

**CITY OF WILTON MANORS RETIREMENT PLAN FOR GENERAL EMPLOYEES & POLICE
ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2010**

FOR THE YEAR BEGINNING OCTOBER 1, 2010

July 29, 2011

Pension Board
City of Wilton Manors
Wilton Manors, FL 33305

Re: City of Wilton Manors Pension Plan for General Employees and Police
Annual Actuarial Valuation as of October 1, 2010

Dear Board Members:

We are pleased to present herein our October 1, 2010 Actuarial Valuation Report for the City of Wilton Manors Pension Plan for General Employees and Police.

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

The purpose of the valuation is to measure the Pension Plan's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2011, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25 and No. 27.

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

The findings in this report consider data or other information through September 30, 2010. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

The valuation was based upon information furnished by the Plan Administrator concerning Pension Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries, which information is summarized in the report. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator. This report was prepared using certain assumptions prescribed by the Board as described in Section II.

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

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

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

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

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SECTION I
INTRODUCTION

DISCUSSION

TOTAL REQUIRED CONTRIBUTION

The required City contribution for the plan year ending September 30, 2011, is \$1,550,528, as shown below:

Required City Contribution			
	General	Police	Total
Total Required Employer Contribution	\$ 592,109	958,419	1,550,528
Expected State Premium Tax Refund	N/A	\$0	\$0
Remaining City Contribution	592,109	958,419	1,550,528

EXPERIENCE

The total contribution, before assumption changes, was nearly the same in dollar amount as it was last year; it was \$11,872 less for General employees and \$14,230 more for Police Officers. Even though the investment return was 9.0% on a market value basis, valuation assets continue to smooth in the market losses from 2008 which resulted in a valuation asset return of 1.8% and an investment loss for both groups. There were partially-offsetting liability gains for both groups, primarily due to lower salary increases than expected, however the net result was a loss. If there had not been an overall loss, the contribution prior to assumption changes would have gone down in dollar amount, reflecting the lower number of active members accruing additional benefits.

CHANGES IN BENEFITS

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

CHANGES IN ACTUARIAL METHODS AND ASSUMPTIONS

The City has elected to continue using the entry age actuarial cost method (EANC) rather than changing to the aggregate method which would essentially require that the plan be fully funded by the time the last active member retires. The City has made a long term commitment to continue funding the plan even after the last active member retires. Under current state funding requirements, use of the EANC method allows the unfunded actuarial accrued liability to be amortized over a period of 30 years. The City closed the amortization period so the number of years for new bases will go down each year, and effective with the current valuation, has shortened the remaining amortization period to 20 years. Even so, the amortization period is longer than the anticipated future working life of the remaining active members. In addition the assumed rate of investment return on plan assets was changed from 8.0% per annum to 7.5% per annum.

FUNDED RATIO

The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability. The funded ratio this year is 67.6% compared to 73.1% last year. Part of the decrease was due to experience, and part was due to the change in the investment return assumption. Contributions based on the new, shorter amortization period will pay off the unfunded liability sooner, which will have a positive effect on the funded ratio going forward.

VARIABILITY OF FUTURE CONTRIBUTION RATES

The Actuarial Cost Method is intended to produce contributions which are generally level as a percent of payroll for an ongoing plan. Even so, when experience differs from the assumptions, as it often does, the employer's contributions can vary significantly from year-to-year. The fact that the plan is closed will put more upward pressure on the contribution and add to volatility.

The Actuarial Value of Assets exceeds the Market Value of Assets by \$2,588,290 as of the valuation date. This difference will be recognized over the next few years in the absence of offsetting gains. In turn, the computed employer contribution rate will increase by approximately \$239,000.

There is a \$184,000 amortization base for Police Officers that will be fully paid off this year. The expiration of this base will cause the required contribution to decrease by approximately \$190,000 next year.

RELATIONSHIP TO MARKET VALUE

If Market Value had been the basis for the valuation, the City contribution would have been \$1,790,000 and the funded ratio would have been 60%. In the absence of other gains and losses, the City contribution rate should increase to that level over the next few years.

RECOMMENDATIONS

Steps have been taken to improve the funded position of the plan. The amortization period has been shortened and the investment return assumption has been lowered. We recommend watching the funded ratio carefully and making no further benefit changes or improvements until the situation has had a chance to improve.

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.

Valuation Date	Market Value of Assets	Actuarial Present Value (APV) of Accrued Benefits	% of APV Covered by Assets
10/1/10	\$ 20,205,199	\$ 32,097,596	63 %
10/1/09	19,599,782	30,467,841	64
10/1/08	20,403,017	29,487,569	69
10/1/07	24,207,395	26,998,063	90
10/1/06	22,110,951	24,585,202	90

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.

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	% of AAL Covered by Assets
10/1/10	\$ 22,793,489	\$ 33,732,064	68 %
10/1/09	23,490,652	32,154,562	73
10/1/08	23,978,668	31,698,304	76
10/1/07	23,215,211	30,442,727	76
10/1/06	21,700,713	28,865,915	75

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. However, the contribution for a closed plan will tend to increase as a percent of payroll as the covered payroll goes down.

Employer Contribution Rates As a % of Payroll			
Valuation Date	Normal Cost	Amortization of UAAL	Total
10/1/10	32.93 %	128.94 %	168.64 %
10/1/09	31.88	82.24	119.34
10/1/08	21.39	52.22	77.13
10/1/07	19.27	32.22	53.64
10/1/06	11.58	12.60	25.19

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. Effective October 1, 2004, the actuarial cost method was changed 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).
2. Ordinance 882 was passed September 27, 2005, effective October 1, 2004. The Ordinance provides for a delayed 3% Cost of Living adjustment (COLA) for members of the police bargaining unit, including non-sworn members participating in the General Employees plan. It applies only to bargaining unit members who retire or enter the DROP during the term of the 2002-2005 Collective Bargaining Agreement, or enter the DROP prior to the 2002-2005 Collective Bargaining Agreement. It was first reflected in the October 1, 2005 actuarial valuation.
3. Effective October 1, 2006, the assumed rates of mortality were updated from the 1983 Group Annuity Mortality Table for males, with females set back six years, to the 1994 Group Annuity Mortality Tables for males and females.
4. Ordinance 894, passed June 12, 2007, closed the plan to new members as of the August 1, 2007 effective date of participation in FRS, and redefined 'member' to include only members hired before that date who elect to remain in the plan.
5. Ordinance 923, passed August 28, 2007, provided the following pertaining to the Plan:
 - Active members with 15 or more years of service as of October 1, 2006 who retire by September 30, 2009, may retire with unreduced benefits, payable when the member would have reached normal retirement date if they had remained continuously employed.
 - The maximum DROP period is increased from five years to six years.
 - PBA members with 10 or more years of service as of October 1, 2006 receive an annual 3% cost of living adjustment, to begin six years after retirement.
 - The Plan is closed to members hired on or after the effective date of the City's participation in FRS.
 - Active members were given 30 days to elect whether to stay in the City Plan or transfer to FRS.
6. Effective October 1, 2007, the City closed the amortization period so the number of years for new bases would go down each year.
7. Effective October 1, 2010, the assumed rate of investment return on plan assets was changed from 8.0% per annum to 7.5% per annum. Additionally, the remaining amortization period has been shortened to 20 years. The number of years for new bases will continue to go down each year.

SECTION II

VALUATION RESULTS

COMPARATIVE SUMMARY OF VALUATION RESULTS FOR ALL EMPLOYEES AS OF OCTOBER 1			
	2010 After Changes	2010 Before Changes	2009
Covered Group			
A. Number of Participants			
Actives	15	15	18
Retirees, Disabilities, Beneficiaries and Vested Terminations	74	74	73
Total Annual Covered Payroll	\$ 919,415	\$ 919,415	\$ 1,121,175
Long Range Cost			
B. Actuarial Present Value of Projected Benefits	\$ 34,581,025	\$ 32,791,980	\$ 33,063,745
C. Actuarial Present Value of Future Normal Costs	848,961	757,867	909,183
D. Actuarial Accrued Liability (AAL): B - C	33,732,064	32,034,113	32,154,562
E. Valuation Assets	22,860,828	22,860,828	23,557,991
Refunds Due*	67,339	67,339	67,339
Net Valuation Assets	22,793,489	22,793,489	23,490,652
F. Unfunded Actuarial Accrued Liability (UAAL): D - E	10,938,575	9,240,624	8,663,910
Current Cost			
G. Payment Required to Amortize UAAL	\$ 1,185,485	\$ 996,177	\$ 922,085
As % of Payroll	128.94 %	108.35 %	82.24 %
H. Total Normal Cost (for current year)	400,872	384,608	476,919
As % of Payroll	43.60 %	41.83 %	42.54 %
I. Plan Year to which Contributions Apply	2010/11	N/A	2009/10
J. Interest	62,304	57,718	58,479
K. Total Required Contribution	1,648,661	1,438,503	1,457,483
As % of Payroll	179.32 %	156.46 %	130.00 %
L. Expected Member Contribution	98,133	98,133	119,471
As % of Payroll	10.67 %	10.67 %	10.66 %
M. Total Required City Contribution	1,550,528	1,340,370	1,338,012
As % of Payroll	168.64 %	145.79 %	119.34 %
N. Estimate of State Contributions	0	0	0
O. Remaining City Contributions	1,550,528	1,340,370	1,338,012
As % of Payroll	168.64 %	145.79 %	119.34 %

*Refunds due represent funds that are irrevocably payable by the Plan on behalf of members who elected to transfer to FRS on 7/31/07, as part of the Plan closure.

COMPARATIVE SUMMARY OF VALUATION RESULTS FOR GENERAL EMPLOYEES AS OF OCTOBER 1			
	2010 After Changes	2010 Before Changes	2009
Covered Group			
A. Number of Participants			
Actives	11	11	13
Retirees, Disabilities, Beneficiaries and Vested Terminations	42	42	42
Total Annual Covered Payroll	\$ 619,129	\$ 619,129	\$ 735,297
Long Range Cost			
B. Actuarial Present Value of Projected Benefits	\$ 16,496,321	\$ 15,727,764	\$ 16,080,805
C. Actuarial Present Value of Future Normal Costs	551,386	496,233	617,995
D. Actuarial Accrued Liability (AAL): B - C	15,944,935	15,231,531	15,462,810
E. Valuation Assets	11,802,190	11,802,190	12,308,579
Refunds Due*	67,339	67,339	67,339
Net Valuation Assets	11,734,851	11,734,851	12,241,240
F. Unfunded Actuarial Accrued Liability (UAAL): D - E	4,210,084	3,496,680	3,221,570
Current Cost			
G. Payment Required to Amortize UAAL	\$ 395,219	\$ 318,830	\$ 290,503
As % of Payroll	63.83 %	51.50 %	39.51 %
H. Total Normal Cost (for current year)	240,044	229,319	281,308
As % of Payroll	38.77 %	37.04 %	38.26 %
I. Plan Year to which Contributions Apply	2010/11	N/A	2009/10
J. Interest	24,950	22,913	23,902
K. Total Required Contribution	660,213	571,062	595,713
As % of Payroll	106.64 %	92.24 %	81.02 %
L. Expected Member Contribution	68,104	68,104	80,883
As % of Payroll	11.00 %	11.00 %	11.00 %
M. Total Required City Contribution	592,109	502,958	514,830
As % of Payroll	95.64 %	81.24 %	70.02 %
N. Estimate of State Contributions	N/A	N/A	N/A
O. Remaining City Contributions	592,109	502,958	514,830
As % of Payroll	95.64 %	81.24 %	70.02 %

*Refunds due represent funds that are irrevocably payable by the Plan on behalf of members who elected to transfer to FRS on 7/31/07, as part of the Plan closure.

COMPARATIVE SUMMARY OF VALUATION RESULTS FOR POLICE OFFICERS AS OF OCTOBER 1			
	2010 After Changes	2010 Before Changes	2009
Covered Group			
A. Number of Participants			
Actives	4	4	5
Retirees, Disabilities, Beneficiaries and Vested Terminations	32	32	31
Total Annual Covered Payroll	\$ 300,286	\$ 300,286	\$ 385,878
Long Range Cost			
B. Actuarial Present Value of Projected Benefits	\$ 18,084,704	\$ 17,064,216	\$ 16,982,940
C. Actuarial Present Value of Future Normal Costs	297,575	261,634	291,188
D. Actuarial Accrued Liability (AAL): B - C	17,787,129	16,802,582	16,691,752
E. Valuation Assets	11,058,638	11,058,638	11,249,412
Refunds Due	0	0	0
Net Valuation Assets	11,058,638	11,058,638	11,249,412
F. Unfunded Actuarial Accrued Liability (UAAL): D - E	6,728,491	5,743,944	5,442,340
Current Cost			
G. Payment Required to Amortize UAAL	\$ 790,266	\$ 677,347	\$ 631,582
As % of Payroll	263.17 %	225.57 %	163.67 %
H. Total Normal Cost (for current year)	160,828	155,289	195,611
As % of Payroll	53.56 %	51.71 %	50.69 %
I. Plan Year to which Contributions Apply	2010/11	N/A	2009/10
J. Interest	37,354	34,805	34,577
K. Total Required Contribution	988,448	867,441	861,770
As % of Payroll	329.17 %	288.87 %	223.33 %
L. Expected Member Contribution	30,029	30,029	38,588
As % of Payroll	10.00 %	10.00 %	10.00 %
M. Total Required City Contribution	958,419	837,412	823,182
As % of Payroll	319.17 %	278.87 %	213.33 %
N. Estimate of State Contributions	0	0	0
O. Remaining City Contributions	958,419	837,412	823,182
As % of Payroll	319.17 %	278.87 %	213.33 %

DERIVATION OF NORMAL COST GENERAL EMPLOYEES AS OF OCTOBER 1			
	2010 After Changes	2010 Before Changes	2009
A. Entry Age Normal Cost for			
Service Retirement Benefits	99,668	90,227	110,436
Vesting Benefits	6,255	5,545	6,552
Preretirement Death Benefits	1,789	1,641	2,003
Disability	9,355	8,843	9,952
Return of Contributions	6,429	6,515	7,141
Total	<u>123,496</u>	<u>112,771</u>	<u>136,084</u>
B. Normal Cost for Administrative & Investment Expenses	116,548	116,548	145,224
C. Total Normal Cost: A + B	240,044	229,319	281,308

PRESENT VALUE OF PROJECTED BENEFITS GENERAL EMPLOYEES AS OF OCTOBER 1			
	2010 After Changes	2010 Before Changes	2009
A. Present Value of Future Salaries	\$ 2,813,489	\$ 2,773,220	\$ 3,422,403
B. Present Value of Projected Benefits			
1. Active Members			
Service Retirement Benefits	3,708,515	3,483,500	3,801,726
Vesting Benefits	51,227	46,863	69,756
Preretirement Death Benefits	37,893	35,482	40,020
Disability	75,527	71,191	76,433
Return of Contributions	981	964	1,086
Total	<u>3,874,143</u>	<u>3,638,000</u>	<u>3,989,021</u>
2. Inactive Members			
Service Retirees	9,066,856	8,702,478	8,465,748
DROP Participants	3,363,577	3,204,345	3,441,138
Disability Retirees	122,936	117,702	119,045
Beneficiaries	43,098	42,408	44,730
Terminated Vested	25,711	22,831	21,123
Total	<u>12,622,178</u>	<u>12,089,764</u>	<u>12,091,784</u>
3. Grand Total	16,496,321	15,727,764	16,080,805

DERIVATION OF NORMAL COST POLICE OFFICERS AS OF OCTOBER 1			
	2010 After Changes	2010 Before Changes	2009
A. Entry Age Normal Cost for			
Service Retirement Benefits	43,871	38,905	53,882
Vesting Benefits	3,265	2,808	3,506
Preretirement Death Benefits	989	894	1,062
Disability	694	625	695
Return of Contributions	3,585	3,633	4,388
Total	<u>52,404</u>	<u>46,865</u>	<u>63,533</u>
B. Normal Cost for Administrative & Investment Expenses	108,424	108,424	132,078
C. Total Normal Cost: A + B	160,828	155,289	195,611

PRESENT VALUE OF PROJECTED BENEFITS POLICE OFFICERS AS OF OCTOBER 1			
	2010 After Changes	2010 Before Changes	2009
A. Present Value of Future Salaries	\$ 1,802,182	\$ 1,771,367	\$ 1,935,735
B. Present Value of Projected Benefits			
1. Active Members			
Service Retirement Benefits	1,860,842	1,708,469	2,206,681
Vesting Benefits	42,940	36,868	38,564
Preretirement Death Benefits	25,215	23,224	22,483
Disability	26,536	24,569	22,286
Return of Contributions	894	888	1,257
Total	<u>1,956,427</u>	<u>1,794,018</u>	<u>2,291,271</u>
2. Inactive Members			
Service Retirees	10,427,338	9,870,919	9,070,149
DROP Participants	4,876,729	4,595,463	4,470,274
Disability Retirees	304,783	295,644	303,730
Beneficiaries	519,427	508,172	418,298
Terminated Vested	0	0	429,218
Total	<u>16,128,277</u>	<u>15,270,198</u>	<u>14,691,669</u>
3. Grand Total	18,084,704	17,064,216	16,982,940

**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 through 2029/30. Details relating to the UAAL are as follows:

UAAL GENERAL EMPLOYEES AS OF OCTOBER 1, 2010					
Original			Current		
Date & Source	Amortization Period	Amount	Years Remaining	Amount	Payment
10/1/91 Plan Amendment	30	\$	10	\$ (163)	\$ (22)
10/1/94 Method Change	30		13	20,900	2,393
10/1/94 Assumption Changes	30		13	(12,078)	(1,383)
10/1/95 Plan Amendment	30		14	508,467	55,717
10/1/96 Assumption Change	30		15	100,048	10,543
10/1/98 Plan Amendment	30		17	16,918	1,668
10/1/03 Plan Amendment	30	624,219	20	545,643	49,789
10/1/03 Asset Method Change	30	(785,623)	20	(686,728)	(62,663)
10/1/04 Cost Method Change	30	1,443,006	20	1,282,350	117,013
10/1/05 (Gain)/Loss	30	540,168	20	487,324	44,468
10/1/05 Plan Amendment	30	26,548	20	23,949	2,185
10/1/06 (Gain)/Loss	30	203,371	20	186,022	16,974
10/1/06 Assumption Change	30	151,335	20	138,427	12,631
10/1/06 Plan Amendment	30	(238,605)	20	(218,250)	(19,915)
10/1/07 (Gain)/Loss	29	(429,960)	20	(414,518)	(37,824)
10/1/08 (Gain)/Loss	28	262,546	20	255,756	23,337
10/1/09 (Gain)/Loss	27	938,436	20	926,265	84,520
10/1/10 (Gain)/Loss	26	336,348	20	336,348	30,691
10/1/10 Assumption Change	20	713,404	20	713,404	65,097
				4,210,084	395,219

Amortization Schedule Illustration - General	
Year Ended	Projected UAAL
2010	\$ 4,210,084
2011	4,100,978
2012	3,983,689
2013	3,857,603
2014	3,722,061
2019	2,875,733
2024	1,661,700
2029	326,304
2030	0

**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 through 2029/30. Details relating to the UAAL are as follows:

UAAL POLICE OFFICERS AS OF OCTOBER 1, 2010					
Original			Current		
Date & Source	Amortization Period	Amount	Years Remaining	Amount	Payment
10/1/91 Plan Amendment	30	\$	10	\$ (3,794)	(514)
10/1/94 Method Change	30		13	20,652	2,364
10/1/94 Assumption Changes	30		13	8,897	1,019
10/1/95 Plan Amendment	30		14	412,151	45,163
10/1/96 Assumption Change	30		15	37,159	3,916
10/1/03 Plan Amendment	30	293,612	20	275,741	25,161
10/1/03 Asset Method Change	30	(694,013)	20	(651,771)	(59,473)
10/1/04 Cost Method Change	30	1,473,123	20	1,407,294	128,414
10/1/05 (Gain)/Loss	30	962,062	20	932,165	85,059
10/1/05 Plan Amendment	30	1,135,420	20	1,100,139	100,386
10/1/06 (Gain)/Loss	30	360,295	20	360,295	32,876
10/1/06 Assumption Change	30	200,570	20	196,845	17,962
10/1/06 Plan Amendment	5	746,221	1	184,541	184,541
10/1/07 (Gain)/Loss	29	170,330	20	164,738	15,032
10/1/08 (Gain)/Loss	28	475,229	20	464,271	42,364
10/1/09 (Gain)/Loss	27	285,316	20	281,880	25,721
10/1/10 (Gain)/Loss	26	552,741	20	552,741	50,437
10/1/10 Assumption Change	20	984,547	20	984,547	89,838
				6,728,491	790,266

Amortization Schedule Illustration - Police	
Year Ended	Projected UAAL
2010	\$ 6,728,491
2011	6,383,592
2012	6,211,208
2013	6,025,895
2014	5,826,683
2019	4,582,801
2024	2,798,211
2029	553,777
2030	0

RECENT HISTORY OF VALUATION RESULTS							
Valuation Date	Number of Members		Covered Annual Payroll	Actuarial Value of Assets	UFAAL/UAAL*	Employer Normal Cost	
	Active	Inactive				Amount	% of Payroll
10/1/10	15	74	\$ 919,415	\$ 22,793,489	\$ 10,938,575	\$ 302,739	32.93 %
10/1/09	18	73	1,121,175	23,490,652	8,663,910	357,448	31.88
10/1/08	25	67	1,570,672	23,978,668	7,719,636	335,955	21.39
10/1/07	37	56	2,355,661	23,215,211	7,227,516	453,971	19.27
10/1/06	92	49	4,882,290	21,700,713	7,165,202	565,334	11.58
10/1/05	83	50	4,118,048	20,284,630	6,323,385	498,570	12.11
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

*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:

	<u>General</u>	<u>Police</u>
A. Derivation of Actuarial Gain / (Loss)		
1. Unfunded Actuarial Accrued Liability (UAAL) Previous Valuation	\$ 3,221,570	\$ 5,442,340
2. Normal Cost (NC) Previous Valuation	200,425	157,023
3. Contributions Previous Year	514,830	823,182
4. Interest on:		
a. UAAL and NC	273,760	447,949
b. Contributions	20,593	32,927
c. Net Total: (a) - (b)	<u>253,167</u>	<u>415,022</u>
5. Expected UAAL Current Year Before Changes: (1) + (2) - (3) + (4)	3,160,332	5,191,203
6. Change Due to Plan Amendments	0	0
7. Change Due to Assumptions or Methods	713,404	984,547
8. Expected UAAL Current Year After Changes: (5) + (6) + (7)	3,873,736	6,175,750
9. Actual UAAL Current Year	<u>4,210,084</u>	<u>6,728,491</u>
10. Actuarial Gain / (Loss): (8) - (9)	(336,348)	(552,741)
B. Approximate Portion of Gain / (Loss) Due to Investments	(746,269)	(672,838)
C. Approximate Portion of Gain / (Loss) Due to Liabilities: (A) - (B)	\$ 409,921	\$ 120,097

Year Ending	Historical Actuarial Gain / (Loss)		
	General	Police Officers	Combined
9/30/10	\$ (336,348)	\$ (552,741)	\$ (889,089)
9/30/09	(938,436)	(285,316)	(1,223,752)
9/30/08	(262,546)	(475,229)	(737,775)
9/30/07	429,960	(170,330)	259,630
9/30/06	(203,371)	(367,111)	(570,482)

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 fund earnings on actuarial value of assets and salary increase rates compared to the assumed rates for the last few years:

Year Ended	Investment Rate of Return on Actuarial Value of Assets,		Salary Increases		
	Actual	Assumed	General Actual	Police Actual	Assumed
9/30/10	1.8 %	8.0 %	0.6 %	0.9 %	5.5 %
9/30/09	2.1	8.0	4.9	3.6	5.5
9/30/08	5.1	8.0	3.4	4.1	5.5
9/30/07	10.9	8.0	6.2	5.4	5.5
9/30/06	6.9	8.0	7.8	5.4	5.5
9/30/05	3.1	8.0	5.3	7.1	5.5
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

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.

**FASB NO. 35 INFORMATION
ALL EMPLOYEES AS OF OCTOBER 1**

	2010	2009
A. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Benefits	\$ 20,484,438	\$ 18,421,700
b. DROP Participants	8,240,306	7,911,412
c. Terminated Vested Members	25,711	450,341
d. Other Members	3,498,233	3,758,607
e. Total	<u>32,248,688</u>	<u>30,542,060</u>
2. Non-Vested Benefits	<u>241,846</u>	<u>276,377</u>
3. Total: (1) + (2)	32,490,534	30,818,437
4. Accumulated Contributions of Active Members	1,027,128	1,152,016
B. Statement of Change in Accumulated Plan Benefits		
1. Total Value at Beginning of Year	30,818,437	29,921,286
2. Increase (decrease) during year attributable to:		
a. Plan Amendment	0	0
b. Change in actuarial assumptions & methods	1,622,149	0
c. Benefits paid and contribution refunds	(2,329,799)	(2,070,228)
d. Other, including latest member data, benefits accumulated and decrease in discount period	<u>2,379,747</u>	<u>2,967,379</u>
e. Net Increase	<u>1,672,097</u>	<u>897,151</u>
3. Total Value at End of Year	32,490,534	30,818,437
C. Market Value of Assets		
1. Market Value of Assets	20,272,538	19,667,121
2. Refunds Due	<u>67,339</u>	<u>67,339</u>
3. Net Market Value of Assets	<u>20,205,199</u>	<u>19,599,782</u>
D. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods.		

*Refunds due represent funds that are irrevocably payable by the Plan on behalf of members who elected to transfer to FRS on 7/31/07, as part of the Plan closure.

FASB NO. 35 INFORMATION GENERAL EMPLOYEES AS OF OCTOBER 1		
	2010	2009
A. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Benefits	\$ 9,232,890	\$ 8,629,523
b. DROP Participants	3,363,577	3,441,138
c. Terminated Vested Members	25,711	21,123
d. Other Members	<u>2,565,162</u>	<u>2,467,151</u>
e. Total	15,187,340	14,558,935
2. Non-Vested Benefits	135,714	160,707
3. Total: (1) + (2)	15,323,054	14,719,642
4. Accumulated Contributions of Active Members	726,912	779,264
B. Statement of Change in Accumulated Plan Benefits		
1. Total Value at Beginning of Year	14,719,642	14,144,351
2. Increase (decrease) during year attributable to:		
a. Plan Amendment	0	0
b. Change in actuarial assumptions & methods	682,732	0
c. Benefits paid and contribution refunds	(1,184,140)	(1,007,372)
d. Other, including latest member data, benefits accumulated and decrease in discount period	<u>1,104,820</u>	<u>1,582,663</u>
e. Net Increase	603,412	575,291
3. Total Value at End of Year	15,323,054	14,719,642
C. Market Value of Assets		
1. Market Value of Assets	10,433,802	10,257,149
2. Refunds Due*	67,339	67,339
3. Net Market Value of Assets	10,366,463	10,189,810
D. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods.		

*Refunds due represent funds that are irrevocably payable by the Plan on behalf of members who elected to transfer to FRS on 7/31/07, as part of the Plan closure.

FASB NO. 35 INFORMATION POLICE OFFICERS AS OF OCTOBER 1		
	2010	2009
A. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Benefits	\$ 11,251,548	\$ 9,792,177
b. DROP Participants	4,876,729	4,470,274
c. Terminated Vested Members	0	429,218
d. Other Members	933,071	1,291,456
e. Total	<u>17,061,348</u>	<u>15,983,125</u>
2. Non-Vested Benefits	106,132	115,670
3. Total: (1) + (2)	17,167,480	16,098,795
4. Accumulated Contributions of Active Members	300,216	372,752
B. Statement of Change in Accumulated Plan Benefits		
1. Total Value at Beginning of Year	16,098,795	15,776,935
2. Increase (decrease) during year attributable to:		
a. Plan Amendment	0	0
b. Change in actuarial assumptions & methods	939,417	0
c. Benefits paid and contribution refunds	(1,145,659)	(1,062,856)
d. Other, including latest member data, benefits accumulated and decrease in discount period	1,274,927	1,384,716
e. Net Increase	<u>1,068,685</u>	<u>321,860</u>
3. Total Value at End of Year	17,167,480	16,098,795
C. Market Value of Assets		
1. Market Value of Assets	9,838,736	9,409,972
2. Refunds Due	0	0
3. Net Market Value of Assets	<u>9,838,736</u>	<u>9,409,972</u>
D. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods.		

GASB STATEMENT NO. 25 SCHEDULE OF EMPLOYER CONTRIBUTIONS					
Valuation Date	Fiscal Year End	Annual Required Contributions	Actual City Contributions	Actual State Contributions	Percentage Contributed
10/1/10	9/30/11	\$ 1,550,528	N/A	N/A	N/A
10/1/09	9/30/10	1,338,012	\$ 1,338,012	\$ 0	100 %
10/1/08	9/30/09	1,211,419	1,211,419	0	100
10/1/07	9/30/08	1,263,599	1,263,599	0	100
10/1/06	9/30/07	1,229,891	1,229,891	0	100
10/1/05	9/30/06	1,081,629	1,081,629	0	100
10/1/04	9/30/05	799,497	799,497	0	100
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

GASB STATEMENT NO. 25 SCHEDULE OF FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets: (a)	FAAL/ AAL*: (b)	Unfunded FAAL/AAL* (UAAL): (b)-(a)	Funded Ratio: (a)/(b)	Covered Payroll: (c)	UAAL As % of Covered Payroll: [(b)-(a)]/(c)
10/1/10	\$ 22,793,489	\$ 33,732,064	\$ 10,938,575	67.6 %	\$ 919,415	1189.7 %
10/1/09	23,490,652	32,154,562	8,663,910	73.1	1,121,175	772.8
10/1/08	23,978,668	31,698,304	7,719,636	75.6	1,570,672	491.5
10/1/07	23,215,211	30,442,727	7,227,516	76.3	2,355,661	306.8
10/1/06	21,700,713	28,865,915	7,165,202	75.2	4,882,290	146.8
10/1/05	20,284,630	26,608,015	6,323,385	76.2	4,118,048	153.6
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

* 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, 2010
Contribution Rates:	
Employer (and State)	168.64%
Plan Members	10.67%
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level dollar amount
Equivalent Single Amortization Period	
General Members	19 years
Police Members	13 years
Asset Valuation Method	5-year smoothed market with phase-in
Actuarial Assumptions	
Investment rate of return*	7.5%
Projected salary increases*	5.5%
Cost-of-living adjustments	N/A
*Includes inflation and other general increases at	3.0%

ACTUARIAL ASSUMPTIONS AND ACTUARIAL COST METHODS

A. Mortality

The 1994 Group Annuity Mortality Table for males and females (the 1983 Group Annuity Mortality Table for males with females set back six years was used prior to the October 1, 2006 valuation).

B. Interest to be Earned by Fund

7.5%, gross of investment expenses, compounded annually

C. Allowances for Expenses

Actual investment and administrative expenses paid in previous year.

D. Employee Withdrawal Rates: Sample 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 3.0% 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. Asset Allocation

Assets for this Plan are invested along with the assets for the Firefighter's Fund. Earnings are then allocated based on weighted assets. The earnings allocated to the Firefighter's Fund are excluded from consideration for purposes of the valuation of this Plan.

K. Cost Method

Entry Age Normal Actuarial Cost Method.

The Unfunded Actuarial Accrued Liability is funded as a level dollar amount. The amortization periods for new bases end with the plan year 2029/30.

L. Changes From Previous Valuation

The investment return assumption has been lowered from 8.0% to 7.5%, and the inflation rate assumption has been lowered from 3.5% to 3.0%. In addition the amortization periods in excess of 20 years have been reduced to 20 years.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Administrative Expenses	Expenses paid out of the fund are assumed to be equal to the actual amount for the previous year.
Benefit Service	Exact Fractional service is used to determine the benefit payable.
Cost of Living Allowances	3% for certain members covered under the police bargaining unit who retired or entered the DROP within a specified time period, with delayed commencement.
Decrement Operation	Turnover does not operate during Normal Retirement eligibility; mortality and disability operate during Normal Retirement eligibility.
Decrement Timing	Decrements of all types are assumed to occur mid year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the valuation date.
Incidence of Contributions	Contributions are assumed to be received monthly throughout the year.
Marriage Assumption	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Normal Form of Benefit	A straight life benefit is the normal form of benefit; Ten year certain and life is the normal form of disability benefit.
Option Factors	Valuation assumptions.
Pay Increase Timing	Beginning of (fiscal) year.
Reemployment, Transfers, Service Purchases	No assumption.
Service Credit Accruals	It is assumed that members accrue one year of service credit per year.
Technical Adjustments	No adjustments were made.
Vested Terminated Members	Receive the greater value of a refund of accumulated member contributions, with interest if applicable, or the vested deferred benefit.

GLOSSARY OF TERMS

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

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between the normal cost rate from last year and the normal cost rate from this year.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 25 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.

<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION III

PENSION FUND INFORMATION

STATEMENT OF ASSETS AT MARKET VALUE AS OF OCTOBER 1, 2010			
	General	Police	Total
Cash & Short Term Investments	\$ 295,462	\$ 278,595	\$ 574,057
General Investments			
U.S. Government Securities	2,067,660	1,949,623	4,017,283
Corporate Bonds	2,296,051	2,164,976	4,461,027
Domestic Equities	6,506,540	6,135,103	12,641,643
International Equities	502,758	474,058	976,816
Accrued Interest & Dividends	53,323	50,282	103,605
Sub-Total	<u>11,426,332</u>	<u>10,774,042</u>	<u>22,200,374</u>
Receivables/(Prepaid)			
Member Contributions	0	0	0
City Contributions	(32,945)	(52,677)	(85,622)
State Contributions	0	0	0
Net due from Brokers	(3,535)	(3,333)	(6,868)
Sub-Total	<u>(36,480)</u>	<u>(56,010)</u>	<u>(92,490)</u>
Payables			
Accounts Payable	14,744	13,904	28,648
DROP Benefits Payable	850,013	779,290	1,629,303
Sub-Total	<u>864,757</u>	<u>793,194</u>	<u>1,657,951</u>
Total Pension Fund Assets	10,820,557	10,203,433	21,023,990
Less: Pension Fund Assets Allocated to the Volunteer Firefighter's Plan	386,755	364,697	751,452
Net Pension Fund Assets	10,433,802	9,838,736	20,272,538

INCOME AND DISBURSEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2010			
	General	Police	Total
A. Market Value as of Beginning of Year	\$ 10,257,149	\$ 9,409,972	\$ 19,667,121
B. Receipts During Period			
1. Contributions			
a. Employee	69,698	29,085	98,783
b. City	514,830	823,182	1,338,012
c. State	0	0	0
d. Total	<u>584,528</u>	<u>852,267</u>	<u>1,436,795</u>
2. Investment Earnings			
a. Interest & Dividends	344,015	320,036	664,051
b. Net Realized Appreciation	152,840	142,186	295,026
c. Net Unrealized Appreciation	428,807	398,917	827,724
d. Earnings Allocated to Firefighters	32,849	30,559	63,408
e. Total: a. + b. + c. - d.	<u>892,813</u>	<u>830,580</u>	<u>1,723,393</u>
3. Other Non-investment Income	0	0	0
4. Total Receipts During Period	1,477,341	1,682,847	3,160,188
C. Disbursements During Period			
1. Benefits			
a. Pension Payments	1,123,900	1,094,099	2,217,999
b. Earnings credited to DROP, net fees	60,240	51,560	111,800
c. Refunds	0	0	0
c. Total	<u>1,184,140</u>	<u>1,145,659</u>	<u>2,329,799</u>
2. Allocated Expenses			
a. Investment Expenses	55,760	51,873	107,633
b. Administrative Expenses	60,788	56,551	117,339
c. Total Expenses	<u>116,548</u>	<u>108,424</u>	<u>224,972</u>
3. Total Disbursements During Period	1,300,688	1,254,083	2,554,771
D. Market Value as of End of Year	10,433,802	9,838,736	20,272,538

Development of Funding Value of Assets for General Employees as of October 1		
	2010	2009
A. Market Value of Assets at Beginning of Year	\$10,257,149	\$10,762,906
B. Contributions & Commission Recapture	584,528	553,331
C. Disbursements		
1. Benefit Payments	1,184,140	1,007,372
2. Non Investment Expenses	60,788	106,456
3. Investment Expenses	55,760	38,768
4. Total Disbursements	1,300,688	1,152,596
D. Expected Investment Income	791,926	837,062
E. Expected Assets End of Year: A+B-C+D	10,332,915	11,000,703
F. Actual Market Value at End of Year	10,433,802	10,257,149
G. Excess/(Shortfall) of Actual over Expected Assets: F-E		
1. From This Year	100,887	(743,554)
2. From One Year Ago	(743,554)	(2,818,285)
3. From Two Years Ago	(2,818,285)	621,741
4. From Three Years Ago	621,741	(107,221)
H. Decreasing Fractions of Excess/(Shortfall)		
1. 80% From This Year	80,710	(594,843)
2. 60% From One Year Ago	(446,132)	(1,690,971)
3. 40% From Two Years Ago	(1,127,314)	248,696
4. 20% From Three Years Ago	<u>124,348</u>	<u>(21,444)</u>
5. Total	(1,368,388)	(2,058,562)
I. Preliminary Actuarial Value as of End of Year: F-H5	11,802,190	12,315,711
J. Final Valuation Assets must be within the range of 80% to 120% of Market Value		
1. 80% of Market Value	8,347,041	8,205,719
2. 120% of Market Value	12,520,562	12,308,579
3. Valuation Assets	11,802,190	12,308,579
K. Investment Gain/(Loss)		
1. Actual Income on Valuation Assets	209,771	249,762
2. Expected Income on Valuation Assets	956,040	988,676
3. Gain/(Loss): (1) - (2)	(746,269)	(738,914)

Development of Funding Value of Assets for Police Officers as of October 1		
	2010	2009
A. Market Value of Assets at Beginning of Year	\$9,409,972	\$9,707,450
B. Contributions & Commission Recapture	852,267	812,412
C. Disbursements		
1. Benefit Payments	1,145,659	1,062,856
2. Non Investment Expenses	56,551	96,820
3. Investment Expenses	51,873	35,258
4. Total Disbursements	1,254,083	1,194,934
D. Expected Investment Income	736,725	761,295
E. Expected Assets End of Year: A+B-C+D	9,744,881	10,086,223
F. Actual Market Value at End of Year	9,838,736	9,409,972
G. Excess/(Shortfall) of Actual over Expected Assets: F-E		
1. From This Year	93,855	(676,251)
2. From One Year Ago	(676,251)	(2,497,105)
3. From Two Years Ago	(2,497,105)	548,034
4. From Three Years Ago	548,034	(96,950)
H. Decreasing Fractions of Excess/(Shortfall)		
1. 80% From This Year	75,084	(541,001)
2. 60% From One Year Ago	(405,751)	(1,498,263)
3. 40% From Two Years Ago	(998,842)	219,214
4. 20% From Three Years Ago	<u>109,607</u>	<u>(19,390)</u>
5. Total	(1,219,902)	(1,839,440)
I. Preliminary Actuarial Value as of End of Year: F-H5	11,058,638	11,249,412
J. Final Valuation Assets must be within the range of 80% to 120% of Market Value		
1. 80% of Market Value	7,870,989	7,527,978
2. 120% of Market Value	11,806,484	11,291,967
3. Valuation Assets	11,058,638	11,249,412
K. Investment Gain/(Loss)		
1. Actual Income on Valuation Assets	211,042	244,009
2. Expected Income on Valuation Assets	883,880	895,733
3. Gain/(Loss): (1) - (2)	(672,838)	(651,724)

RECONCILIATION OF DROP ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2010			
	General	Police	Total
A. Account Balances as of Beginning of Year	\$ 578,888	\$ 600,629	\$ 1,179,517
B. Receipts During Period			
1. Deposits	272,771	281,841	554,612
2. Investment Earnings, net fees	60,240	51,560	111,800
3. Total	<u>333,011</u>	<u>333,401</u>	<u>666,412</u>
C. Withdrawals During Period	61,886	154,740	216,626
D. Account Balances as of End of Year	850,013	779,290	1,629,303

INVESTMENT RATE OF RETURN

The investment rate of return for the General and Police Plan combined 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
9/30/2010	9.0 %	1.8 %
9/30/2009	0.9	2.1
9/30/2008	(13.9)	5.1
9/30/2007	13.3	10.9
9/30/2006	7.0	6.9
9/30/2005	9.5	3.1
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
Average Compounded Rate of Return for Last 5 Years	2.8	5.3
Average Compounded Rate of Return for Last 10 Years	2.7	4.1

SECTION IV

MEMBER STATISTICS

STATISTICAL DATA, GENERAL EMPLOYEES			
	10/1/10	10/1/09	10/1/08
Active Participants			
Number	11	13	18
Total Annual Earnings	\$ 619,129	\$ 735,297	\$ 1,053,750
Average Annual Earnings	56,284	56,561	58,542
Averages			
Current Age	50.8	50.4	53.4
Age at Employment	34.6	35.4	38.3
Past Service	16.2	15.0	15.1
Service at Age 60	25.4	24.6	21.7
Members Receiving Benefits			
Number	34	33	27
Total Annual Pensions	\$ 877,827	\$ 853,707	\$ 617,586
Average Monthly Benefit	2,152	2,156	1,906
Average Current Age*	65.6	65.6	66.7
DROP Participants			
Number	7	8	9
Total Annual Pensions	\$ 273,291	\$ 295,227	\$ 327,505
Average Monthly Benefit	3,253	3,075	3,032
Average Current Age	55.4	55.6	54.4
Terminated Members with Vested Benefits			
Number	1	1	2
Total Annual Pensions	\$ 7,897	\$ 7,897	\$ 22,851
Average Monthly Benefit	658	658	952
Average Current Age	43.4	42.4	51.0

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

Note: Pensions shown include monthly supplement.

STATISTICAL DATA, POLICE OFFICERS			
	10/1/10	10/1/09	10/1/08
Active Partipants			
Number	4	5	7
Total Annual Earnings	\$ 300,286	\$ 385,878	\$ 516,923
Average Annual Earnings	75,071	77,176	73,846
Averages			
Current Age	42.5	43.5	42.0
Age at Employment	27.4	28.2	26.2
Past Service	15.1	15.3	15.8
Service at Age 60	32.6	31.8	33.8
Members Receiving Benefits			
Number	25	23	21
Total Annual Pensions	\$ 866,741	\$ 805,799	\$ 731,556
Average Monthly Benefit	2,889	2,920	2,903
Average Current Age*	59.3	59.6	60.1
DROP Participants			
Number	7	7	6
Total Annual Pensions	\$ 309,395	\$ 296,621	\$ 255,162
Average Monthly Benefit	3,683	3,531	3,544
Average Current Age	51.0	50.0	50.2
Terminated Members with Vested Benefits			
Number	0	1	2
Total Annual Pensions	\$ 0	\$ 34,270	\$ 70,549
Average Monthly Benefit	0	2,856	2,940
Average Current Age	0.0	47.8	47.8

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

Note: Pensions shown include monthly supplement.

RECONCILIATION OF MEMBERSHIP DATA FROM 10/1/2009 TO 9/30/2010			
	General	Police	Total
A. Active Members			
1 Number Included in Last Valuation	13	5	18
2 New Members Included in Current Valuation	0	0	0
3 Non-Vested Employment Terminations	0	0	0
4 Vested Employment Terminations	(1)	0	(1)
5 Non-Vested Transfers to FRS	0	0	0
6 Vested Transfers to FRS	0	0	0
7 Service Retirements	(1)	0	(1)
8 Disability Retirements	0	0	0
9 Deaths	0	0	0
10 DROP Retirements	<u>0</u>	<u>(1)</u>	<u>(1)</u>
11 Number Included in This Valuation	11	4	15
B. Terminated Vested Members			
1 Number Included in Last Valuation	1	1	2
2 Additions from Active Members	1	0	1
3 Lump Sum Payments	0	0	0
4 Payments Commenced	0	(1)	(1)
5 Returned to Work	0	0	0
6 Refunds	<u>(1)</u>	<u>0</u>	<u>(1)</u>
7 Number Included in This Valuation	1	0	1
C. DROP Participants			
1 Number Included in Last Valuation	8	7	15
2 Additions from Active Members	0	1	1
3 Retired	(1)	(1)	(2)
4 Deaths	<u>0</u>	<u>0</u>	<u>0</u>
5 Number Included in This Valuation	7	7	14
D. Service Retirees, Disability Retirees and Beneficiaries			
1 Number Included in Last Valuation	33	23	56
2 Additions from Active Members	1	0	1
3 Additions from Terminated Vested Members	0	1	1
4 Additions from DROP	1	1	2
5 Deaths Resulting in No Further Payments	(1)	0	(1)
6 End of Certain Period - No Further Payments	<u>0</u>	<u>0</u>	<u>0</u>
7 Number Included in This Valuation	34	25	59

Age and Service Distribution Active General Employees As of October 1, 2010												
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	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	2	1	0	0	0	3
45-49	0	0	0	0	0	0	1	1	0	0	0	2
50-54	0	0	0	0	0	1	1	1	1	0	0	4
55-59	0	0	0	0	0	0	0	0	0	1	0	1
60-64	0	0	0	0	0	0	0	0	0	0	0	0
65&UP	0	0	0	0	0	0	0	1	0	0	0	1
TOTAL	0	0	0	0	0	1	4	4	1	1	0	11

Age and Service Distribution
Active Police Officers
As of October 1, 2010

<u>Ages</u>	<u>Years of Past Service</u>											<u>Totals</u>
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	
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	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	2	0	0	0	0	2
40-44	0	0	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	1	0	0	0	1
50-54	0	0	0	0	0	0	1	0	0	0	0	1
55-59	0	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	3	1	0	0	0	4

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 amendments included as of October 1, 2010 were Ordinance Nos. 894 and 923, described above. The Plan is closed to members hired on or after August 1, 2007, the effective date of the City's participation in FRS.

B. Eligibility Requirements:

All full-time employees (excluding elected officials and the City Administrator) hired prior to August 1, 2007, who elected to remain in the City plan rather than transfer to FRS during the 30 day election period.

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.

Active members with 15 or more years of service as of October 1, 2006 who retire by September 30, 2009, may retire with unreduced benefits, payable when the member would have reached normal retirement date if they had remained continuously employed.

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 termination

Benefit: 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 six (6) year participation period (five (5) year period prior to Ordinance 923), 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. Cost of Living:

Certain members of the police bargaining unit, including non-sworn members participating in the General Employees plan, receive a delayed 3% Cost of Living adjustment (COLA). It applies only to bargaining unit members who retire or enter the DROP during the term of the 2002-2005 Collective Bargaining Agreement, or enter the DROP prior to the 2002-2005 Collective Bargaining Agreement. The COLA begins on the fifth, sixth or seventh anniversary of retirement or DROP, depending on the date of retirement or DROP.

Members of the police bargaining unit, including non-sworn members participating in the General Employees plan, who have a minimum of ten (10) years of credited service with the City as of October 31, 2006 and who hereafter enter the DROP or retire from the City, receive a delayed 3% Cost of Living adjustment (COLA). The COLA begins on the sixth anniversary of retirement or DROP.

Q. 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:

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.

**PERTINENT ACTUARIAL INFORMATION
AS OF OCTOBER 1**

	2010	2009
Number of Members of the Plan		
Actives (Current Employees)	15	18
Inactives (Service and Disability Retirees, Beneficiaries and Vested Terminated Employees)	74	73
Annual Payroll of Active Members	\$ 919,415	\$ 1,121,175
Annual Rate of Benefits in Pay Status incl DROP	2,327,254	2,251,355
Present Value Accumulated Plan Benefits	32,490,534	30,818,437
Net Assets Available for Benefits	20,205,199	19,599,782
Required Contribution to be Made to the Plan Over and Above Contributions by Members of the Plan:	1,550,528	1,338,012
Required Contribution as % of Payroll of Active Members	168.64 %	119.34 %
Required Contribution to be Paid During Year Ending	9/30/2011	9/30/2010

**PENSION FUND INCOME AND EXPENSE
YEAR ENDING SEPTEMBER 30**

	2010	2009
Market Value of Fund at Beginning of Period	19,667,121	\$ 20,470,356
Income		
Member Contributions	98,783	154,324
Employer Contributions	1,338,012	1,211,419
Investment Earnings	<u>1,723,393</u>	<u>178,552</u>
Total Income	3,160,188	1,544,295
Expenses		
Monthly Benefit Payments	2,217,999	1,980,928
DROP Earnings	111,800	89,300
Refunds	0	0
Investment Expense	107,633	74,026
Administrative Expense	<u>117,339</u>	<u>203,276</u>
Total Expenses	2,554,771	2,347,530
Net Increase During Period	605,417	(803,235)
Market Value of Fund at End of Period	20,272,538	19,667,121