	82,287
c. Refunds	24,308	0	24,308
c. Total	<u>583,585</u>	<u>308,047</u>	<u>891,632</u>
2. Allocated Expenses			
a. Investment Expenses	57,294	52,614	109,908
b. Administrative Expenses	33,678	30,926	64,604
c. Total Expenses	<u>90,972</u>	<u>83,540</u>	<u>174,512</u>
3. Total Disbursements During Period	674,557	391,587	1,066,144
D. Market Value as of End of Year	9,753,924	9,022,595	18,776,519

<b>Development of Funding Value of Assets for General Employees as of October 1</b>					
	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
A. Market Value of Assets at Beginning of Year	\$8,882,135	\$7,674,737	\$8,773,162	\$10,009,360	\$9,317,238
B. Contributions & Commission Recapture	664,314	541,851	394,616	334,098	339,502
C. Disbursements					
1. Benefit Payments	583,585	566,780	451,008	434,768	428,128
2. Non Investment Expenses	33,678	35,971	58,500	48,249	40,847
3. Investment Expenses	57,294	56,910	60,323	58,219	64,200
4. Total Disbursements	674,557	659,660	569,831	541,236	533,175
D. Expected Investment Income	710,161	609,267	694,844	792,463	737,632
E. Expected Assets End of Year: A+B-C+D	9,582,053	8,166,195	9,292,791	10,594,685	9,861,197
F. Actual Market Value at End of Year	9,753,924	8,882,135	7,674,737	8,773,162	10,009,360
G. Excess/(Shortfall) of Actual over Expected Assets: F-E					
1. From This Year	171,871	715,940	(1,618,054)	(1,821,523)	148,163
2. From One Year Ago	715,940	(1,618,054)	(1,821,523)	148,163	100,020
3. From Two Years Ago	(1,618,054)	(1,821,523)	148,163	100,020	0
4. From Three Years Ago	(1,821,523)	148,163	100,020	0	0
H. Decreasing Fractions of Excess/(Shortfall)					
1. 80% From This Year	137,497	572,752	(1,294,443)	(1,457,218)	118,530
2. 60% From One Year Ago	429,564	(970,832)	(1,092,914)	88,898	60,012
3. 40% From Two Years Ago	(647,222)	(728,609)	59,265	40,008	0
4. 20% From Three Years Ago	(364,305)	29,633	20,004	0	0
5. Total	(444,466)	(1,097,056)	(2,308,088)	(1,328,312)	178,542
I. Preliminary Actuarial Value of Assets as of End of Year: F-H5	10,198,390	9,979,191	9,982,825	10,101,474	9,830,818
J. Final Valuation Assets must be within the range of 80% to 120% of Market Value					
1. 80% of Market Value	7,803,139	7,105,708	6,139,790	7,018,530	8,007,488
2. 120% of Market Value	11,704,709	10,658,562	9,209,684	10,527,794	12,011,232
3. Valuation Assets	10,198,390	9,979,191	9,209,684	10,101,474	9,830,818

**Development of Funding Value of Assets for Police Officers as of October 1**

	2004	2003	2002	2001	2000
A. Market Value of Assets at Beginning of Year	\$8,090,678	\$6,838,929	\$7,682,972	\$8,641,587	\$7,920,317
B. Contributions & Commission Recapture	513,546	448,754	368,748	317,837	309,251
C. Disbursements					
1. Benefit Payments	308,047	308,214	292,778	272,621	257,282
2. Non Investment Expenses	30,926	32,435	51,650	49,565	35,016
3. Investment Expenses	52,614	51,316	53,259	59,873	55,035
4. Total Disbursements	391,587	391,965	397,687	382,059	347,333
D. Expected Investment Income	652,133	549,386	613,480	688,758	632,102
E. Expected Assets End of Year: A+B-C+D	8,864,770	7,445,104	8,267,513	9,266,123	8,514,337
F. Actual Market Value at End of Year	9,022,595	8,090,678	6,838,929	7,682,972	8,641,587
G. Excess/(Shortfall) of Actual over Expected Assets: F-E					
1. From This Year	157,825	645,574	(1,428,584)	(1,583,151)	127,250
2. From One Year Ago	645,574	(1,428,584)	(1,583,151)	127,250	85,016
3. From Two Years Ago	(1,428,584)	(1,583,151)	127,250	85,016	0
4. From Three Years Ago	(1,583,151)	127,250	85,016	0	0
H. Decreasing Fractions of Excess/(Shortfall)					
1. 80% From This Year	126,260	516,459	(1,142,867)	(1,266,521)	101,800
2. 60% From One Year Ago	387,344	(857,150)	(949,891)	76,350	51,010
3. 40% From Two Years Ago	(571,434)	(633,260)	50,900	34,006	0
4. 20% From Three Years Ago	(316,630)	25,450	17,003	0	0
5. Total	(374,460)	(948,501)	(2,024,855)	(1,156,165)	152,810
I. Preliminary Actuarial Value of Assets as of End of Year: F-H5	9,397,055	9,039,179	8,863,784	8,839,137	8,488,777
J. Final Valuation Assets must be within the range of 80% to 120% of Market Value					
1. 80% of Market Value	7,218,076	6,472,542	5,471,143	6,146,378	6,913,270
2. 120% of Market Value	10,827,114	9,708,814	8,206,715	9,219,566	10,369,904
3. Valuation Assets	9,397,055	9,039,179	8,206,715	8,839,137	8,488,777

## INVESTMENT RATE OF RETURN

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

**Basis 1: Market Value Basis** - interest, dividends, realized gains (losses) and unrealized appreciation (depreciation), divided by the weighted average of the market value of the fund during the year. This figure is normally called the Total Rate of Return.

**Basis 2: Valuation Asset Basis** - investment earnings recognized in the Actuarial Value of Assets divided by the weighted average of the Actuarial Value of Assets during the year.

Year Ended	Investment Rate of Return	
	Basis 1	Basis 2
9/30/2004	9.9 %	2.4 %
9/30/2003	17.4	1.7
9/30/2002	(10.6)	0.9
9/30/2001	(10.4)	6.8
9/30/2000	9.6	12.0
9/30/1999	9.2	14.2
9/30/1998	8.8	12.8
9/30/1997	26.8	12.5
9/30/1996	14.4	8.8
Average Compounded Rate of Return for Last 3 Years	4.9	1.7
Average Compounded Rate of Return for Last 5 Years	2.5	4.7

**SECTION IV**

**MEMBER STATISTICS**

<b>STATISTICAL DATA, GENERAL EMPLOYEES</b>			
	<b>10/1/04</b>	<b>10/1/03</b>	<b>10/1/02</b>
<b>Active Participants</b>			
Number	59	55	54
Total Annual Earnings	\$ 2,643,181	\$ 2,353,890	\$ 2,215,418
Average Annual Earnings	44,800	42,798	41,026
<b>Averages</b>			
Current Age	45.2	44.2	43.8
Age at Employment	36.8	35.1	34.6
Past Service	8.4	9.1	9.2
Service at Age 60	23.2	24.9	25.4
<b>Members Receiving Benefits</b>			
Number	29	23	22
Total Annual Pensions	\$ 523,026	\$ 270,324	\$ 247,270
Average Monthly Benefit	1,503	979	937
Average Current Age*	66.7	71.9	72.5
<b>DROP Participants</b>			
Number	0	4	5
Total Annual Pensions	\$ 0	\$ 140,219	\$ 158,614
Average Monthly Benefit	0	2,921	2,644
Average Current Age	0.0	56.0	56.1
<b>Terminated Members with Vested Benefits</b>			
Number	3	1	1
Total Annual Pensions	\$ 15,396	\$ 7,656	\$ 7,656
Average Monthly Benefit	428	638	638
Average Current Age	38.4	36.5	35.5

*\*average current age of service retirees only, excludes beneficiaries and disability retirees*

*Note: Pensions shown do not include monthly supplement.*

Age and Service Distribution Active General Employees As of October 1, 2004												
Ages	Years of Past Service											Totals
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0
25-29	2	1	2	1	1	1	0	0	0	0	0	8
30-34	2	0	0	2	0	0	0	0	0	0	0	4
35-39	0	0	2	0	3	0	1	1	0	0	0	7
40-44	2	0	1	0	0	2	1	3	0	0	0	9
45-49	1	2	0	0	0	2	1	2	0	0	0	8
50-54	1	0	1	0	0	0	1	3	1	0	0	7
55-59	1	1	0	0	0	4	0	4	0	0	0	10
60-64	1	0	0	0	0	0	2	1	0	0	0	4
65&UP	0	0	0	0	0	0	1	1	0	0	0	2
TOTAL	10	4	6	3	4	9	7	15	1	0	0	59

Age and Service Distribution												
Active Police Officers												
As of October 1, 2004												
Ages	Years of Past Service											Totals
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	
15-19	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0
25-29	1	0	1	0	0	1	0	0	0	0	0	3
30-34	0	0	0	0	0	3	0	0	0	0	0	3
35-39	0	0	0	0	0	0	0	4	0	0	0	4
40-44	0	0	1	0	0	0	2	1	0	0	0	4
45-49	0	0	1	0	0	1	1	5	3	0	0	11
50-54	0	0	0	0	0	0	0	0	3	0	0	3
55-59	0	0	0	0	1	0	0	0	1	0	0	2
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65&UP	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1	0	3	0	1	5	3	10	7	0	0	30

**SECTION V**

**SUMMARY OF  
RETIREMENT PLAN PROVISIONS**

## SUMMARY OF RETIREMENT PLAN PROVISIONS

A. Effective Date:

February 11, 1969, amended and restated effective April 1, 1996. The most recent amendment was Ordinance No. 832 effective October 1, 2003.

B. Eligibility Requirements:

All full-time employees (excluding elected officials and the City Administrator) shall become participants on date of employment, if employee makes the required employee contributions.

C. Credited Service:

Service in completed calendar months from date of participation to the earlier of the participant's termination of service or actual retirement date during which employee contributions are made. Employees hired prior to September, 1968, shall receive credited service from date of hire to September, 1968, regardless of whether contributions were made during that period.

D. Average Monthly Compensation:

Average Monthly Compensation (denoted AMC) is 1/36th of the highest 36 consecutive months of compensation during the 120 months preceding the earliest of his retirement date, date of termination, or date of death or disability. Compensation shall mean regular wages and salaries, including longevity pay, but excluding bonuses, overtime pay, and accumulated leave payments at termination or retirement.

E. Normal Retirement:

General and Police:

Eligibility: Earlier of (i) or (ii), where: (i) is attainment of age 60 and completion of five (5) years of credited service, if later, and (ii) is completion of 20 years of credited service, regardless of age.

Benefit: 3.0% of AMC multiplied by years of credited service.

F. Early Retirement:

General and Police:

Eligibility Attainment of age 50 and completion of 15 years of credited service.

Benefit: Benefit accrued to date of retirement reduced by 3% per year (maximum reduction 12%) to reflect commencement of benefits at an earlier age. Effective May 27, 2003, for retirements after that date, there shall be no early retirement reduction for the City Manager, Dept. Directors, Asst. Dept. Directors, or the City Planner.

G. Delayed Retirement:General and Police:

Eligibility: Retirement after normal retirement date.

Benefit: 3.0% of AMC at delayed retirement date multiplied by years of credited service at delayed retirement date.

H. Post Retirement Supplement:

Effective October 1, 2003 for all active participants and DROP participants actually separating from service after that date, there shall be payable a monthly supplement of \$10 for each year of credited service, but not to exceed \$200 per month. The benefit is not payable during the DROP period. The benefit shall be limited to those employed by the City and participating in the Plan on or before September 30, 2005.

I. Disability Benefit:General and Police:

Eligibility: Unable to perform duties pertaining to his occupation as determined by the Plan Administrator. Eligibility is immediate for service connected disability; 15 years of service are required to be eligible for non service connected disability.

Benefit: Service Incurred: 50% of AMC payable after 5 months of continuous disability.

Non-Service Incurred: 25% of AMC payable after 5 months of continuous disability.

Both Service Incurred and Non-Service Incurred liability benefits shall not be less than the participant's accrued benefit. The disability monthly benefit is payable for life, with 120 payments guaranteed.

J. Pre-Retirement Death Benefit:

In the event of a participant's death while still employed by the City, the beneficiary shall be entitled to receive the greater of the participant's accumulated participant contributions, or the present value of the participant's vested accrued benefit computed as of date of death.

K. Termination Benefits:General and Police:

Eligibility: Less than 5 years of service at date of termination

Benefit: Refund of accumulated participant contributions with interest, if applicable.

L. Vested Benefit Upon Termination:General and Police:Eligibility: At least 5 years of credited service at date of terminationBenefit: The benefit payable at normal retirement date equal to the product of his accrued benefit and his vested percentage from the following schedule:

<u>Years of Credited Service</u>	<u>Vested Percentage</u>
Less than 5 Years	0%
5	25%
6	30%
7	35%
8	40%
9	45%
10	50%
11	60%
12	70%
13	80%
14	90%
15 or More	100%

Nevertheless, a member will become 100% vested upon attaining his early or normal retirement age.

M. Employee Contributions:

Police Officers participants shall contribute 10% of basic compensation, and General employees contribute 11 % of basic compensation.

N. Normal Form of Retirement Income:

The normal form of payment shall be a life annuity. If a participant is married as of the date benefits are to commence and he has not elected otherwise, his benefit shall be payable in the form of a Qualified Joint and Survivor Annuity.

O. Deferred Retirement Option Plan (D.R.O.P.)

The D.R.O.P. is available only if the participant makes an irrevocable election to participate after the completion of 20 years of credited service. The D.R.O.P. has a maximum five (5) year participation period, after which the participant is deemed separated from the City. If the participant dies during the D.R.O.P. period, the participant will be treated as any other vested participant in the Plan who dies prior to retirement. If the participant becomes disabled during the D.R.O.P. period, the participant will be assumed to have retired on a normal retirement on the day prior to disability.

P. Changes From Previous Valuation:

None.

## STATE REQUIREMENTS

1. Copies of this Report are to be furnished to the Division of Retirement and the State Treasurer's Office within 60 days of receipt from the actuary, at the following addresses:

Mr. Charles Slavin  
Bureau of Local Retirement  
Division of Retirement  
P.O. Box 9000  
Tallahassee, Florida 32315-9000

Ms. Patricia Shoemaker, Bureau Chief  
Bureau of Municipal Police Officers' and  
Firefighters' Retirement Funds  
P.O. Box 3010  
Tallahassee, Florida 32315-3010

2. Contributions to the System -
  - (a) Employee contributions must be deposited to the fund on at least a monthly basis.
  - (b) City contributions must be deposited to the fund on at least a monthly basis.
  - (c) Premium tax refunds and any other revenues collected for this Plan must be deposited within 5 days of receipt by the City.
3. Information for employees -
  - (a) A written plan description is to be distributed to each member every two years.
  - (b) Pertinent actuarial and financial information is to be included as part of the written plan description distributed to members.