Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

CITY OF HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM

Actuarial Valuation Report as of October 1, 2012

www.CavMacConsulting.com

TABLE OF CONTENTS

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

May 14, 2013

Board of Trustees of the
City of Hollywood Police Officers' Retirement System
4205 Hollywood Blvd., Suite 4
Hollywood, Florida 33021

Dear Members of the Board:

This report presents the results of the actuarial valuation of the City of Hollywood Police Officers' Retirement System for the plan year beginning October 1, 2012. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2012 and to determine the minimum required contribution amount for the 2013/2014 fiscal year. In addition, this report provides a record of any plan amendments or other plan changes affecting the financial status of the fund. Our calculations were prepared based on member data and financial information provided by the Retirement System. Historical data before the October 1, 2007 valuation was provided by the prior actuary.

Summary of Valuation Results

Currently, the Retirement System receives contributions from the City of Hollywood, the State of Florida and from active members. The total required annual contribution for the 2013/2014 fiscal year from all sources is $13,197,747. The amount of the City contributions varies year to year. The member contributions are equal to 9.25% of payroll. Taking into account expected member contributions of $1,299,357 and expected State contributions of $1,111,640; the total required contribution from the City is $10,786,750. In comparison, the required City contribution for the 2012/2013 fiscal year was $11,391,857 before any offset for State contributions. The City's contribution requirement for the 2013/2014 fiscal year assumes the City will be able to use the State distribution expected in August 2014 to offset its contribution. During fiscal year 2014 a calculation will have to be prepared to determine whether the System still meets the State requirements to use the State distribution.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE • Hilton Head Island, SC

In determining the City's contribution requirement we have included interest to reflect our understanding that the City makes bi-weekly contributions throughout the fiscal year. In the table below we present the City's contribution requirements whether the City elects to pay the full amount on October 1, 2013 or in bi-weekly installments throughout the 2013/2014 fiscal year.

City contribution payable October 1, 2013	$10,310,485
Interest for bi-weekly payments during 2013/2014 fiscal year	$476,265
City contribution payable in bi-weekly installments	$10,786,750

The plan's unfunded liability was projected to be $127,888,626 as of 10/1/2012, taking into account actual contributions from all sources of $11,307,996 for the year ended September 30, 2012. The actual unfunded liability is $130,353,835. The increase of $2,465,209 in the unfunded liability is primarily due to decremental experience and the return on actuarial assets that was different from expected. The total increase in City contribution to amortize the unfunded liability is $514,121. The reason for the increase in the City unfunded liability contribution is explained in Table II. A summary of the amortization payments is presented in Table Va.

Due to the passage of Ordinance No. O-2011-27, the benefit structure in effect on September 30, 2011 was frozen. The frozen accrued benefit amounts for active participants were provided by the plan administrator.

A summary of the results of the valuation and the contribution requirements is presented in Table I. Disclosure information required by GASB statements 25 and 27 can be found in Tables III and IV. The disclosure information required by Chapter 112, Florida Statutes, is presented in Table V. Tables VII and X provide information about the fund's assets and historical contributions. Table VIb provides an asset reconciliation between October 1, 2011 and October 1, 2012. Table VI provides a breakdown of the fund assets by investment type and the calculation of the actuarial value of assets. Tables VII, VIIa, VIII provide a historical record of the growth, expenses, revenues, annual returns and contributions of the fund. Tables IX and IXa through IXd provide a variety of useful information concerning the participant population. The assumptions and methods used in the valuation are outlined in Table XI. In the October 1, 2012 actuarial valuation we have made an adjustment in the actuarial asset method to reflect more common current practice. Provisions of the plan are set forth in Table XII.

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 and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Future actuarial results may differ significantly from the current results 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 decreased 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. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Respectfully submitted,

Jose I. Fernandez, ASA, EA, FCA, MAAA
Principal and Consulting Actuary
Enrolled Actuary No. 11-4461

Todd B. Green, ASA, FCA, MAAA
Principal and Consulting Actuary

JIF/TBG:jnw

\\fileserver\shared\Hollywood Police\Valuation\10-1-2012\10-1-2012 Hollywood Police Valuation Report.docx

	As of October 1, 2011	As of October 1, 2012
1. Number of Members		
a. Active Members	**224**	**214**
b. Deferred Vested Members	**7**	**7**
c. Retired Members:		
i. Members in DROP	59	43
ii. Non-disabled	233	254
iii. Disabled	27	27
iv. Beneficiaries	36	37
v. Sub-total	**355**	**361**
d. Total Members	**586**	**582**
2. Total Annual Compensation	**$15,230,825**	**$13,572,085**
3. Total Projected Payroll	**$15,763,904**	**$14,047,108**
4. Total Retired Member Benefits	**$19,732,947**	**$20,376,661**
5. Derivation of Normal Cost		
a. Present Value of Future Benefits	$313,887,226	$318,298,760
b. Present Value of Future Normal Cost	($24,259,998)	($21,920,489)
City Portion	*($9,821,130)*	*($9,312,105)*
Member Portion	*($14,438,868)*	*($12,608,384)*
c. Actuarial Accrued Liability (AAL)	$289,627,228	$296,378,271
d. Actuarial Value of Assets	($163,376,325)	($166,024,436)
e. Unfunded Accrued Liability (c. + d.)	**$126,250,903**	**$130,353,835**
f. Normal Cost with Interest	$2,865,967	$2,687,027
g. Payment to Amortize Unfunded Liability	$9,120,334	$9,634,455
h. Administrative Expenses	$400,000	$400,000
i. Bi-weekly Interest Adjustment	$463,717	$476,265
j. Total (f. + g. + h. + i.)	**$12,850,018**	**$13,197,747**
6. Expected Contributions Fiscal Year	**2012/2013**	**2013/2014**
a. Expected Member Contributions	$1,458,161	$1,299,357
b. Expected Chapter 185 Monies	$0	$1,111,640
c. Expected City Contribution	$11,391,857	$10,786,750
d. Total (a. + b. + c.)	**$12,850,018**	**$13,197,747**

The expected City contribution with respect to fiscal year 2012/2013 was determined in the October 1, 2011 actuarial valuation at a time when the understanding was that no further contributions from the State after October 1, 2011 could be used by the City to offset its contribution. However, based on the State's Division of Retirement interpretation in 2012, it appears the City can use State premium tax moneys to offset its contribution to the Retirement System. On this basis, the City may be able to use all or a portion of the State distribution in August 2013 to offset its contribution for fiscal year 2013. In addition, there is a pre-paid City contribution of $2,807,640 as of October 1, 2012 which the City can use to reduce its remaining cash contribution for fiscal year 2013.

1. Asset (Gain) / Loss	
a. Actuarial Value of Assets as of October 1, 2011	$163,376,325
b. Interest on item 1a. [1a. x 8%]	$13,070,106
c. Contributions for the 2011/2012 Plan Year	$11,307,996
d. Interest on item 1c. [1c. x 8% x .5]	$452,320
e. Benefit Payments for 2011/2012 Plan Year (Including Expenses)	($20,578,692)
f. Interest on item 1e. [1e. x 8% x .5]	($823,148)
g. Expected Actuarial Value of Assets as of October 1, 2012	$166,804,907
h. Actuarial Value of Assets as of October 1, 2012	$166,024,436
i. (Gain) / Loss	**$780,471**
2. Actuarial Accrued Liability (Gain) / Loss	
a. Actuarial Accrued Liability as of October 1, 2011	$289,627,228
b. Normal Cost for 2011/2012 Plan Year	$2,653,673
c. Assumed Expenses for 2011/2012 Plan Year	$400,000
d. Interest on items 2a, 2b.and 2c. [(2a.+2b.+2c.) x 8%]	$23,414,472
e. Benefit Payments (Including Expenses) for 2011/2012 Plan Year	($20,578,692)
f. Interest on item 2f. [2e. x 8% x .5]	($823,148)
g. Expected Actuarial Liability as of October 1, 2012	$294,693,533
h. Actuarial Accrued Liability as of October 1, 2012	$296,378,271
i. (Gain) / Loss	**$1,684,738**
3. Expected Unfunded Actuarial Accrued Liability (UAAL) (2g. - 1g.)	**$127,888,626**
4. Changes due to	
a. Assumption Changes	$0
b. Method Changes	0
c. Plan Amendments	0
d. Actuarial (Gain) / Loss	$2,465,209
5. UAAL as of October 1, 2012 (3. + 4a. + 4b. + 4c. + 4d.)	**$130,353,835**

6. Items Affecting Calculation of Accrued Liability:

a. Plan provisions reflected in the unfunded accrued liability (see Table XII)
b. Plan amendments reflected in item 4.c. above (see Table XIIa)
c. Actuarial assumptions and methods used to determine actuarial accrued liability (see Table XI)
d. Changes in actuarial assumptions and methods reflected in items 4.a. and 4.b. above (see Table XIa)

7.	**Actual Unfunded Accrued Liability (UAL) Payment as of October 1, 2011 Valuation:**		$9,120,334
8.	**Changes in UAL Payment Due to Actuarial (Gains)/Losses During the 2011/2012 Plan Year:**		
	a. Due to Salary	(130,472)	
	b. Due to Investment Performance	48,707	
	c. Due to Turnover/Mortality	73,595	
	d. Due to New Retirements	100,545	
	e. Due to Data/Service Adjustments	1,634	
	f. Due to Timing of DROP Retiree COLAs	59,837	
	h. Due to Timing of Employer Contributions	41,063	
	i. Due to Expected Payroll Growth	319,212	
	j. Due to New Members	0	
	k. Total		$514,121
9.	**Other Changes in UAL Payment During the 2011/2012 Plan Year:**		
	a. Assumption changes	0	
	b. Method changes	0	
	c. Plan changes	0	
	d. Total change		$0
10.	**Unfunded Accrued Liability Payment as of October 1, 2012 Valuation:**		$9,634,455

11. Comments on Change in Unfunded Accrued Liability Contribution Payment:

Salary/Service: Average salary decreases of 5.88% compared to expected increases of 5.54%.

Investment Performance: 7.51 actual vs. 8.0% expected return on the actuarial value of assets.

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

New retirements: Net effect of differences in expected vs. actual numbers of, and benefits for, new retirements and refund of employee contributions.

Data/Service Adjustments: Effect of service adjustments for service purchases and other data adjustments.

Timing of DROP Retiree COLAs: Effect of COLA beginning earlier than 8-year deferral period for members leaving DROP and timing of COLAs.

Payroll Growth: 3.5% annual increase in amortization payment according to amortization method.

Employer Contributions: Employer contributions lower than expected

Assumption Changes: None

Method Changes: None

Plan Changes: None

	For the Plan Year 2011/2012	For the Plan Year 2012/2013
A. Number of Plan Members as of October 1:		
a. Retirees and beneficiaries receiving benefits	355	361
b. Terminated plan participants entitled to but not yet receiving benefits	7	7
c. Active plan participants	224	214
d. Total	586	582

B. Development of Annual Required Contribution (ARC):

	2012	2013
a. Employer normal cost (as percent of Projected Payroll):		
i. Normal cost plus Admin. Expenses	3,246,199	3,265,967
ii. Interest Adjustment	171,640	144,576
iii. Expected employee contribution	(1,463,773)	(1,458,161)
iv. **Employer normal cost**	**1,954,066**	**1,952,382**
b. **Amortization of UAAL**	**7,977,208**	**9,120,334**
c. **ARC**	**9,931,274**	**11,072,716**

C. Annual Pension Cost and Net Pension Obligation (NPO):

	2012	2013
a. ARC	$9,931,274	$11,072,716
b. Interest on NPO	$0	$0
c. Adjustment to ARC	$0	$0
d. **Annual Pension Cost**	**$9,931,274**	**$11,072,716**
e. City and State Contributions made	$9,931,274	
f. Increase(decrease) in NPO	$0	
g. NPO (beginning of year)	$0	
h. **NPO (end of year)**	**$0**	

D. Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	Contribution Made	Percentage Contributed
2009	$11,332,169	$11,332,169	100.0%
2010	$12,471,751	$12,471,751	100.0%
2011	$12,970,210	$12,970,210	100.0%
2012	$9,931,274	$9,931,274	100.0%

E. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1)/(2)	Annual Covered Payroll (3)	UAAL as % of Covered Payroll [(2) - (1)]/(3)
10/1/2007	$167,269,474	$274,339,927	$107,070,453	61.0%	$17,443,924	613.8%
10/1/2008	$165,750,474	$284,619,717	$118,869,243	58.2%	$18,459,663	643.9%
10/1/2009	$161,780,132	$302,546,669	$140,766,537	53.5%	$18,445,452	763.2%
10/1/2010	$172,261,712	$283,729,153	$111,467,441	60.7%	$15,289,445	729.0%
10/1/2011	$163,376,325	$289,627,228	$126,250,903	56.4%	$15,230,825	828.9%
10/1/2012	$166,024,436	$296,378,271	$130,353,835	56.0%	$13,572,085	960.5%

Additional Information

Valuation date :	October 1, 2011	October 1, 2012
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level Percent Closed	Level Percent Closed
Remaining amortization period:	21 to 30 years	20 to 30 years
Asset valuation method:	5 - Year Smoothed Market	5 - Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.03% to 10.67%	5.03% to 10.67%
Includes inflation at	3.50%	3.50%
Cost of living adjustments	2.00% for Benefits Accured Prior to October 1, 2011	2.00% for Benefits Accured Prior to October 1, 2011

Shown below is the development of the Total Present Value of Accrued Benefit for the Plan. The calculations were performed in accordance with Chapter 2011-216 Laws of Florida (SB 1128) which requires the calculation of the present value of accrued benefits be calculated using the Florida Retirement System's assumed rate of return of 7.75% in order to promote comparability of actuarial data between local plans.

1. Actuarial Present Value of Accrued Benefits

	As of October 1, 2011	As of October 1, 2012
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	$257,234,551	$264,370,765
ii. Active members	$33,931,771	$34,882,391
iii. Sub-total	$291,166,322	$299,253,156
b. Non-vested Accrued Benefits	$3,114,091	$2,381,957
c. Total Benefits	**$294,280,413**	**$301,635,113**
d. Market Value of Assets	$148,523,932	$169,520,688
c. Percentage Funded	50.5%	56.2%

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

a. Actuarial Present Value as of October 1, 2011 (7.75% Interest):	**$294,280,413**
b. Increase (Decrease) During 2011/2012 Plan Year Attributable to:	
i. Interest	$22,031,520
ii. Benefits accumulated/experience	$5,328,651
iii. Benefits paid	($20,005,471)
iv. Plan amendments	$0
v. Changes in actuarial assumptions or methods	$0
vi. Net increase (decrease)	**$7,354,700**
c. Actuarial Present Value as of October 1, 2012 (7.75% Interest):	**$301,635,113**

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

a. Plan provisions reflected in the accrued benefits (see Table XII on page 31)
b. Plan amendments reflected in item 2.b.iv. above (see Table XIIa on page 35)
c. Actuarial assumptions and methods used to determine present values (see Table XI on page 27)
d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above (see Table XIa on page 30)

Shown below is the development of the Total Present Value of Accrued Benefit for the Plan. The calculations were performed using the Plan's discount rate of 8.0%.

1. Actuarial Present Value of Accrued Benefits

		As of October 1, 2011	As of October 1, 2012
a.	Vested Accrued Benefits:		
i.	Inactive members and beneficiaries	$250,884,558	$257,905,924
ii.	Active members	$32,498,327	$33,422,885
iii.	Sub-total	$283,382,885	$291,328,809
b.	Non-vested Accrued Benefits	$2,906,109	$2,225,016
c.	Total Benefits	**$286,288,994**	**$293,553,825**
d.	Market Value of Assets	$148,523,932	$169,520,688
c.	Percentage Funded	51.9%	57.7%

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

a.	Actuarial Present Value as of October 1, 2011 (8.0% Interest):	**$286,288,994**
b.	Increase (Decrease) During 2010/2011 Plan Year Attributable to:	
i.	Interest	$22,102,901
ii.	Benefits accumulated/experience	$5,167,401
iii.	Benefits paid	($20,005,471)
iv.	Plan amendments	$0
v.	Changes in actuarial assumptions or methods	$0
vi.	Net increase (decrease)	**$7,264,831**
c.	Actuarial Present Value as of October 1, 2012 (8.0% Interest):	**$293,553,825**

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

a. Plan provisions reflected in the accrued benefits (see Table XII on page 31)
b. Plan amendments reflected in item 2.b.iv. above (see Table XIIa on page 35)
c. Actuarial assumptions and methods used to determine present values (see Table XI on page 27)
d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above (see Table XIa on page 30)

	October 1, 2011	October 1, 2012
Participant Data:		
a. Active members:		
i. Number	224	214
ii. Total annual payroll	$15,230,825	$13,572,085
iii. Projected annual payroll	$15,763,904	$14,047,108
b. Retirees, members in DROP, and beneficiaries:		
i. Number	328	334
ii. Total annualized benefit	$18,989,202	$19,610,845
c. Disabled members receiving benefits:		
i. Number	27	27
ii. Total annualized benefit	$743,745	$765,816
d. Terminated vested members:		
i. Number	7	7
ii. Total annualized benefit	$176,715	$205,801
Assets:		
a. Actuarial value of assets	$163,376,325	$166,024,436
b. Market value of assets	$148,523,932	$169,520,688
Liabilities:		
a. Present value of all future expected benefit payments:		
i. Active members:		
Retirement benefits	$54,105,420	$52,405,609
Vesting benefits	$1,325,219	$1,161,271
Disability benefits	$3,082,510	$2,755,540
Death benefits	$4,113,173	$3,747,338
Sub-total	$62,626,322	$60,069,758
ii. Terminated vested members	$1,628,859	$1,855,591
iii. Retired members and beneficiaries:		
Retirees, members in DROP, and beneficiaries	$241,171,866	$247,729,555
Disabled members	$8,083,834	$8,320,778
Sub-total	$249,255,700	$256,050,333
iv. Member contributions (annuities & refunds)	$376,346	$323,078
v. Total present value of all future expected ben. pmts.	$313,887,227	$318,298,760

	October 1, 2011	October 1, 2012
Liabilities (cont.):		
b. Liabilities due and unpaid	$0	$0
c. Active actuarial accrued liability	$38,742,669	$38,472,347
d. Inactive actuarial accrued liability	$250,884,559	$257,905,924
e. Total actuarial accrued liability	$289,627,228	$296,378,271
f. Unfunded actuarial accrued liability (please reference Table Va for details concerning the unfunded liability bases and amortization periods)	$126,250,903	$130,353,835
Actuarial Present Value of Accrued Benefits: (please reference Table IV for details concerning the present value of accrued benefits)	$294,280,413	$301,635,113
Pension Cost (as a % of projected payroll):		
a. Normal cost plus projected administrative expenses	20.72%	21.98%
Dollar amount	$3,265,967	$3,087,027
b. Payment to amortize unfunded liability	57.86%	68.59%
Dollar amount	$9,120,334	$9,634,455
c. Interest adjustment	2.94%	3.39%
Dollar amount	$463,717	$476,265
d. Amount to be contributed by members	9.25%	9.25%
Dollar amount	$1,458,161	$1,299,357
e. Expected Chapter 185 monies	0.00%	7.91%
Dollar amount	$0	$1,111,640
f. Expected City Contributions	72.27%	76.80%
Dollar amount	$11,391,857	$10,786,750

	October 1, 2011	October 1, 2012
Past Contributions:		
a. Required City & State contribution	$12,970,210	$9,931,274
b. Actual contribution made by:		
i. City	$11,917,325	$8,819,634
ii. State	$1,052,885	$1,111,640
iii. Members	$1,706,543	$1,376,722
Net actuarial (gain) / loss:	$17,851,691	$2,465,209
Other disclosures:		
a. Present value of active members':		
i. Future salaries:		
at attained age	$156,095,873	$136,306,856
at entry age	N/A	N/A
ii. Future contributions:		
at attained age	$14,438,868	$12,608,384
at entry age	N/A	N/A
b. Present value of future normal contributions from City	$9,821,130	$9,312,105
c. Present value of future expected benefit payments for active members at entry age	N/A	N/A
d. Amount of active members' accumulated contributions	$12,569,564	$13,229,284

Description	Original Amount	Outstanding Balance as of October 1, 2011	2011/2012 Amortization Payment	Outstanding Balance as of October 1, 2012	2012/2013 Amortization Payment	Years Remaining October 1, 2012
2002 Early Retirement Window	$11,314,357	$12,802,378	$974,995	$12,851,573	$1,009,120	20 years
2002 Experience Loss	$26,376,767	$29,845,734	$2,272,971	$29,960,422	$2,352,525	20 years
2004 Experience Loss	$36,560,843	$40,615,688	$2,927,773	$40,937,170	$3,030,245	22 years
2005 Experience Loss	$15,940,669	$17,500,400	$1,230,650	$17,669,782	$1,273,722	23 years
2006 Experience Loss	$9,046,327	$9,799,509	$673,327	$9,910,143	$696,893	24 years
2007 Experience Loss	$914,479	$976,070	$65,625	$988,531	$67,922	25 years
2008 Experience Loss	$10,116,472	$10,625,418	$699,981	$10,775,470	$724,480	26 years
2009 Experience Loss	$20,405,785	$21,107,914	$1,364,175	$21,432,372	$1,411,921	27 years
2010 Experience (Gain)	($2,327,568)	($2,368,516)	($150,341)	($2,407,656)	($155,603)	28 years
2011 Experience Loss	$13,843,275	$13,843,275	$863,923	$14,086,814	$894,160	29 years
2012 Experience Loss*	$3,123,194			$3,123,194	$194,910	30 years
2004 Plan Amendment	$703,020	$780,989	$56,297	$787,171	$58,268	22 years
2006 Plan Amendment	$8,475,357	$9,181,000	$630,829	$9,284,651	$652,908	24 years
2009 Plan Amendment	$3,279	$3,392	$219	$3,444	$227	27 years
2010 Plan Amendment	($28,657,120)	($29,161,274)	($1,851,011)	($29,643,165)	($1,915,796)	28 years
2006 Assumption Change	($840,518)	($910,497)	($62,560)	($920,777)	($64,750)	24 years
2006 Asset Method Change	($7,745,683)	($8,390,577)	($576,519)	($8,485,304)	($596,697)	24 years
Total		**$126,250,903**	**$9,120,334**	**$130,353,835**	**$9,634,455**	

Date	Projected Unfunded Liability
October 1, 2012	$130,353,835
October 1, 2013	$131,147,690
October 1, 2014	$131,667,844
October 1, 2015	$131,880,602
October 1, 2042	$0

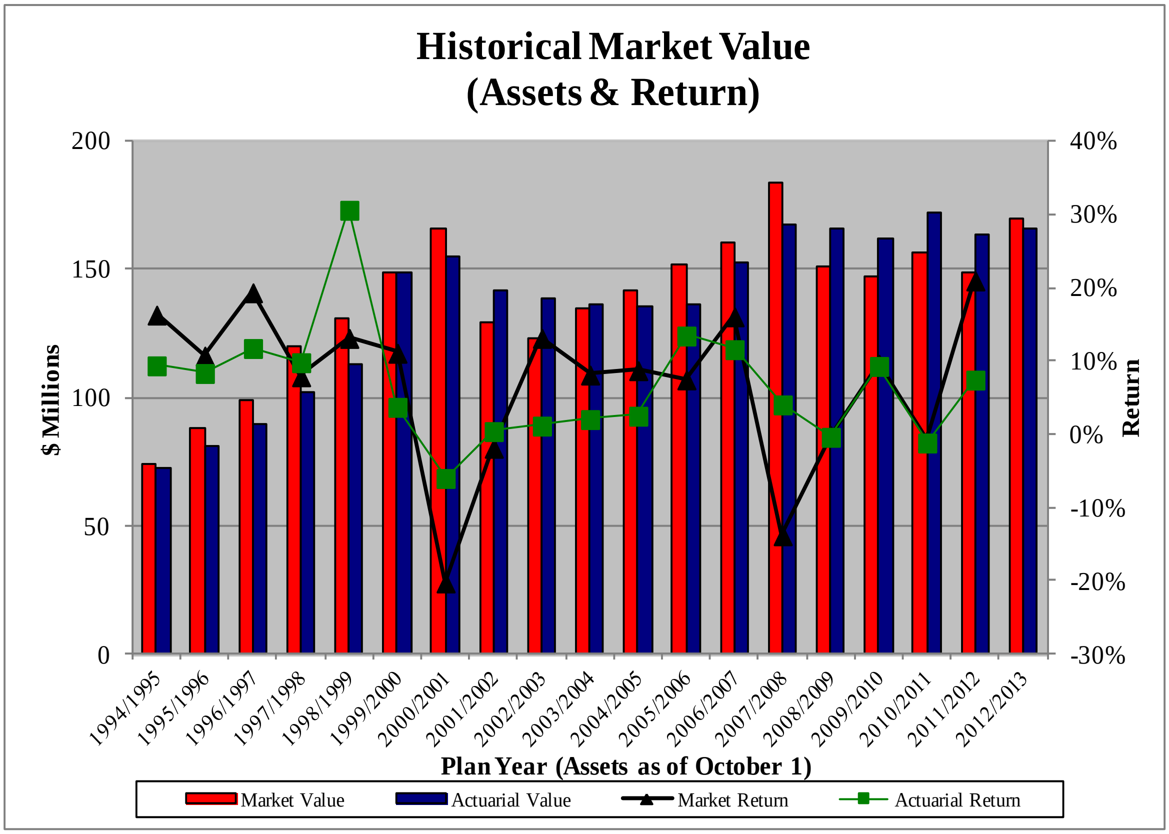
* The total experience loss/(gain) for the 2011/2012 plan year of $2,465,209 is adjusted by contribution timing differences adjusted for interest equal to $657,985

	As of October 1, 2011		As of October 1, 2012
1. Market Value of Assets			
a. Cash and short term investments (3.85%)	$4,759,663		$6,534,757
b. U.S. government obligations (11.72%)	$19,580,605		$19,865,061
c. Common stock (60.65%)	$87,714,321		$102,814,530
d. Corporate bonds and notes(48.6%)	$80,912,452		$82,380,930
e. State of Israel bonds (0.74%)	$1,249,971		$1,250,001
f. Domestic equity funds (9.67%)	$7,540,252		$16,395,863
g. Accrued income receivable (1.56%)	$1,490,455		$2,642,850
h. Accounts payable (-0.08%)	($76,247)		($134,041)
i. Benefits payable (-0.8%)	($1,776,666)		($1,350,018)
j. Deferred Retirement Option Plan Payable (-31.72%)	($47,877,816)		($53,765,888)
k. Share plan investments (-2.28%)	($3,965,320)		($3,866,030)
l. Payable for securities purchased (-0.26%)	($27,738)		($439,687)
m. Prepaid City contributions (-1.66%)	($1,000,000)		($2,807,640)
o. Market value of assets (100%)	**$148,523,932**		**$169,520,688**
2. Actuarial Value of Assets			
a. Market Value of Assets	$148,523,932		$169,520,688
b. State contribution reserve	$0		$0
c. Supplemental benefit payable	$0		$0
d. Market value of assets available for funding	$148,523,932		$169,520,688
e. 5-year phase-in of (gain)/loss on Actuarial Value of Assets:			
i. 2007/2008 — $37,708,216 — *x 20% =*	$7,541,643		
ii. 2008/2009 — $13,253,085 — *x 40% =*	$5,301,234	*x 20% =*	$2,650,617
iii. 2009/2010 — ($176,799) — *x 60% =*	($106,079)	*x 40% =*	($70,720)
iv. 2010/2011 — $14,881,572 — *x 80% =*	$11,905,258	*x 60% =*	$8,928,943
v. 2011/2012 — ($18,756,365)		*x 80% =*	($15,005,092)
vi. Total unrecognized losses/(gains)	$24,642,056		($3,496,252)
f. Preliminary Actuarial Value of Assets (Item d. plus item e.vi.)	**$173,165,988**		**$166,024,436**
g. Corridor around Actuarial Value of Assets			
i. 90% of Market Value (item d.)	**$133,671,539**		**$152,568,619**
ii. 110% of Market Value (item d.)	**$163,376,325**		**$186,472,757**
h. Actuarial Value of Assets (Item f., but within items g.i. and g.ii.)	**$163,376,325**		**$166,024,436**

	Market Value As of October 1, 2012
1. Beginning of Year	$148,523,932
2. Increases Due to:	
a. Contributions:	
i. City	$8,819,634
ii. State	$1,111,640
iii. Members	$1,376,722
iv. Total	$11,307,996
3. Decreases Due to:	
a. Benefit payments	$19,792,556
b. Refund of member contributions	$212,915
c. Administrative expenses	$573,221
d. Miscellaneous	$0
e. Total decreases	$20,578,692
4. Expected Investment Income	$11,511,087
5. Actual Investment Income	$30,267,452
6. (Gain) / Loss	($18,756,365)

	As of October 1, 2011	As of October 1, 2012
1. Beginning of Year Market Value:	**$156,601,556**	**$148,523,932**
2. Increases Due to:		
a. Contributions:		
i. City*	$11,917,325	$8,819,634
ii. State	$1,052,885	$1,111,640
iii. Members**	$1,706,543	$1,376,722
iv. Total	$14,676,753	$11,307,996
b. Investment income	($1,014,826)	$30,267,452
c. Total increases	$13,661,927	$41,575,448
3. Decreases Due to:		
a. Benefit payments	$21,248,965	$19,792,556
b. Refund of member contributions	$19,909	$212,915
c. Administrative expenses	$470,677	$573,221
d. Miscellaneous	$0	$0
e. Total decreases	$21,739,551	$20,578,692
4. End of Year Market Value:	**$148,523,932**	**$169,520,688**

* Excluding City contributions of $1,000,000 as of October 1, 2011 and $1,807,640 as of October 1, 2012 as pre-paid City contributions for fiscal year ending September 30, 2013.
** Including Buybacks



Plan Year	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments	Administrative Expenses	City, State, and Member Contributions	Market Value Return	Actuarial Value Return
1994/1995	$74,056,635	$72,657,916	$2,429,478	$148,992	$4,142,212	16.38%	9.45%
1995/1996	$87,877,980	$81,160,353	$2,672,370	$188,241	$4,460,157	10.79%	8.41%
1996/1997	$99,046,902	$89,651,428	$2,978,160	$201,976	$4,531,018	19.42%	11.82%
1997/1998	$119,763,625	$101,677,988	$3,098,859	$204,977	$4,654,229	7.96%	9.88%
1998/1999	$130,700,897	$113,138,759	$3,416,351	$207,480	$4,654,382	13.19%	30.68%
1999/2000	$149,041,366	$149,041,366	$4,429,296	$282,266	$4,804,272	11.17%	3.79%
2000/2001	$165,783,962	$154,778,060	$7,126,609	$303,284	$3,596,842	(20.18)%	(5.92)%
2001/2002	$128,875,555	$141,902,415	$8,237,745	$370,081	$4,822,459	(1.80)%	0.48%
2002/2003	$122,800,575	$138,795,086	$8,451,107	$334,053	$4,874,030	13.20%	1.23%
2003/2004	$134,838,492	$136,571,369	$11,152,686	$261,382	$7,342,352	8.19%	2.12%
2004/2005	$141,639,648	$135,356,309	$10,166,609	$353,750	$8,281,526	8.79%	2.58%
2005/2006	$151,753,020	$136,577,718	$12,532,418	$302,994	$10,269,928	7.53%	13.52%
2006/2007	$160,524,818	$152,299,396	$15,215,538	$482,895	$13,058,502	16.14%	11.66%
2007/2008	$183,577,473	$167,269,474	$19,148,054	$433,359	$11,336,306	(13.74)%	4.12%
2008/2009	$150,682,249	$165,750,474	$16,464,584	$403,324	$13,388,069	(0.09)%	(0.30)%
2009/2010	$147,072,847	$161,780,132	$18,195,346	$377,636	$14,105,064	9.66%	9.37%
2010/2011	$156,601,556	$172,261,712	$21,268,874	$470,677	$14,676,753	(0.66)%	(1.08)%
2011/2012	$148,523,932	$163,376,325	$20,005,471	$573,221	$11,307,996	21.04%	7.51%
2012/2013	$169,520,688	$166,024,436					

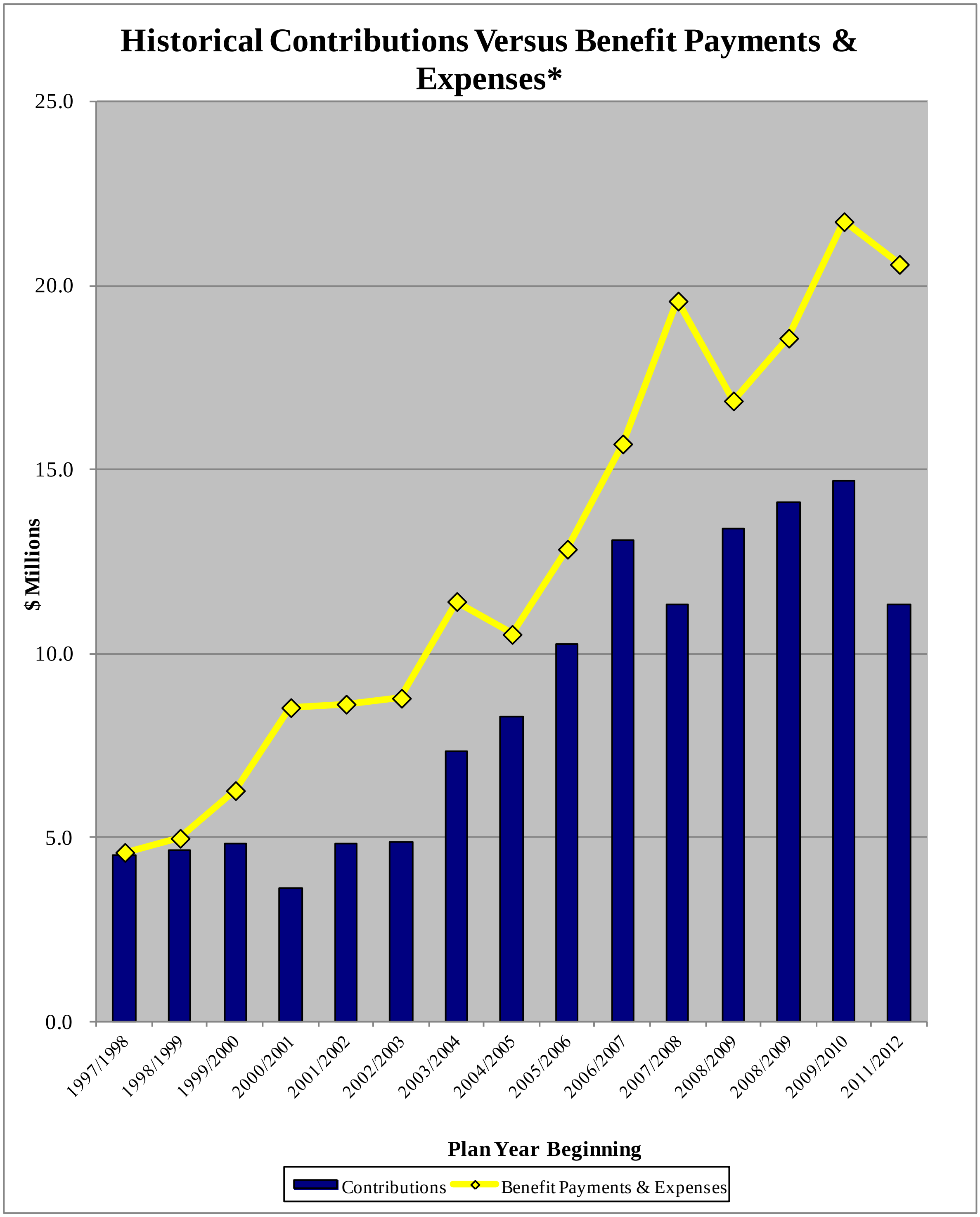
REVENUES

Fiscal Year	City Contributions	State Contributions	Member Contributions	Sub-Total	Net Investment Income	Total
1997/1998	$2,713,521	$722,694	$1,094,803	**$4,531,018**	$18,791,933	**$23,322,951**
1998/1999	$2,627,147	$778,850	$1,248,232	**$4,654,229**	$9,627,263	**$14,281,492**
1999/2000	$2,817,940	$752,306	$1,234,026	**$4,804,272**	$16,972,405	**$21,776,677**
2000/2001	$1,450,312	$860,226	$1,286,304	**$3,596,842**	($20,303,040)	**($16,706,198)**
2001/2002	$2,911,978	$67,447	$1,843,034	**$4,822,459**	($2,300,904)	**$2,521,555**
2002/2003	$3,036,862	$67,447	$1,769,721	**$4,874,030**	$15,949,047	**$20,823,077**
2003/2004	$5,587,558	$67,447	$1,687,347	**$7,342,352**	$10,872,872	**$18,215,224**
2004/2005	$6,327,050	$67,447	$1,887,029	**$8,281,526**	$12,352,205	**$20,633,731**
2005/2006	$8,281,269	$67,447	$1,921,212	**$10,269,928**	$11,337,282	**$21,607,210**
2006/2007	$10,269,819	$1,177,441	$1,611,242	**$13,058,502**	$25,692,586	**$38,751,088**
2007/2008	$8,493,509	$1,139,756	$1,703,041	**$11,336,306**	($24,650,117)	**($13,313,811)**
2008/2009	$10,119,188	$1,212,981	$2,055,900	**$13,388,069**	($129,563)	**$13,258,506**
2009/2010	$11,369,800	$1,101,980	$1,633,284	**$14,105,064**	$13,996,627	**$28,101,691**
2010/2011	$11,917,325	$1,052,885	$1,706,543	**$14,676,753**	($1,014,826)	**$13,661,927**
2011/2012	$8,819,634	$1,111,640	$1,376,722	**$11,307,996**	$30,267,452	**$41,575,448**

EXPENSES

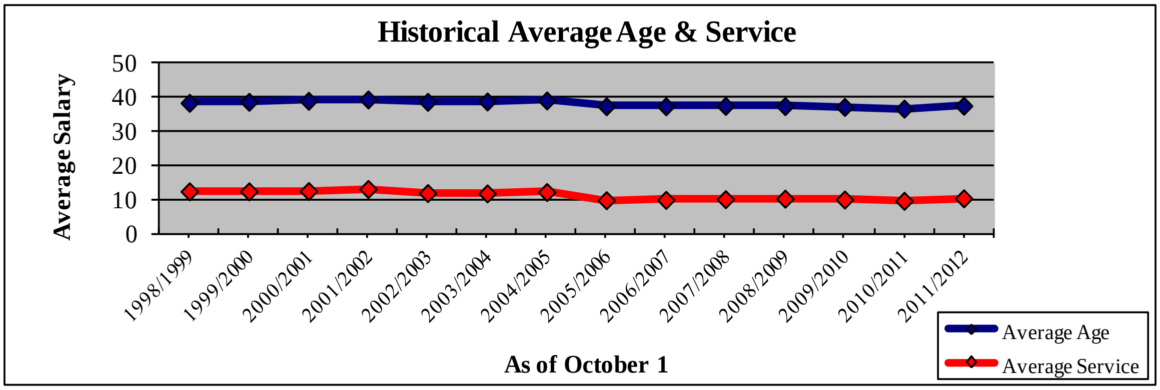
Fiscal Year	Benefits Paid	Member Refunds	Administrative Expenses*	Total
1997/1998	$4,388,393	$0	$204,977	$4,593,370
1998/1999	$4,728,072	$42,166	$207,480	$4,977,718
1999/2000	$5,895,050	$97,123	$282,266	$6,274,439
2000/2001	$8,210,531	$15,923	$303,284	$8,529,738
2001/2002	$8,237,745	$15,923	$370,081	$8,623,749
2002/2003	$8,442,820	$8,287	$334,053	$8,785,160
2003/2004	$11,123,971	$28,715	$261,382	$11,414,068
2004/2005	$10,062,707	$103,902	$353,750	$10,520,359
2005/2006	$12,530,819	$1,599	$302,994	$12,835,412
2006/2007	$14,931,178	$284,360	$482,895	$15,698,433
2007/2008	$19,101,924	$46,130	$433,359	$19,581,413
2008/2009	$16,377,621	$86,963	$403,324	$16,867,908
2009/2010	$18,023,923	$171,423	$377,636	$18,572,982
2010/2011	$21,248,965	$19,909	$470,677	$21,739,551
2011/2012	$19,792,556	$212,915	$573,221	$20,578,692

* Does not include investment expenses

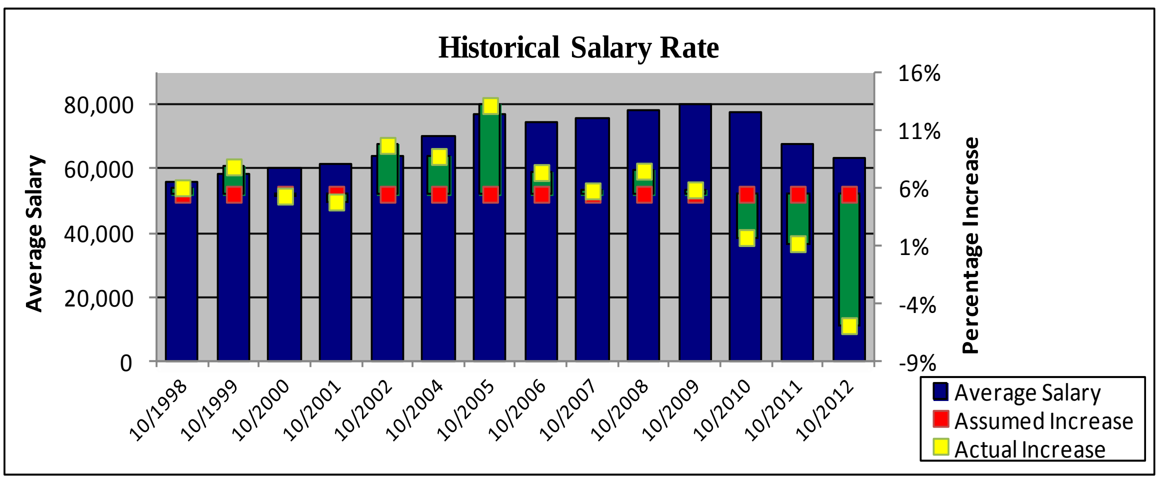


* Please reference Table VIIa on page 19 for the historical benefit payments, expenses, and contributions.

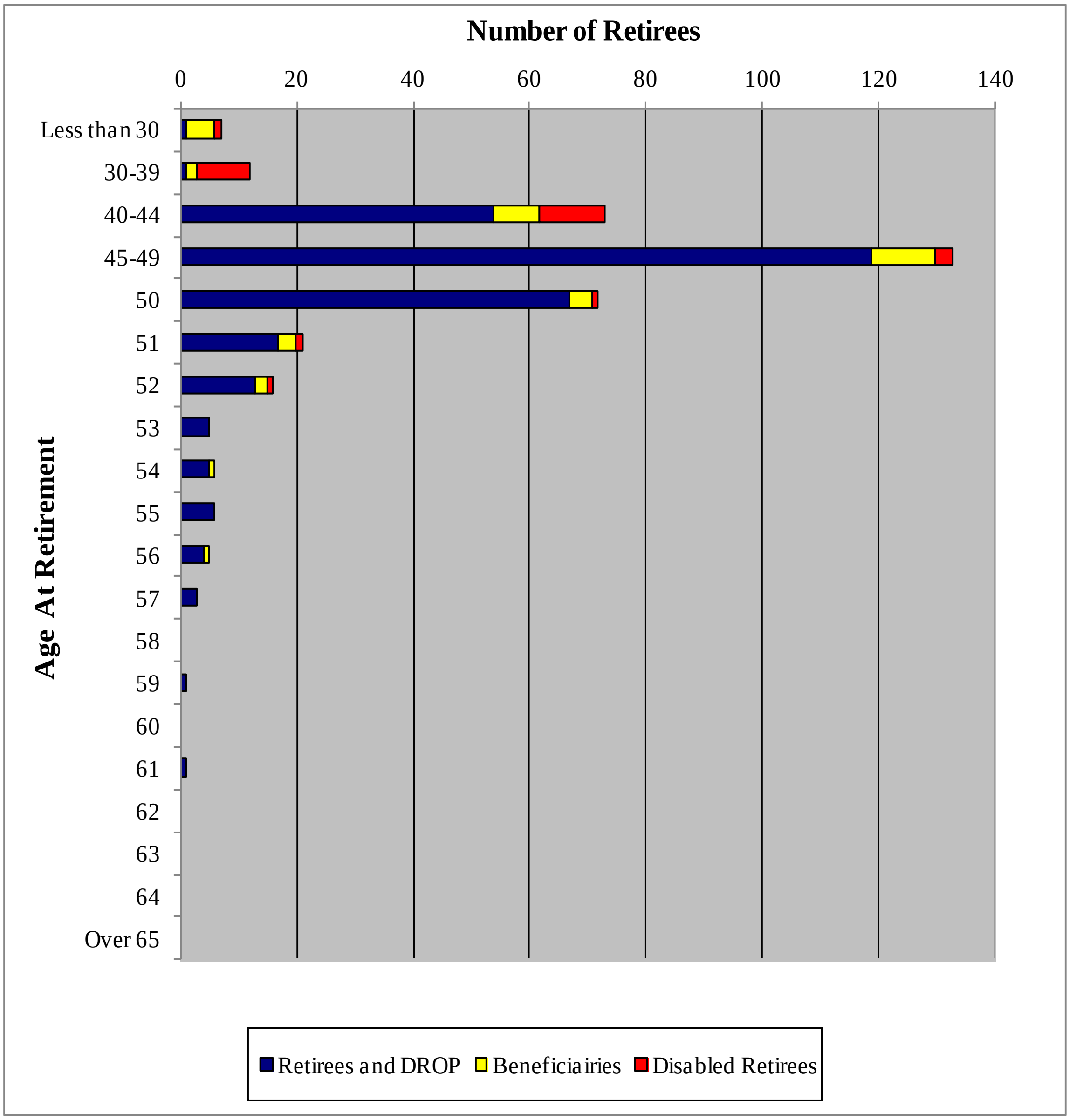
	As of October 1, 2011	As of October 1, 2012
1. Active Members		
a. Vested	95	95
b. Non-vested	129	119
c. Sub-total	**224**	**214**
2. Non-active, Non-retired Members		
a. Fully or partially vested	**7**	**7**
3. Retired Members		
a. Members in DROP	59	43
b. Retirees	233	254
c. Disabled	27	27
d. Beneficiaries	36	37
e. Sub-total	**355**	**361**
4. Total Members	**586**	**582**



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
1998/1999	12.5	38.5	2005/2006	9.9	37.5
1999/2000	12.5	38.8	2006/2007	10.0	37.5
2000/2001	12.6	39.1	2007/2008	10.2	37.6
2001/2002	13.2	39.5	2008/2009	10.4	37.5
2002/2003	12.0	38.8	2009/2010	10.1	37.3
2003/2004	11.9	38.9	2010/2011	9.7	36.8
2004/2005	12.3	39.2	2011/2012	10.5	37.7



Date	Average Salary	Actual Salary Increase	Date	Average Salary	Actual Salary Increase
10/1998	$55,992	6.06%	10/2006	$74,271	7.38%
10/1999	$58,639	7.87%	10/2007	$75,515	5.79%
10/2000	$60,075	5.34%	10/2008	$78,552	7.50%
10/2001	$61,765	4.83%	10/2009	$80,198	5.88%
10/2002	$63,999	9.73%	10/2010	$77,873	1.75%
10/2004	$70,312	8.77%	10/2011	$67,995	1.22%
10/2005	$76,885	13.18%	10/2012	$63,421	-5.88%



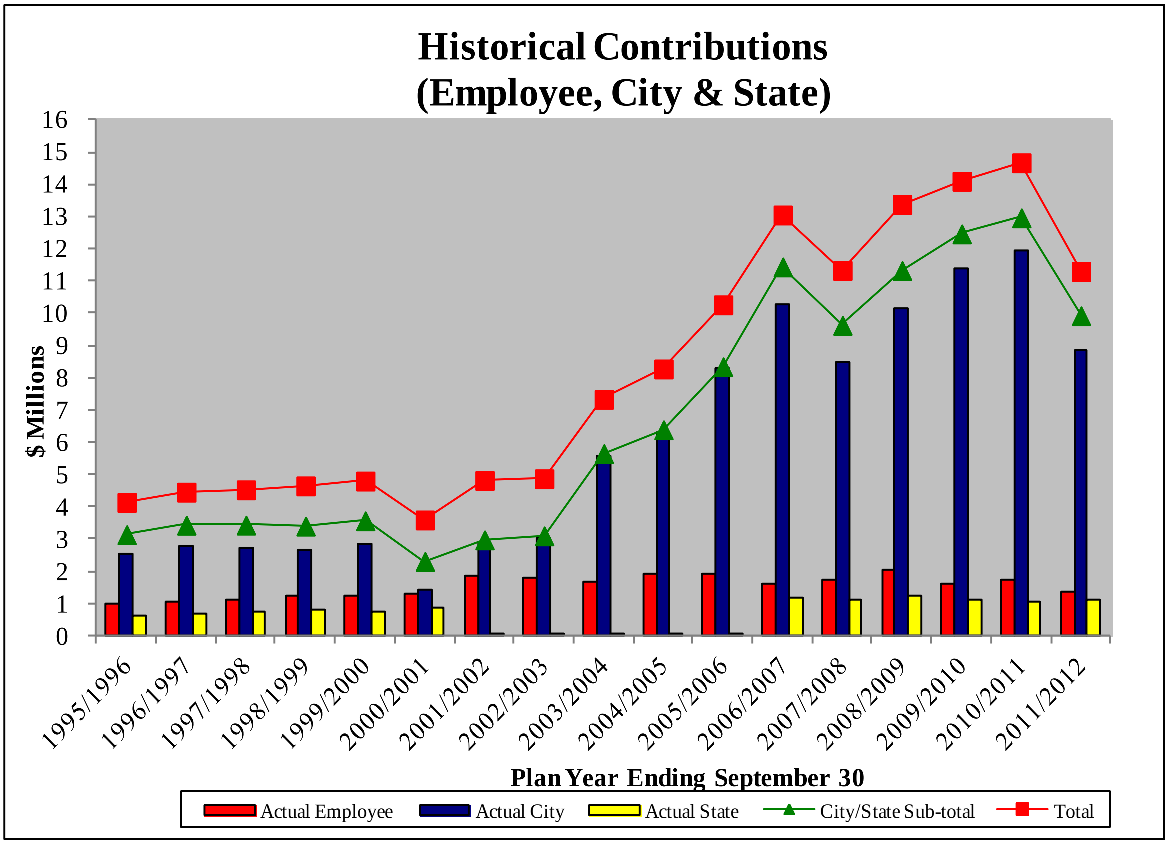
Average benefit being paid to non-disabled retirees is $5,350 per month.

Average benefit being paid to disabled retirees is $2,364 per month.

Average benefit being paid to beneficiaries is $1,225 per month.

	Active	Non-Active, Non-Retired	Retired	Total
1. Number of members as of October 1, 2011	**224**	**7**	**355**	**586**
2. Change in Status during the plan year:				
a. Actives who became inactive	(1)	1		
b. Actives who retired	(6)		6	
c. Inactives who became active				
d. Inactives who retired		(1)	1	
e. Retirees who became active				
3. No longer members due to:				
a. Death			(3)	(3)
b. Permanent break-in-service	(5)			(5)
c. Forfeiture of benefits				
d. Expiration of certain period				
e. Included in error last year				
4. New members due to:				
a. Initial membership	2			2
b. Death of another member			2	2
c. Omitted in error last year				
d. Correction				
5. Number of members as of October 1, 2012	**214**	**7**	**361**	**582**

Attained Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
	Completed Years of Service										
Under 25	2	0	0	0	0	0	0	0	0	0	**2**
Avg. Pay	27,302	0	0	0	0	0	0	0	0	0	27,302
25 to 29	0	32	8	0	0	0	0	0	0	0	**40**
Avg. Pay	0	46,878	53,389	0	0	0	0	0	0	0	48,180
30 to 34	0	11	20	8	0	0	0	0	0	0	**39**
Avg. Pay	0	48,182	58,703	65,939	0	0	0	0	0	0	57,220
35 to 39	0	2	17	19	4	0	0	0	0	0	**42**
Avg. Pay	0	50,014	61,909	70,372	78,330	0	0	0	0	0	66,735
40 to 44	0	0	12	22	14	7	0	0	0	0	**55**
Avg. Pay	0	0	59,176	68,609	74,915	77,950	0	0	0	0	69,345
45 to 49	0	1	2	5	14	10	0	0	0	0	**32**
Avg. Pay	0	49,823	60,563	70,093	77,976	80,721	0	0	0	0	75,634
50 to 54	0	1	0	0	2	1	0	0	0	0	**4**
Avg. Pay	0	59,521	0	0	91,219	79,596	0	0	0	0	80,389
55 to 59	0	0	0	0	0	0	0	0	0	0	**0**
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	**0**
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
65 to 79	0	0	0	0	0	0	0	0	0	0	**0**
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
70 & Up	0	0	0	0	0	0	0	0	0	0	**0**
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
Total	**2**	**47**	**59**	**54**	**34**	**18**	**0**	**0**	**0**	**0**	**214**
Avg. Pay	27,302	47,476	59,066	68,971	77,536	79,581	0	0	0	0	63,421



Plan Year	Actual Employee	Actual City	Actual State	City/State Sub-Total	Total
1995/1996	$1,001,501	$2,548,320	$592,391	$3,140,711	$4,142,212
1996/1997	$1,025,860	$2,762,858	$671,439	$3,434,297	$4,460,157
1997/1998	$1,094,803	$2,713,521	$722,694	$3,436,215	$4,531,018
1998/1999	$1,248,232	$2,627,147	$778,850	$3,405,997	$4,654,229
1999/2000	$1,234,026	$2,817,940	$752,306	$3,570,246	$4,804,272
2000/2001	$1,286,304	$1,450,312	$860,226	$2,310,538	$3,596,842
2001/2002	$1,843,034	$2,911,978	$67,447	$2,979,425	$4,822,459
2002/2003	$1,769,721	$3,036,862	$67,447	$3,104,309	$4,874,030
2003/2004	$1,687,347	$5,587,558	$67,447	$5,655,005	$7,342,352
2004/2005	$1,887,029	$6,327,050	$67,447	$6,394,497	$8,281,526
2005/2006	$1,921,212	$8,281,269	$67,447	$8,348,716	$10,269,928
2006/2007	$1,611,242	$10,269,819	$1,177,441	$11,447,260	$13,058,502
2007/2008	$1,703,041	$8,493,509	$1,139,756	$9,633,265	$11,336,306
2008/2009	$2,055,900	$10,119,188	$1,212,981	$11,332,169	$13,388,069
2009/2010	$1,633,284	$11,369,800	$1,101,980	$12,471,780	$14,105,064
2010/2011	$1,706,543	$11,917,325	$1,052,885	$12,970,210	$14,676,753
2011/2012	$1,376,722	$8,819,634	$1,111,640	$9,931,274	$11,307,996

1. Actuarial Cost Method

- Entry Age Normal Cost Method

2. Decrements

- **Pre-Retirement Mortality**

Representative values of the assumed annual rates of pre-retirement mortality among members in active service are as follows:

Age	Ordinary Mortality Rate	Service Mortality Rate	Age	Ordinary Mortality Rate	Service Mortality Rate
20	.0017	.0002	40	.0043	.0005
25	.0018	.0004	45	.0055	.0006
30	.0020	.0005	50	.0077	.0009
35	.0030	.0005	54	.0103	.0003

- **Post-Retirement Healthy Mortality**

1983 Group Annuity Mortality Table

- **Post-Retirement Disabled Mortality**

1983 Group Annuity Mortality Table

- **Disability**

Representative values of the assumed annual rates of disability among members in active service are as follows:

Age	Ordinary Disability Rate	Service Disability Rate	Age	Ordinary Disability Rate	Service Disability Rate
20	.0004	.0003	40	.0018	.0014
25	.0006	.0005	45	.0032	.0026
30	.0009	.0007	49	.0050	.0040
35	.0012	.0010			

- **Retirement**

  - For a member with 10 or more years of creditable service as of September 30, 2011:
    - 100% of members are assumed to retire at the earlier of 55 years old or when they attain 22 years of service.

  - For a member with less than 10 years of creditable service as of September 30, 2011, the assumed annual rates of retirement from active service are as follows:

Age	Rate*
52	.5
53	.3
54	.3
55	1.0

* 100% of members are assumed to retire upon attainment of 27 years of service.

- **Withdrawal from Active Status**

  Representative values of the assumed annual rates of withdrawal among Members in active service are as follows:

Age	Rate	Age	Rate
20	.1030	35	.0182
25	.0730	40	.0099
30	.0415	45	.0048

3. Interest Rates

- Used for Calculating All Liabilities (including GASB 25/27 liabilities)

  - 8.00% per annum
  - 7.75% per annum in calculation of present value of accrued benefits in accordance with Florida Statutes, Chapter 2011-216.

4. Salary Increases

- **Individual Compensation**

Representative values of the assumed annual rates of future salary increase are as follows:

Age	Rate	Age	Rate
20	.1067	35	.0530
25	.0880	40	.0510
30	.0625	45	.0503

* Average assumed annual rate of 5.54%

- **Aggregate Compensation**

The aggregate compensation used to compute the accrued liability contribution rate was assumed to increase at a rate of 3½% per year.

5. Marriage Assumptions

- **Percent Married:** 75% of members are assumed married.
- **Age Difference Between Spouses:** Male spouses are assumed to be three years older than female spouses.

6. Expenses

The normal contribution rate is increased by anticipated non-investment expenses. The anticipated expenses for the 2012/2013 plan year are $400,000.

7. Assets

The Actuarial Value of Assets is equal to the Market Value of Assets adjusted to reflect a five year phase-in of the difference between the expected return on market value of assets and the actual investment return on market value of assets. The actuarial value of assets cannot be less than 90% of market value nor greater than 110% of the market value.

The following assumptions have been changed during the last few plan years:

1. Effective October 1, 1997:
   The post-retirement mortality table was changed to the 1983 Group Annuity Mortality Table.

2. Effective October 1, 1999:
   a) The actuarial value of assets reflects a "fresh start" at market value, beginning a new five-year phase-in of gains and losses.
   b) The actuarial cost method was changed from frozen entry age to entry age.

3. Effective October 1,2006:
   a) The retirement decrement was changed to the earlier of age 55 or attainment of 22 years of service. This assumption has been changed to better reflect anticipated retirement behavior as a result of the change in plan provisions effective October 1, 2006.
   b) The percentage of active members assumed married was changed from 95% to 75%. This assumption was changed after a review of the marital status of recent retirees and current active members.
   c) On October 1, 2006, the Actuarial Value of Assets was changed to be equal to the Market Value of Assets, adjusted to reflect a five-year phase-in of the difference between the expected return on Actuarial Value of Assets and the actual investment return. The new method was applied retroactively so that five years of excess returns are smoothed in 2006. The prior Actuarial Value of Assets was equal to the Market Value of Assets adjusted to reflect a five-year phase-in of the net investment gain or loss.
   d) It is assumed that members who enter the DROP on or after October 1, 2006 will participate in the DROP for eight years. Therefore, the COLA payment to these members will be deferred eight years.

4. Effective October 1, 2010
   a) Age and service based retirement rates were added for members with less than ten years of service as of September 30, 2011.

1. Monthly Accrued Benefit

For members who are eligible to retire as of September 30, 2011:

- 3% of average monthly earnings multiplied by service to 20 years plus 4% multiplied by service over 20 years with a maximum of 80% of average monthly earnings. The full 80% is earned at 22 years of service (resulting in a 12% of earnings increase in benefit at the moment the member attains 22 years of service).

For members who are not eligible to retire as of September 30, 2011:

The sum of the following, not to exceed 80% of average monthly earnings:

- Frozen Accrued benefit as of October 1, 2011 based on benefit structure in place as of September 30, 2011.

- 2% of average monthly earnings multiplied by service earned on or after October 1, 2011.

- If participant retires before age 62, 0.5% of average monthly earnings multiplied by service earned on or after October 1, 2011 payable up to age 62.

2. Average Monthly Earnings

For benefits accrued prior to October 1, 2011:

- The average of the highest three consecutive years of compensation prior to retirement or termination. Earnings include basic annual wages including regular longevity raises and overtime up to 400 hours per year, but not including amounts for unused sick time or unused vacation time paid at retirement or termination.

For benefits accrued on or after October 1, 2011:

- The average of the highest five consecutive years of compensation prior to retirement or termination. Earnings shall include basic annual wages, longevity pay, and assignment pay, but not including overtime pay, payments for accrued holiday time, payments for accrued blood time, annual "cash-out" payments for accrued vacation time, payments for accrued compensatory time, and payments for unused sick time or for unused vacation time which is paid upon retirement or termination.

3. **Normal Retirement Age and Benefit**

- **Eligibility:**

  - For a member with 10 or more years of creditable service as of September 30, 2011:
    - Age 50, or
    - Any age upon attainment of 22 years of service

  - For a member with less than 10 years of creditable service as of September 30, 2011:
    - Age 55 with 10 years of service, or
    - Age 52 with 25 years of service

- **Amount:** Monthly Accrued Benefit

- **Form of Payment:** Life annuity with ten years certain, with a 50% survivor annuity payable to the spouse until death or remarriage

4. **Disability Retirement Age and Benefit**

- **Condition**

  For a service connected disability benefit, the member must become totally and permanently disabled in the line of duty and must have applied for Social Security disability benefits as well as worker's compensation benefits, if applicable;

  For a non-service connected disability benefit, the member must become totally and permanently disabled, must have at least five years of service, and must have applied for Social Security disability benefits as well as worker's compensation benefits, if applicable.

- **Amount**

  For a service connected disability benefit:

  Greater of monthly accrued benefit or 50% of earnings at the time of determination of disability.

  For a non-service connected disability benefit:

  - For members who become disabled prior to October 1, 2011:
    - 2½% of average monthly earnings multiplied by service, with a minimum benefit of 25% of earnings at the time of determination of disability. The benefit will be offset by any worker's compensation, Social Security, pension, or similar benefit payable to the member or to his dependents. Upon attainment of age 65, the Social Security offset will cease and, upon attainment of age 50, the benefit will be recomputed as a normal retirement benefit with consideration of service granted for the period of time that the member was receiving a disability retirement benefit.

- For members who become disabled on or after to October 1, 2011:
  - 2% of average monthly earnings multiplied by service, with a minimum benefit of 25% of earnings at the time of determination of disability. The benefit will be offset by any worker's compensation, Social Security, pension, or similar benefit payable to the member or to his dependents. Upon attainment of age 65, the Social Security offset will cease and, upon attainment of age 55, the benefit will be recomputed as a normal retirement benefit with consideration of service granted for the period of time that the member was receiving a disability retirement benefit.

- **Form of Payment**

  Ten year certain and Life annuity, with a 50% survivor annuity payable to the spouse until death or remarriage. In the case of a member who dies prior to age 50 (or 55) while receiving a non-service connected disability, a 100% survivor annuity is payable to the spouse until death or remarriage.

5. Withdrawal Retirement Age and Benefit

- **Age:** Any age with at least ten years of service
- **Amount:** Monthly Accrued Benefit. If participant was has at least ten years of service prior to October 1, 2011, benefit is payable at age 50. Otherwise, benefit accrued as of September 30, 2011 is payable at age 50 and benefit accrued after that date is payable at age 55.
- **Form of Payment:** Life annuity with ten years certain, with a 50% survivor annuity payable to the spouse until death or remarriage if the member dies after payment has begun. A member may elect to receive his contributions in lieu of a withdrawal retirement benefit.

6. Death Benefits

- **Service connected death benefit:** 50% of earnings at the date of death payable as a monthly life and ten years certain benefit to the spouse until death or remarriage or to surviving children until the youngest child reaches age 18.

- **Non-service connected death benefit:** 25% of earnings at the date of death payable as a monthly life and ten years certain benefit to the spouse until death or remarriage or to surviving children until the youngest child reaches age 18.

7. Employee Contributions

9.25% of compensation

8. Refund of Employee Contributions

If a member's service is terminated prior to his becoming eligible for a withdrawal retirement benefit, then his contributions are returned to him. If contributions are refunded to the member or to his beneficiaries, then interest is credited at the rate of 3% per year.

9. Police Officers' Deferred Retirement Option Plan (DROP)

Prior to October 1, 2011, a participant may enter the DROP upon attainment of normal retirement age. When a member enters the DROP, his Monthly Accrued Benefit is frozen based on his average monthly earnings and service at that time and his Monthly Accrued Benefit is paid into his DROP account. Upon termination of employment, but not more than eight years after entry into the DROP, the balance in the member's DROP account, including interest, is payable to him and he also begins to receive his frozen Monthly Accrued Benefit.

A member hired on or before September 30, 2009 who elects to enter the DROP plan has the option to receive a rate of return on his or her DROP account that is equal to the assumed rate of investment return on fund assets. For members hired on or after October 1, 2009, his or her DROP account shall earn interest at the rate of six percent (6%) per year. In the event the Plan earnings exceed six percent (6%) per year, the earnings in excess of six percent (6%) up to and including twelve percent (12%) per year shall offset the City's cost of maintaining the DROP program. Earnings in excess of twelve percent (12%) per year shall be equally divided between the DROP participant and the City.

A participant who does not enter the DROP prior to October 1, 2011 shall not be eligible to participate in the DROP, unless the member was eligible to retire as of September 30, 2011.

10. Cost-of-Living Adjustment

For benefits accrued prior to October 1, 2011,

- Any retiree's whose benefit commences on or after April 1, 1987 and any beneficiary of such retiree will receive a 2% annual increase in benefit payments commencing three years after the retiree's benefit payments have begun.
- For participants who enter the DROP on or after June 7, 2006, cost-of-living adjustments do not occur while the member participates in the DROP. Adjustments commence the later of the date the participant leaves the DROP and three years after entry into the DROP.

For benefits accrued on or after October 1, 2011, there shall be no annual increase in retirement benefits.

11. Supplemental Pension Check

For retirees, surviving spouses, and other beneficiaries who reached their normal retirement date or entered the DROP on or before September 30, 2011:

- If the actual asset return of the trust exceeds the assumed actuarial return for any fiscal year, the excess return (up to 2%) will be allocated to retirees and beneficiaries based on service at retirement.

For retirees, surviving spouses, and other beneficiaries who reached their normal retirement date or entered the DROP after September 30, 2011, no supplemental pension check will be paid.

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

1. Effective January 1, 1991:

   a) The Police Officers' Deferred Retirement Option Plan (DROP) was established;
   b) The benefit formula was changed from 2½% of average monthly earnings multiplied by service up to 30 years to 3% of average monthly earnings multiplied by service up to 27 years; and
   c) The normal retirement age was changed from age 50 to the earlier of age 50 or the attainment of 25 years of service.

2. Effective January 2000:

   The excess (up to 2%) of the actual asset return over the assumed actuarial return each September 30 would be allocated the following January to retirees and beneficiaries based on service at retirement.

3. Approved April 2001:

   a) Monies received as a result of Chapter 185, Florida Statutes, will no longer be allocated to this System but to a separate shares plan (effective in the fiscal year beginning October 1, 2001).
   b) The benefit formula was changed from 3% of average monthly earnings multiplied by all service up to 27 years to a 3% rate for service up to 20 years and 4% rate for service over 20 years, with a maximum of 88% of average monthly earnings.
   c) Member contribution rate was changed from 7% to 8% of earnings.
   d) A minimum service-incurred disability benefit equal to the monthly accrued benefit was added. In addition, this benefit will no longer be offset by worker's compensation, Social Security or other similar benefits.

4. Approved February 2002:

   Police officers at least age 41 and with between 21 and 25 years of service by September 30, 2002 were permitted to retire and granted service up to 4 years to be credited up to a minimum of 25 years and a maximum of 27 years, provided they paid an amount representing their own estimated contributions for the grant of service.

5. Effective October 1, 2004:

   Normal form of benefit was changed to life annuity with ten years certain, 50% joint and survivor, in compliance with Chapter 99-1 Florida Statutes.

6. Effective October 1, 2006:

   a) The maximum pension benefit was reduced from 88% to 80% of final average salary. The maximum is accrued upon attainment of 22 years of service.
   b) Members with 22 years of service are permitted to enter the DROP with a retirement benefit of 80% of final average salary.
   c) Maximum DROP participation is eight years for members who enter the DROP with 22 years of service on or after October 1, 2006. However, the maximum City service (including service while in the DROP) is limited to 30 years.
   d) Overtime hours were capped at 400 hours per year.
   e) Member contributions were increased from 8.0% to 8.5% of pay.
   f) For participants entering the DROP on or after October 1, 2006, Cost-of-living adjustments do not occur while the member participates in the DROP. Adjustments commence the later of the date the participant leaves the DROP and three years after entry into the DROP.
   g) The life and 10-year certain benefit as the normal form of payment is retroactive to October 1, 2000.
   h) State tax premium distributions (185 Monies) after October 1, 2006 will be used as an offset to the City contribution requirements, not to exceed the annual cost of the benefit improvements. Any future State contributions in excess of the annual cost of the benefit improvements will be accumulated and used for future benefit improvements. Also, the accumulated State excess contribution of $81,376 as of September 30, 2006 will be used to offset the cost of the proposed benefit improvements.

7. Effective October 1, 2009:

   a) Member contributions were increased from 8.5% to 9% of pay.
   b) For members hired on or after October 1, 2009, his or her DROP account shall earn interest at the rate of six percent (6%) per year. In the event the Plan earnings exceed six percent (6%) per year, the earnings in excess of six percent (6%) up to and including twelve percent (12%) per year shall offset the City's cost of maintaining the DROP program. Earnings in excess of twelve percent (12%) per year shall be equally divided between the DROP participant and the City.

8. Effective October 1, 2010:

    a) Member contributions will be increased from 9% to 9.25% of pay.

9. Effective October 1, 2011:

    a) The benefit structure in effect on September 30, 2011 is frozen at midnight. All members will be vested in benefits accrued to date and payable under the terms and conditions of plan provisions then in effect. Except for members eligible to retire on September 30, 2011, effective October 1, 2011, all members are subject to a new benefit structure applicable to future service. None of the benefit changes will apply to members eligible to retire on September 30, 2011.

        i. Under the benefit structure effective October 1, 2011 Average Final Compensation means the arithmetic average of earnings for the 60 highest consecutive months of the last 120 months of credited service prior to retirement, termination or death.

        ii. Under the benefit structure effective October 1, 2011 earnings shall be the sum of the following amounts actually paid to a member: Salary, longevity pay and assignment pay. Earnings shall not include overtime pay, payments for accrued holiday time, payments for accrued blood time, annual cash-out payments for accrued vacation time, payments for accrued compensatory time, and payments for unused sick time or for unused vacation time which is paid upon retirement or termination.

        iii. A member hired prior to October 1, 2011 with less than ten years of credited service as of September 30, 2011 and a member hired on or after October 1, 2011 may retire on the day he or she attains age 55 and completes ten years of creditable service or on the day he or she attains age 52 and competes 25 years of creditable service. A member with 10 or more years of creditable service as of September 30, 2011 shall retain his or her current normal retirement date.

        iv. The monthly retirement benefit shall equal 2.0% of average monthly earnings times years of service earned on or after October 1, 2011. If the member retires before attaining age 62, an additional benefit equal to 0.5% of average monthly earnings times continuous service on and after October 1, 2011 shall be paid to age 62.

        v. A member who does not enter the DROP prior to October 1, 2011 shall not be eligible to enter the DROP, unless the member was eligible to retire as of September 30, 2011.

        vi. Members of the System shall contribute 9.25% of their earnings.

vii. There shall be no annual increase (COLA) in retirement benefits under the benefit structure effective October 1, 2011.

viii. The supplemental pension distribution shall be payable only to retirees (and surviving spouses and other beneficiaries thereof) who reach their normal retirement or enter the DROP on or before September 30, 2011.

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