

**Actuarial Valuation of the
City of Key West Municipal
Police Officers' & Firefighters'
Retirement Plan
As of October 1, 2011**

To determine annual contribution
for the plan year
10/01/2011 - 09/30/2012
to be paid in the fiscal year
10/01/2011 - 09/30/2012

June 2012

Prepared by DuLaney and Company, Inc.

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June 1, 2012

Police and Fire Retirement Committee
c/o Ms. Susy Pita
Plan Administrator, Key West
Police and Fire Retirement Plan
21629 Stirling Pass
Leesburg, FL 34748

Subject: October 1, 2011 Actuarial Valuation of Retirement Plan

Dear Committee Members:

We are pleased to present our October 1, 2011 Actuarial Valuation for the City of Key West Municipal Police Officers' and Firefighters' Retirement Plan. The purpose of this report is to indicate appropriate contribution levels, comment on the actuarial stability of the plan, and to satisfy State requirements. The Retirement Committee has retained DuLaney & Company to prepare an annual actuarial valuation under Section 5.039 of the plan.

This report consists of this commentary, detail Tables I through XVII and the State Required Exhibit on Table XVIII. The Tables contain basic plan cost figures plus significant details on the benefits, liabilities, and experience of the plan. We suggest that you thoroughly review the report at your convenience and contact us with any questions that may arise.

Costs for Fiscal Year Beginning October 1, 2011

This Actuarial Valuation develops the required minimum Retirement Plan payment for the fiscal year beginning October 1, 2011 and ending September 30, 2012 under the Florida Protection of Public Employee Retirement Benefits Act and for Police and Fire Retirement Chapters 175 and 185. The minimum payment consists of payment of annual normal costs plus amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. We anticipate that member contributions will be \$675,182 (7.0%).

The required minimum funding amount for the plan/fiscal year ending September 30, 2012, to be met by the City and State contributions under Chapter 175 and Chapter 185, is **\$3,214,291** or **33.3%** of the covered payroll for October 1, 2011 through September 30, 2012.

The anticipated State contribution is **\$468,315** (actual 2011 Chapter 185 contribution amount of \$141,975 + actual 2011 amount of Chapter 175 contribution of \$271,783 + assumed 2011 Chapter 175 Supplemental contribution of \$54,557 limited by the rules of Ch. 99-1). The resulting required City contribution is **\$2,745,976**. **Please note that under the rules of Chapters 175 and 185, if the Chapter 175 Supplemental payment is less than \$54,557, there will be an increase in the City's required minimum contribution.**

As required by Chapters 175 and 185, City contributions must be made at least quarterly.

Changes in Benefits, Methods or Assumptions Recognized in This Valuation

This Actuarial Valuation recognizes the same benefit provisions as those considered in the previous Actuarial Valuation. The plan provisions are outlined in Table XI.

The assumptions and methods utilized in the Valuation remained the same as those of the October 1, 2010 Valuation. Table XII provides an outline of the actuarial assumptions and methods.

Comparison of October 1, 2010 and October 1, 2011 Valuation Results

Table II of the report provides information of a comparative nature. The left column of the Table indicates the costs calculated as of October 1, 2010 while the right columns indicate the October 1, 2011 valuation results.

Comparing the left and center columns shows the effect of plan experience during the year. The number of active members decreased by about 1.4%. The required City contribution increased as a dollar amount and as a percentage of covered payroll primarily as a result of the actuarial loss of \$3,256,699 during the year, which indicates that experience was less favorable than anticipated. The resulting City required contribution for the October 1, 2011 through September 30, 2012 plan/fiscal year is \$2,745,976 (28.5% of covered payroll), compared to \$2,402,226 for the October 1, 2010 through September 30, 2011 plan/fiscal year City requirement, which was computed based on 25.0% of the actual covered pension payroll for said plan/fiscal year.

The total normal cost increased slightly both as a dollar amount and as a percent of covered pay, from 2,152,829 (22.2% of covered pay) to \$2,165,322 (22.4% of covered pay). The unfunded actuarial accrued liability increased from \$15,831,506 to \$18,987,082, largely due to the actuarial loss during the year.

The plan had less assets (measured on a market value basis) than the present value of vested accrued benefits, resulting in a Vested Benefit Security Ratio of 71.0%, which represents a decrease from 78.4% of a year ago.

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GASB Disclosures

In November, 1994, the Government Accounting Standards Board (GASB) adopted Statements No. 25 and 27, changing the way in which government retirement systems must report financial information. Statement No. 25 has been adopted since the October 1, 1996 Actuarial Valuation. Relevant information under GASB 25 is included in Table X. Beginning with the October 1, 2006 valuation, Statement 27 disclosure information is also provided.

Plan Experience

Table VIII of the report indicates that the plan experienced an actuarial loss of \$3,256,699. This means that actual overall experience was less favorable than anticipated. Three (3) substantial components of plan experience are shown in Table XVII.

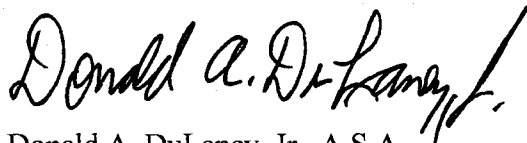
Table XVII shows that on average, the pay for each active member (who was in the plan for the last two (2) full plan years) increased by about 3.6%. The assumption was that pay would increase by 5.0%. Pay increases were a source of actuarial gain.

Table XVII also indicates that employee turnover was approximately 70% of expected turnover, a source of actuarial loss. The actuarial value return was -0.4% during the most recent plan year, while the assumed investment return was 7.90%, a significant source of actuarial loss which offset the actuarial gains from pay experience. The three (3) and five (5) year actuarial value returns were 1.1% and 4.2%, respectively.

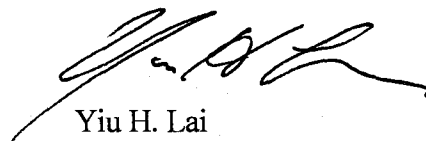
Participant Census and Financial Data

We were provided with participant census data from the City. The data contains information such as name, sex, member contributions and pay information. Dates of termination or retirement and amounts distributed were supplied separately by the Plan Administrator. Although we did not audit the information, we reviewed the data for consistency and believe it to be reliable.

We received information on plan assets from the Plan Auditors. We did not audit this information; however, we reviewed the information for consistency and believe it to be reliable.



Donald A. DuLaney, Jr., A.S.A.
Senior Consulting Actuary



Yiu H. Lai
Senior Actuarial Analyst

Attachments

DAD/YHL

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Table I

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Summary of Retirement Plan Costs as of October 1, 2011

	<u>Cost Data</u>	<u>% of Payroll</u>
A. <u>Participant Data Summary (Table III)</u>		
1. Active employees	144	N/A
2. Terminated vested	5	N/A
3. Receiving benefits	91	N/A
4. DROP participants	13	N/A
5. Annual payroll of active employees	\$ 9,645,464	100.0%
B. <u>Total Normal Costs</u>		
1. Age retirement benefits	\$ 1,497,784	15.5%
2. Termination benefits	95,588	1.0%
3. Death benefits	21,161	0.2%
4. Disability benefits	62,272	0.6%
5. Estimated expenses	488,517	5.1%
6. Total annual normal costs	\$ 2,165,322	22.4%
C. <u>Total Actuarial Accrued Liability</u>		
1. Age retirement benefits active employees	\$ 33,517,692	347.5%
2. Termination benefits active employees	471,777	4.9%
3. Death benefits	125,362	1.3%
4. Disability benefits	234,973	2.4%
5. Retired or terminated vested participants receiving benefits	27,769,273	287.9%
6. DROP participants	8,460,571	87.7%
7. Terminated vested participants entitled to future benefits	741,022	7.7%
8. Deceased participants whose beneficiaries are receiving benefits	2,067,279	21.4%
9. Disabled participants receiving benefits	1,139,128	11.8%
10. Miscellaneous liability (refunds payable)	53,763	0.6%
11. Total actuarial accrued liability	\$ 74,580,840	773.2%
D. <u>Actuarial Value of Assets (Table IV)</u>	\$ 55,593,758	576.4%
E. <u>Unfunded Actuarial Accrued Liability (C.-D.)</u>	\$ 18,987,082	196.8%

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Table I
(continued two)

	<u>Cost Data</u>	<u>% of Payroll</u>
F. <u>Minimum Required Contribution</u>		
1. Total normal cost	\$ 2,165,322	22.4%
2. Amortization of unfunded liability	1,568,985	16.3%
3. Interest adjustment (includes interest remaining on prior year's contribution)	<u>155,166</u>	<u>1.6%</u>
4. Total payment	\$ 3,889,473	40.3%
G. <u>Contribution Sources</u>		
1. a) City	\$ 2,745,976	28.5%
b) State	<u>\$ 468,315</u>	<u>4.9%</u>
c) Total City and State	\$ 3,214,291	33.3%
2. Member	\$ 675,182	7.0%
H. <u>Actuarial Gains / (Losses)</u> (Table VIII)	\$ (3,256,699)	(33.8%)
I. <u>Actuarial Present Value of Vested Accrued Benefits</u>		
1. Retired, terminated vested, beneficiaries, disabled receiving benefits	\$ 30,975,680	321.1%
2. DROP participants	8,460,571	87.7%
3. Terminated vested participants entitled to future benefits and miscellaneous	794,785	8.2%
4. Active participants entitled to future benefits	<u>25,199,873</u>	<u>261.3%</u>
5. Total actuarial present value of vested accrued benefits	\$ 65,430,909	678.4%
J. <u>Market Value of Assets (Table V)</u>	\$ 46,425,175	481.3%
K. <u>Unfunded Actuarial Present Value of Vested Accrued Benefits</u> (I. - J.)	\$ 19,005,734	197.0%
L. <u>Vested Benefit Security Ratio</u> (J. ÷ I.)	71.0%	N/A

Table II

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Comparison of Cost Data as of Prior and Current Year

	October 1, 2010		October 1, 2011	
	Cost Data	% of Annual Payroll	Cost Data	% of Annual Payroll
A. Participants				
1. Active employees	146	N/A	144	N/A
2. Terminated vested	3	N/A	5	N/A
3. DROP participants	17	N/A	13	N/A
4. Receiving benefits	88	N/A	91	N/A
5. Annual payroll of active employees	\$ 9,681,323	100.0%	\$ 9,645,464	100.0%
B. Total Normal Cost	\$ 2,152,829	22.2%	\$ 2,165,322	22.4%
C. Total Actuarial Accrued Liability	\$ 72,192,008	745.7%	\$ 74,580,840	773.2%
D. Actuarial Value of Assets	\$ 56,360,502	582.2%	\$ 55,593,758	576.4%
E. Unfunded Actuarial Accrued Liability	\$ 15,831,506	163.5%	\$ 18,987,082	196.8%
F. City Minimum Funding Payment	\$ 2,402,226	24.8%	\$ 2,745,976	28.5%
G. Actuarial Gains / (Losses)	\$ (3,416,015)	(35.3%)	\$ (3,256,699)	(33.8%)
H. Vested Benefit Security Ratio (Market Value Basis)	78.4%	N/A	71.0%	N/A

Table III

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Characteristics of Participants in
Actuarial Valuation as of October 1, 2011

A. Active Plan Participants Summary

1. Active participants fully vested	51
2. Active participants partially vested	46
3. Active participants non-vested	<u>47</u>
4. Total active participants	144
5. Annual rate of pay of active participants	\$ 9,645,464

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits	76
2. DROP participants	13
3. Terminated vested participants entitled to future benefits	5
4. Deceased participants whose beneficiaries are receiving benefits	11
5. Disabled participants receiving benefits	4

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits	\$ 2,864,835
2. DROP participants	\$ 743,588
3. Terminated vested entitled to future benefits	\$ 124,041
4. Beneficiaries of deceased participants	\$ 196,401
5. Disabled participants	\$ 128,022

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Table IV

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Development of Actuarial Value of Assets

	10/1/2010 – 9/30/2011	10/1/2009 – 9/30/2010	10/1/2008 – 9/30/2009	10/1/2007 – 9/30/2008
A. Market value of assets as of beginning of year	\$ 48,552,786	\$ 46,570,135	\$ 48,498,200	\$ 56,900,488
B. Contributions	3,604,256	3,249,807	3,103,412	3,328,827
C. Benefit payments and expenses	4,143,872	4,156,356	4,203,307	3,994,334
D. Expected investment income (A. x I + (B.-C.) x i / 2)*	3,814,355	3,643,232	3,955,731	4,666,838
E. Expected assets at end of year (A. + B. – C. + D.)	51,827,525	49,306,818	51,354,036	60,901,819
F. Actual market value at end of year	46,425,175	48,552,786	46,570,135	48,498,200
G. Excess/(shortfall) of actual over expected assets (F. – E.)				
1. From previous plan year	\$ (5,402,350)	\$ (754,032)	\$ (4,783,901)	(12,403,619)
2. From two plan years ago	(754,032)	(4,783,901)	(12,403,619)	3,136,494
3. From three plan years ago	(4,783,901)	(12,403,619)	3,136,494	
4. From four plan years ago	(12,403,619)	3,136,494		
H. Deferred recognized amounts of excess/(shortfall)				
1. 80% from previous plan year	\$ (4,321,880)	\$ (603,226)		
2. 60% from two plan years ago	(452,419)	(2,870,341)		
3. 40% from three plan years ago	(1,913,560)	(4,961,448)		
4. 20% from four plan years ago	(2,480,724)	627,299		
5. Total	\$ (9,168,583)	\$ (7,807,716)		
I. Preliminary actuarial value of assets at end of year (F. – H.5.)	\$ 55,593,758	\$ 56,360,502		
J. 80% of end of year market value of assets (F. x 0.80)	37,140,140	38,842,229		
K. 120% of end of year market value of assets (F. x 1.20)	55,710,210	58,263,343		
L. Actuarial value of assets (I., but not less than J. and not more than K.)	\$ 55,593,758	\$ 56,360,502		

* i = 7.90%, and was 8.25% prior to 10/1/2009.

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Table V

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Reconciliation of Plan Assets

A. <u>Market Value of Assets as of October 1, 2010</u>	\$	48,552,786
B. <u>Receipts During Period</u>		
1. Contributions		
a. Member	\$	671,855
b. City		2,402,226
c. State		530,175
d. Service buybacks		<u>0</u>
e. Sub-total	\$	3,604,256
2. Investment income		
a. Interest, dividends and others	\$	1,451,036
b. Investment expenses		<u>(305,100)</u>
c. Net investment income	\$	1,145,936
3. Realized and unrealized appreciation		
a. Realized appreciation	\$	2,472,523
b. Unrealized appreciation		<u>(5,206,454)</u>
c. Net	\$	(2,733,931)
4. Total receipts during period	\$	2,016,261
C. <u>Disbursements During Period</u>		
1. Pension payments	\$	3,159,593
2. DROP		687,948
3. Contribution refunds		100,407
4. Administrative expenses		183,417
5. Increase (decrease) to Excess Chapter Reserves		0
6. Increase (decrease) to Share Plan payable		<u>12,507</u>
7. Total disbursements during period	\$	4,143,872
D. <u>Market Value of Assets as of September 30, 2011 (A. + B. - C.)</u>	\$	46,425,175

Reconciliation of DROP Accounts Balance

A. DROP Accounts Balance as of October 1, 2010	\$	4,585,970
B. Benefit Payments into DROP Accounts During Year		687,948
C. Distributions from DROP Accounts During Year		(203,200)
D. Investment Gains (Losses) During Year ^{1/}		<u>291,264</u>
E. DROP Accounts Balance as of September 30, 2011	\$	5,361,982

¹ Based on actual fund performance and assumed fund return.

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Table VI

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Statement of Assets as of October 1, 2011

<u>Assets</u>	<u>Market Value</u> ¹
A. <u>Cash</u>	\$ 50
B. <u>General Investments</u>	
1. Cash equivalents	\$ 2,321,603
2. U.S. Government securities	0
3. Corporate bonds	11,461,746
4. Common stocks	22,553,973
5. International equity fund	5,491,378
6. Municipal bonds	1,627,708
7. International bond fund	2,768,486
8. Alternative investment	5,153,429
9. Deposit in transit for real estate acquisitions	<u>174,065</u>
10. Total	\$51,552,388
C. <u>Receivables</u>	
1. City contribution	\$ 633,314
2. State contribution	116,416
3. Member contribution	0
4. Accrued interest and dividends	170,214
5. Receivable for securities sold	<u>32,223</u>
6. Total	\$ 952,167
D. <u>Payables</u>	
1. DROP Accounts	\$ 5,361,982
2. Accrued expenses	48,862
3. Payable for securities purchased	0
4. Prepaid City contribution	0
5. Reserve for Excess Chapter reserves	0
6. Share Plan Allocations Payable	<u>668,586</u>
7. Total	\$ 6,079,430
E. <u>Total Fund</u> (A + B + C - D)	\$46,425,175

¹ As reported on plan's audited financial statements.

Table VII

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Reconciliation of Share Accounts Balance

A. Share Accounts Balance as of September 30, 2010	\$ 656,079
B. Forfeitures during Plan Year	(15,199)
C. Distributions Made to Retirees and Beneficiaries During Plan Year	(38,566)
D. Investment Earnings Credited During Plan Year	(10,786)
E. Allocations as of September 30, 2011 (Made from Available Annual Excess Chapter 175 and Chapter 185 Contributions)	61,859
F. Allocations of Forfeitures during Plan Year	<u>15,199</u>
G. Share Accounts Balance as of September 30, 2011 (A. + B. + C. + D. + E. + F.)	\$ 668,586

Table VIII

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Actuarial Gains / (Losses) for Plan Year Ended September 30, 2011

A. Derivation of Actuarial Gains / (Losses)

1. City/State net normal cost previous valuation	\$	1,475,136
2. Unfunded actuarial accrued liability previous valuation	\$	15,831,506
3. Contributions previous year		
(a) City	\$	2,402,226
(b) State (limited by Chapters 175 and 185)		<u>468,315</u>
(c) Total	\$	2,870,541
4. Interest on:		
(a) City/State net normal cost	\$	116,536
(b) Unfunded actuarial accrued liability		<u>1,250,689</u>
(c) Contributions		<u>72,943</u>
(d) Net total: (a) + (b) - (c)	\$	1,294,282
5. Increase (decrease) due to assumption / method changes	\$	0
6. Increase (decrease) due to plan amendment	\$	0
7. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4. + 5. + 6.)	\$	15,730,383
8. Actual unfunded actuarial accrued liability current year	\$	18,987,082
9. Actuarial gains / (losses): 7. - 8.	\$	(3,256,699)

B. Approximate Portion of Gain (Loss) Due to Investments

1. Actuarial value of assets previous year	\$	56,360,502
2. Contributions during period	\$	3,604,256
3. Benefits and expenses during period	\$	4,448,972
4. Expected net appreciation for period	\$	4,370,273
5. Expected actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$	59,886,059
6. Actual actuarial value of assets current year	\$	<u>55,593,758</u>
7. Approximate gains / (losses): 6. - 5.	\$	(4,292,301)

C. Approximate Portion of Gains / (Losses) Due to Liabilities: A. - B. \$ 1,035,602

Table IX

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Amortization of Unfunded Accrued Liability

<u>Date</u>	<u>Amount</u>	<u>Payment</u>
10/01/2011	\$ 18,987,082	\$ 1,568,985
10/01/2012	\$ 18,794,127	\$ 1,568,985
10/01/2013	\$ 18,585,928	\$ 1,568,985
10/01/2014	\$ 18,361,282	\$ 1,568,985
10/01/2041	\$ 0	\$ 0

Table X

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Accounting Disclosure Exhibit

I. Number of Plan Members

	<u>10/1/2010</u>	<u>10/1/2011</u>
A. Retirees, disableds and beneficiaries receiving benefits	88	91
B. DROP participants	17	13
C. Terminated plan members entitled to but not yet receiving benefits	3	5
D. Active plan members	<u>146</u>	<u>144</u>
E. Total	254	253

II. Financial Accounting Standards Board Allocations

A. Statement of Accumulated Plan Benefits

1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 27,122,106	\$ 30,975,680
b. DROP participants	10,539,330	8,460,571
c. Other participants	<u>24,238,486</u>	<u>25,994,658</u>
d. Total	\$ 61,899,922	\$ 65,430,909
2. Actuarial present value of accumulated non-vested plan benefits	<u>1,455,496</u>	<u>1,435,348</u>
3. Total actuarial present value of accumulated plan benefits	\$ 63,355,418	\$ 66,866,257

B. Statement of Change in Accumulated Plan Benefits

1. Actuarial present value of accumulated plan benefits as of October 1, 2010	\$ 63,355,418
2. Increase (decrease) during year attributable to:	
a. Plan amendment	\$ 0
b. Change in actuarial assumptions	0
c. Benefits paid including refunds	(3,260,000)
d. DROP benefits	(687,948)
e. Other, including benefits accumulated and increase for interest due to decrease in the discount period	<u>7,458,787</u>
f. Net increase	\$ 3,510,839
3. Actuarial present value of accumulated plan benefits as of October 1, 2011	\$ 66,866,257

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Table X
(continued two)

C. Significant Matters Affecting Calculations

- | | |
|--|-------|
| 1. Assumed rate of return used in determining actuarial present values | 7.90% |
| 2. Change in actuarial assumptions | None. |
| 3. Plan amendments | None. |

Table X
(continued three)

III. Schedule of Funding Progress (as required by GASB No. 25)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)(3) -(2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
October 1, 1991	\$ 11,141	\$ 13,162	\$ 2,021	84.6%	\$ 5,144	39.3%
October 1, 1992	\$ 13,213	\$ 15,847	\$ 2,634	83.4%	\$ 6,142	42.9%
October 1, 1993	\$ 15,076	\$ 17,454	\$ 2,378	86.4%	\$ 6,070	39.2%
October 1, 1994	\$ 16,264	\$ 19,190	\$ 2,926	84.8%	\$ 6,100	48.0%
October 1, 1995	\$ 18,799	\$ 21,548	\$ 2,749	87.2%	\$ 5,809	47.3%
October 1, 1996	\$ 20,718	\$ 22,445	\$ 1,727	92.3%	\$ 6,201	27.9%
October 1, 1997	\$ 25,668	\$ 24,811	\$ (857)	103.5%	\$ 6,404	(13.4%)
October 1, 1998	\$ 28,686	\$ 30,493	\$ 1,807	94.1%	\$ 5,794	31.2%
October 1, 1999	\$ 32,543	\$ 33,489	\$ 946	97.2%	\$ 6,174	15.3%
October 1, 2000	\$ 36,211	\$ 35,286	\$ (925)	102.6%	\$ 6,156	(15.0%)
October 1, 2001	\$ 38,270	\$ 36,873	\$ (1,397)	103.8%	\$ 5,849	(23.9%)
October 1, 2002	\$ 38,430	\$ 40,335	\$ 1,905	95.3%	\$ 7,153	26.6%
October 1, 2003	\$ 39,160	\$ 43,515	\$ 4,355	90.0%	\$ 7,464	58.3%
October 1, 2004	\$ 39,488	\$ 45,713	\$ 6,255	86.4%	\$ 8,089	77.0%
October 1, 2005	\$ 40,679	\$ 51,732	\$ 11,053	78.6%	\$ 9,611	115.0%
October 1, 2006	\$ 48,066	\$ 57,645	\$ 9,579	83.4%	\$ 10,277	93.2%
October 1, 2007	\$ 53,303	\$ 61,829	\$ 8,526	86.2%	\$ 9,780	87.2%
October 1, 2008	\$ 56,358	\$ 65,189	\$ 8,831	86.5%	\$ 9,293	95.0%
October 1, 2009	\$ 55,884	\$ 68,384	\$ 12,499	81.7%	\$ 8,738	143.0%
October 1, 2010	\$ 56,361	\$ 72,192	\$ 15,831	78.1%	\$ 9,681	163.5%
October 1, 2011	\$ 55,594	\$ 74,581	\$ 18,987	74.5%	\$ 9,645	196.9%

Note: Dollar amounts in thousands

D

Table X
(continued four)

IV. GASB No. 27 Disclosures

Period	(a) Annual Required Contribution (ARC)	(b) Actual Employer Contributions	(c) <u>Interest on NPO Balance</u>	(d) Amortization Factor	(e) Adjustment to ARC (h) / (d)	(f) Annual Pension Cost (APC) (a) + (c) - (e)	(g) Change in NPO (f) - (b)	(h) NPO = Prior NPO + (g)
10/01/2002 - 09/30/2003*	\$ 1,268,134	\$1,341,127	\$ (43,804)	10.9229	\$ (48,610)	\$ 1,272,940	\$ (68,187)	\$ (599,148)
10/01/2003 - 09/30/2004*	\$ 1,439,588	\$1,427,587	\$ (49,430)	11.0000	\$ (54,468)	\$ 1,444,626	\$ 17,039	\$ (582,109)
10/01/2004 - 09/30/2005*	\$ 1,722,112	\$1,741,641	\$ (48,024)	11.0000	\$ (52,919)	\$ 1,727,007	\$ (14,634)	\$ (596,743)
10/01/2005 - 09/30/2006	\$ 2,381,623	\$2,381,623	\$ (49,231)	11.0000	\$ (54,249)	\$ 2,386,641	\$ 5,018	\$ (591,725)
10/01/2006 - 09/30/2007**	\$ 2,644,093	\$2,644,093	\$ (48,817)	11.0000	\$ (53,793)	\$ 2,649,069	\$ 4,976	\$ (586,749)
10/01/2007 - 09/30/2008	\$ 2,476,424	\$2,476,424	\$ (48,407)	11.0000	\$ (53,341)	\$ 2,481,358	\$ 4,934	\$ (581,815)
10/01/2008 - 09/30/2009	\$ 2,467,552	\$2,467,552	\$ (48,000)	11.0000	\$ (52,892)	\$ 2,472,444	\$ 4,892	\$ (576,923)
10/01/2009 - 09/30/2010	\$ 2,547,657	\$2,547,657	\$ (45,577)	11.0000	\$ (52,448)	\$ 2,554,528	\$ 6,871	\$ (570,052)
10/01/2010 - 09/30/2011†	\$ 2,870,541	\$2,870,541	\$ (45,034)	11.0000	\$ (51,823)	\$ 2,877,330	\$ 6,789	\$ (563,263)
10/01/2011 - 09/30/2012	\$ 3,214,291		\$ (44,498)	11.0000	\$ (51,206)	\$ 3,220,999		

Annual Pension Cost and Net Pension Asset:

Fiscal Year Ended	09/30/2009	09/30/2010***	09/30/2011†	09/30/2012
Annual Required Contribution (ARC)	\$ 2,467,552	\$ 2,547,657	\$ 2,870,541	\$ 3,214,291
Interest on Net Pension Asset	(48,000)	(45,577)	(45,034)	(44,498)
Adjustment to Annual Required Contribution	<u>52,892</u>	<u>52,448</u>	<u>51,823</u>	<u>51,206</u>
Annual Pension Cost (APC)	\$ 2,472,444	\$ 2,554,528	\$ 2,877,330	\$ 3,220,999
Employer Contributions Made	<u>(2,467,552)</u>	<u>(2,547,657)</u>	<u>(2,870,541)</u>	
(Increase) decrease in Net Pension (Asset)	\$ 4,892	\$ 6,871	\$ 6,789	
Net Pension (Asset), beginning of year	<u>(581,815)</u>	<u>(576,923)</u>	<u>(570,052)</u>	
Net Pension (Asset), end of year	\$ (576,923)	\$ (570,052)	\$ (563,263)	

* As disclosed in the City's financial statements.

** Reflects the adoption of Ordinance 08-01.

*** Reflects the adoption of Assumptions Changes

† ARC computed as 29.9% of actual plan/fiscal year covered payroll of \$9,600,471

Table X
(continued five)

V. Schedule of Employer Contributions (as required by GASB No. 25)

Plan Year Beginning in	Annual Required Contribution	Percentage Contributed
(1)	(2)	(3)
1990	\$ 727,470	110%
1991	635,359	128%
1992	848,937	110%
1993	779,862	122%
1994	838,100	110%
1995	781,342	122%
1996	791,939	138%
1997	1,207,136	137%
1998	781,943	140%
1999	833,983	117%
2000	848,552	121%
2001	811,027	149%
2002	1,268,134	106%
2003	1,439,588	99%
2004	1,722,112	101%
2005	2,381,623	100%
2006	2,644,093	100%
2007	2,476,424	100%
2008	2,467,551	100%
2009	2,547,767	100%
2010	2,870,541	100%

Figures for plan years beginning prior to 2004 were provided by plan's former actuaries.

VI. Notes to Required Supplementary Information

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 follows:

Valuation Date	October 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Layered amortization
Remaining amortization period	7 - 30 years
Asset valuation method	See Item H., Table XII
Actuarial assumptions:	
Investment rate of return*	7.90%
Projected salary increases*	5.00%
*Includes inflation at	4.00%
Cost-of-living adjustments	None.

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Table XI

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Outline of Principal Provisions of the Plan

A. Effective Date:

January 1, 1973, as amended through Ordinance 08-01. The provisions recognized in this valuation also reflect the adoption of the Share Plan.

B. Eligibility Requirements:

Regular, permanent and full-time employment as certified Police Officers or Firefighters.

C. Credited Service:

Service in completed months from date of employment to the date of termination of service. Effective October 1, 2004 and ending on October 1, 2007, active police officer members who have completed more than 17 years but less than 20 years of Credited Service were allowed optionally to purchase additional service to meet the 20 years Credited Service retirement requirement to have retirement benefits at no more than 60% of their Final Monthly Compensation. The purchases were at their true actuarial costs and were paid by the electing members and incurred no cost to the plan.

D. Basic Compensation:

Compensation paid including overtime pay, compensatory time pay, assignment pay, educational incentive pay, licensure or training pay and *pick-up* contributions, but excluding payments for accrued sick leave, accrued vacation leave, accrued compensatory pay and any other form of remuneration.

E. Final Monthly Compensation:

Average monthly rate of basic compensation during the best thirty-six (36) consecutive calendar months out of the last one-hundred twenty (120) calendar months preceding date of termination. Denoted FMC.

F. Employee Contributions:

Pick-up contributions of 7.0% of basic annual compensation.

G. Normal Retirement:

(1) Eligibility: The earliest of (a) or (b), where

- (a) Attainment of age 55 and the completion of 10 years of Credited Service, and
- (b) Completion of 20 years of Credited Service.

(2) Benefit: 3.0% times FMC times Credited Service.

Table XI
(continued two)

H. Early Retirement:

- (1) Eligibility: Attainment of age 50, completion of 10 years of Credited Service.
- (2) Benefit: Benefit accrued to date of retirement, reduced in an actuarial equivalent manner, but not by more than 3% per year, to reflect commencement of benefit at an earlier age.

I. Deferred Retirement:

- (1) Eligibility: Retirement subsequent to reaching normal retirement age.
- (2) Benefit: Benefit accrued at deferred retirement date based on Credited Service and FMC at deferred retirement date.

J. Disability Retirement:

- (1) Eligibility: Total and permanent qualifying disability. If non-service incurred, the completion of 10 years of Credited Service.
- (2) Benefit: Benefit (payable for ten (10) years certain and life thereafter)
 - Incurred in Line-of-Duty: Greatest of (a), (b) or (c), where
 - (a) is 42% of average monthly compensation as of date of disability
 - (b) is the benefit supported by the present value of accrued benefit as of date of disability, and
 - (c) is the benefit supported by eighteen (18) times average monthly compensation. Benefit under (c) shall not exceed 60% of anticipated retirement benefit.
 - Not Incurred in Line-of-Duty: Greater of accrued benefit or 25% of average monthly compensation as of date of disability.
 - Catastrophic Injury: a member who receives a "catastrophic injury", as provided in Section 440.02, Florida Statutes, which renders the member totally and permanently disabled from all gainful employment, shall receive a disability benefit equal to seventy-five percent (75%) of the member's compensation at the time of disability.

K. Death Benefit:

Benefit to beneficiary (payable for 10 years certain and life thereafter) which can be supported by the greater of A or B, where A is the single-sum value of the accrued benefit at date of death and B is the smaller of (1) and (2), where (1) is 18 times FMC at date of death and (2) is 100 times the anticipated monthly normal retirement benefit.

Table XI
(continued three)

L. Vested Benefit Upon Termination:

- (1) Eligibility: Vesting schedule with no vesting until completion of five (5) years of Credited Service (50%). Vesting is 50% upon completion of five (5) years of Credited Service, increasing by 10% per year until 100% vesting upon completion of ten (10) years of Credited Service.
- (2) Benefit at Normal Retirement Date: Benefit is the accrued benefit at date of termination, times the vested percentage, commencing at normal retirement date, or reduced benefit as of early retirement date with 10 years of Credited Service.

M. Cash Termination Benefit:

- (1) Accumulated employee contributions for non-vested employees.
- (2) Vested members may elect to receive a refund of accumulated employee contributions in lieu of deferred vested benefit.

N. Normal Form of Retirement Income:

10 years certain and life thereafter annuity with guaranteed return of employee contributions.

O. Deferred Retirement Option Plan (DROP):

- (1) Eligibility: Upon meeting the eligibility for normal or early retirement.
- (2) Participation in the DROP must be exercised within the first thirty (30) years of employment; provided, however, that participation in the DROP, when combined with participation in the retirement plan as an active member may not exceed thirty (30) years. The maximum period of participation in the DROP is five (5) years.
- (3) An employee's account in the DROP program shall earn or lose interest based upon the actual earnings of the Fund or a fixed rate of return of 6.5% as elected by the member.
- (4) No payment may be made from DROP until the employee actually separates from service with the City.

P. Retiree Benefit Adjustments:

Persons retiring on or after October 1, 1988 shall be eligible for any future benefit changes from the date of the change forward.

Q. Post-retirement Supplement

A supplemental benefit of \$269 per month shall be paid to a member in benefit payment status until the month immediately preceding the member's 65th birthday.

Table XI
(continued four)

R. Share Plan

Available cumulative excess Chapter 175 and Chapter 185 contributions are distributed to the members through a Share Plan, with the initial allocation effective September 30, 2008. Initially, retirees separated from employment with the City were paid \$5,000.00 each. Remaining available funds were then allocated equally between the active and DROP members employed as of the date of adoption of the ordinance creating the Share Plan (November 5, 2008). For each following plan year, available excess Chapter 175 and Chapter 185 contributions are allocated equally to the active, DROP and retiree members.

S. Changes From Previous Valuation

None.

Table XII

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation

A. Mortality

For healthy participants, the 1983 Group Annuity Mortality Table was used with separate rates for males and females.

For disabled participants, the 1985 Pension Disability Table was used with separate rates for males and females.

B. Interest to be Earned by Fund

7.90%, compounded annually.

C. Allowances for Expenses or Contingencies

Previous year's actual administrative expense paid of \$183,417 plus assumed investment expenses of \$305,100 were added to normal cost.

D. Employee Withdrawal Rates

Withdrawal rates for males and for females were used in accordance with the following illustrative example:

<u>Age</u>	<u>Withdrawal Rates</u> <u>Per 100 Employees</u>	
	<u>Male</u>	<u>Females</u>
20	39.8	55.8
25	23.8	39.8
30	12.6	23.8
35	4.6	12.6
40	0.0	4.6
45 & Over	0.0	0.0

E. Disability rates

The 1985 Disability Study - Class 1 separate male and female rates were used. Additionally, thirty-five percent (35%) of disabilities assumed to be service incurred, twenty-five percent (25%) non-service incurred, and forty percent (40%) of disabilities are assumed to be catastrophic injuries.

F. Salary Increase Factors and Covered Payroll

Current salary was assumed to increase at a rate equal to 5.0% per year. Assumed covered payroll is actual annual pension basic compensation from the prior plan year, increased by 5.0%

D

Table XII
(continued two)

G. Retirement Age

The following are the retirement rates assumed for the participants eligible for retirement:

Participants with <u>20 or more</u> years of Credited Service		Participants with <u>less than 20</u> years of Credited Service	
Age	Percentage Retiring	Age	Percentage Retiring
40-44	75%	50-54	50%
45+	100%	55-59	75%
		60	100%

However, active participants eligible for retirement as of the valuation date are assumed to have a minimum of one year future service.

H. Valuation of Assets

The actuarial value of assets is determined by smoothing the differences between actual investment earnings and assumed investment return over five (5) years. This method was adopted effective October 1, 2006 with no phase-in. The resulting value would then be limited to between 80% and 120% of market value.

I. Cost Methods

Normal Retirement, Termination, Death, and Disability Benefits: Entry-Age-Normal Cost Method: Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the plan had always been in effect. The normal cost for the plan is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the plan is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the plan.

The amortization bases would be funded by the excess of actual contributions over prior year's normal cost, adjusted with interest. For each existing base, the funding is done proportionally, determined based on the individual base's required amortization payment as a percentage of the overall total required total amortization payment for the prior year. New bases are then added to the total outstanding unfunded actuarial accrued liability as new layers.

Beginning with the October 1, 2010 through September 30, 2011 plan year, new bases created each year will be amortized over 25 years (instead of 30 years) if the resulting overall equivalent single amortization period of the total outstanding unfunded accrued liability with 30 year amortization periods for the new bases would otherwise exceed 30 years.

Table XII
(continued three)

J. Changes From Previous Valuation

None.

Table XIII

CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Distribution of Plan Participants by Attained Age Groups and Service Groups as of October 1, 2011

Attained Age Group	Years of Service							Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 & Over	
Under 25	6	-	-	-	-	-	-	6
25 - 29	18	9	-	-	-	-	-	27
30 - 34	9	10	-	-	-	-	-	19
35 - 39	4	14	3	3	-	-	-	24
40 - 44	4	8	5	10	3	-	-	30
45 - 49	4	2	2	3	8	1	-	20
50 - 54	2	2	2	3	5	-	-	14
55 - 59	-	1	1	-	-	-	1	3
60 - 64	-	-	-	-	-	1	-	1
65 & Over	-	-	-	-	-	-	-	0
TOTAL	47	46	13	19	16	2	1	144

	<u>10/01/2010</u>	<u>10/01/2011</u>
Average Attained Age	37.81 years	38.29 years
Average Hire Age	28.38 years	28.78 years
Average Pay	\$66,310	\$66,982
Percent Female	11.6%	11.1%

Table XIV

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Reconciliation of Employee Data

A. Active Participants

1.	Active participants previous year	146
2.	Retired during year	0
3.	Entered DROP	(4)
4.	Died during year	0
5.	Disabled during year	0
6.	Terminated during year	(8)
7.	New active participants	8
8.	Transferred from General plan	0
9.	Re-hired during year	<u>2</u>
10.	Active participants current year	144

B. Participants Receiving Benefits

1.	Participants receiving benefits previous year	88
2.	New retired participants	0
3.	New terminated vested receiving benefit	0
4.	New disabled receiving benefits	0
5.	New beneficiaries receiving benefits	1
6.	DROP participants retired	8
7.	Died or ceased payment during year	<u>(6)</u>
8.	Retired or terminated vested receiving benefits current year	91

C. DROP Participants

1.	DROP participants previous year	17
2.	Died during year	0
3.	Became disabled during year	0
4.	Employment terminated and retired during year	(8)
5.	Entered DROP during year	<u>4</u>
6.	DROP participants current year	13

D. Terminated Vested Participants Entitled to Future Benefits

1.	Terminated vested entitled previous year	3
2.	Died during year	0
3.	Commenced receiving benefits during year	0
4.	New terminated vested	2
5.	Rehired and active	0
6.	Terminated vested paid lump sum	<u>0</u>
7.	Terminated vested entitled current year	5

D

Table XV

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

**Statistics for Participants Entitled to Deferred Vested Benefits
and Participants Receiving Payments**

A. Entitled to Deferred Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 40	1	\$ 28,497	\$ 28,497
40 - 44	3	56,131	18,710
45 - 49	1	36,185	36,185
50 - 54	0	0	0
55 - 59	0	0	0
60 - 64	0	0	0
65 & over	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	5	\$ 120,813	\$ 24,163

B. Receiving Benefits (includes DROP participants)

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	13	\$ 530,282	\$ 40,791
50 - 54	14	672,636	48,045
55 - 59	22	933,335	42,424
60 - 64	16	557,817	34,864
65 - 69	16	557,709	34,857
70 - 74	10	335,178	33,518
75 & over	<u>13</u>	<u>383,697</u>	<u>29,515</u>
TOTAL	104	\$ 3,970,654	\$ 38,179

Table XVI

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

SUMMARY OF TRANSACTION INFORMATION

<u>Year Ending</u>	<u>Benefits Paid*</u>	<u>Expenses</u>	<u>Employee Contributions</u>	<u>City Contributions</u>	<u>State Contributions</u>	<u>Actuarial** Value</u>
09/30/2011	\$ 3,947,948	\$ 488,517	\$ 671,855	\$ 2,402,226	\$ 530,175	\$ 55,593,758
09/30/2010	3,952,624	492,529	648,267	2,058,415	543,125	56,360,502
09/30/2009	3,553,804	531,035	635,861	2,022,206	445,345	55,584,162
09/30/2008	3,527,261	467,073	683,167	1,957,085	688,575	56,358,023
09/30/2007	2,915,371	394,054	733,646	2,122,932	858,781	53,303,089
09/30/2006	2,626,916	388,808	714,098	1,974,764	640,961	48,066,020
09/30/2005	2,387,278	346,990	659,715	1,334,782	549,690	40,678,710
09/30/2004	2,385,305	321,426	566,872	1,020,728	490,308	39,488,276
09/30/2003	2,286,232	266,208	552,164	895,560	429,702	39,195,993
09/30/2002	2,148,985	312,222	500,408	852,554	355,925	38,430,103
09/30/2001	1,971,385	341,357	440,118	751,924	314,408	38,269,799
09/30/2000	1,816,865	330,561	448,684	761,769	217,453	36,210,916
09/30/1999	1,668,156	261,153	463,516	798,388	294,718	32,542,597
09/30/1998	1,144,834	216,072	454,011	1,375,497	273,837	28,686,102
09/30/1997	883,103	199,736	463,169	846,528	244,373	25,667,822
09/30/1996	798,746	200,268	448,988	761,174	189,353	20,718,174
09/30/1995	756,398	99,714	427,392	733,455	186,089	18,798,939
09/30/1994	533,094	133,583	441,883	771,749	180,207	16,263,841
09/30/1993	464,658	171,319	442,793	777,504	156,876	15,075,831
09/30/1992	442,503	155,913	456,065	665,256	149,061	13,212,604

* Includes DROP account payments and refunds, amounts prior to year ended 09/30/2004 were as disclosed by the plan's prior actuaries.


** Market value prior to 1993

Table XVII

**CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Recent Compensation, Termination and Investment Return Experience

Plan Year Ended	Compensation		Termination	Investment Return ¹		
	Assumed Increase	Actual Increase	Ratio of Actual To Expected	Assumed Return	Market Value Return	Actuarial Value Return
09/30/2011	5.0%	3.6%	0.7	7.90%	(3.3%)	(0.4%)
09/30/2010	5.0%	3.7%	0.6	7.90%	6.3%	2.5%
09/30/2009	5.5%	(1.5%)	2.5	8.25%	(1.7%)	1.1%
09/30/2008	5.5%	3.9%	1.4	8.25%	(13.7%)	7.0%
09/30/2007	5.5%	2.9%	1.4	8.25%	15.4%	11.0%
Last 3 years	5.2%	1.9%	1.3	8.01%	0.3%	1.1%
Last 5 years	5.3%	2.5%	1.3	8.11%	0.1%	4.2%

 Computed as $2I/(A + B - I)$, where A is beginning value, B is ending value, and I is investment return.

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Table XVIII

**THE CITY OF KEY WEST MUNICIPAL POLICE OFFICERS' &
FIREFIGHTERS' RETIREMENT PLAN**

Actuarial Valuation as of October 1, 2011
State Required Exhibit

	<u>10/01/2010</u>	<u>10/01/2011</u>
A. <u>Participant Data</u>		
1. Active participants	146	144
2. Retired participants and beneficiaries receiving benefits	83	87
3. DROP participants	17	13
4. Disabled participants receiving benefits	5	4
5. Terminated vested participants	3	5
6. Annual payroll of active participants	\$ 9,681,323	\$ 9,645,464
7. Annual benefits payable to those currently receiving benefits	\$ 2,869,554	\$ 3,189,258
8. Annual benefits payable to DROP participants	\$ 921,134	\$ 743,588
B. <u>Value of Assets</u>		
1. Actuarial Value	\$ 56,360,502	\$ 55,593,758
2. Market Value	\$ 48,552,786	\$ 46,425,175
C. <u>Liabilities</u>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 42,530,051	\$ 42,752,199
b. Vesting benefits	790,349	817,409
c. Death benefits	255,049	260,028
d. Disability benefits	589,838	616,291
e. Total	\$ 44,165,287	\$ 44,445,927
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 358,096	\$ 741,022
3. Actuarial present value of future expected benefit payments for those receiving benefits		
a. Service retired	\$ 23,845,188	\$ 27,769,273
b. DROP participants	10,539,330	8,460,571
c. Disability retired	1,197,524	1,139,128
d. Beneficiaries	2,079,394	2,067,279
e. Miscellaneous (refunds payable)	70,008	53,763
f. Total	\$ 37,731,444	\$ 39,490,014
4. Total actuarial present value of future expected benefit payments	\$ 82,254,827	\$ 84,676,963

D

Table XVIII
(continued two)

State Required Exhibit

	<u>10/01/2010</u>	<u>10/01/2011</u>
5. Actuarial accrued liabilities	\$ 72,192,008	\$ 74,580,840
6. Unfunded actuarial liabilities (see footnote 1/ for separation)	\$ 15,831,506	\$ 18,987,082
D. <u>Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 27,122,106	\$ 30,975,680
b. DROP participants	10,539,330	8,460,571
c. Other participants	<u>24,238,486</u>	<u>25,994,658</u>
d. Total	\$ 61,899,922	\$ 65,430,909
2. Actuarial present value of accumulated non-vested plan benefits	<u>1,455,496</u>	<u>1,435,348</u>
3. Total actuarial present value of accumulated plan benefits	\$ 63,355,418	\$ 66,866,257
E. <u>Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2010	\$ 63,355,418	
2. Increase (decrease) during year attributable to:		
a. Plan amendment	\$ 0	
b. Change in actuarial assumptions	0	
c. Benefits paid including refunds	(3,260,000)	
d. DROP benefits	(687,948)	
e. Other, including benefits accumulated, increase for interest due to decrease in the discount period	<u>7,458,787</u>	
f. Net increase	\$ 3,510,839	
3. Actuarial present value of accumulated plan benefits as of October 1, 2011	\$ 66,866,257	

Table XVIII
(continued three)

State Required Exhibit

	<u>10/01/2010</u>	<u>10/01/2011</u>
F. <u>Pension Cost</u>		
1. Total normal cost	\$ 2,152,829	\$ 2,165,322
2. Payment required to amortize unfunded liability	1,299,489	1,568,985
3. Interest	<u>123,290</u>	<u>155,166</u>
4. Estimated total required contributions	\$ 3,575,608	\$ 3,889,473
5. Item 4 as a percentage of payroll	36.9%	40.3%
6. Estimated employee contributions	\$ 677,693	\$ 675,182
7. Item 6 as a percentage of payroll	7.0%	7.0%
8. Estimated total employer required contributions	\$ 2,897,915	\$ 3,214,291
9. Item 8 as a percentage of payroll	29.9%	33.3%
10. Estimated State contributions	\$ 468,315	\$ 468,315
11. Items 10 as a percentage of payroll	4.8%	4.9%
12. Estimated net amount payable by City	\$ 2,429,600	\$ 2,745,976
13. Item 12 as a percentage of payroll	25.1%	28.5%
G. <u>Past Contributions</u>		
1. Total contribution required (For 10/01/2010, determined based on the actual covered pension payroll during the plan/fiscal year)	\$ 3,542,396	\$ 3,889,473
2. Actual contributions made:		
a. Employees	\$ 671,855	N/A
b. City	2,402,226	N/A
c. State (as limited by Chs. 175 & 185)	<u>468,315</u>	N/A
d. Total	\$ 3,542,396	N/A
H. <u>Net Actuarial Gains / (Losses)</u>	\$ (3,416,015)	\$ (3,256,699)
I. <u>Disclosure of Following Items:</u>		
1. Actuarial present value of future salaries - attained age	\$ 56,107,948	\$ 55,761,734
2. Actuarial present value of future employee contributions - attained age	\$ 3,927,556	\$ 3,903,321
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 5,128,424	\$ 5,260,034
5. Actuarial present value of future salaries and future benefits at entry age	Not provided by software	
6. Actuarial present value of future employee contributions at entry age	Not provided by software	

D

Table XVIII
(continued four)

State Required Exhibit

<u>1/ Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/1/1988 Plan Amendment	\$ (52,114)	\$ (9,245)	7 years
10/1/1988 Actuarial Loss (Gain)	(291,591)	(51,729)	7 years
10/1/1989 Plan Amendment	(734,716)	(118,041)	8 years
10/1/1989 Actuarial Loss (Gain)	322,607	51,831	8 years
10/1/1990 Actuarial Loss (Gain)	(855,464)	(126,389)	9 years
10/1/1991 Plan Amendment	3,225	443	10 years
10/1/1991 Actuarial Loss (Gain)	1,054,880	145,042	10 years
10/1/1992 Plan Amendment	(360,970)	(46,634)	11 years
10/1/1992 Method Change	(99,794)	(12,893)	11 years
10/1/1992 Actuarial Loss (Gain)	(102,255)	(13,210)	11 years
10/1/1993 Actuarial Loss (Gain)	20,871	2,553	12 years
10/1/1994 Plan Amendment	(179,337)	(20,913)	13 years
10/1/1994 Actuarial Loss (Gain)	(196,127)	(22,871)	13 years
10/1/1995 Actuarial Loss (Gain)	647,427	72,359	14 years
10/1/1995 Assumption Change	(633,098)	(70,757)	14 years
10/1/1996 Actuarial Loss (Gain)	(60,788)	(6,542)	15 years
10/1/1996 Assumption Change	480,667	51,727	15 years
10/1/1997 Actuarial Loss (Gain)	1,641,540	170,780	16 years
10/1/1997 Plan Amendment	(284,633)	(29,612)	16 years
10/1/1998 Actuarial Loss (Gain)	93,974	9,484	17 years
10/1/1998 Assumption Change	386,606	39,019	17 years
10/1/1998 Plan Amendment	(2,264,187)	(228,516)	17 years
10/1/1999 Actuarial Loss (Gain)	480,286	47,166	18 years
10/1/1999 Assumption Change	380,429	37,360	18 years
10/1/1999 Plan Amendment	(656,193)	(64,441)	18 years
10/1/2000 Actuarial Loss (Gain)	558,174	53,479	19 years
10/1/2000 Plan Amendment	(160,381)	(15,366)	19 years
10/1/2001 Actuarial Loss (Gain)	(631,381)	(59,156)	20 years
10/1/2001 Plan Amendment	803,635	75,295	20 years
10/1/2002 Actuarial Loss (Gain)	2,812,049	258,184	21 years
10/1/2003 Actuarial Loss (Gain)	2,252,174	203,005	22 years
10/1/2004 Actuarial Loss (Gain)	1,749,843	155,101	23 years
10/1/2005 Actuarial Loss (Gain)	2,307,779	201,449	24 years
10/1/2005 Plan Amendment	2,296,650	200,477	24 years
10/1/2006 Actuarial Loss (Gain)	2,575,384	221,688	25 years
10/1/2006 Method Change	(3,966,703)	(341,452)	25 years
10/1/2006 Plan Amendment	867,844	74,704	25 years
10/1/2007 Actuarial Loss (Gain)	(1,855,157)	(157,663)	26 years
10/1/2008 Actuarial Loss (Gain)	339,062	28,480	27 years
10/1/2009 Actuarial Loss (Gain)	1,160,129	96,409	28 years
10/1/2009 Assumptions Change	2,500,045	207,758	28 years
10/1/2010 Actuarial Loss (Gain)	3,379,992	295,043	24 years
10/1/2011 Actuarial Loss (Gain)	3,256,699	265,579	30 years
TOTAL	\$ 18,987,082	\$ 1,568,985	

Equivalent single amortization period: 28.563 years

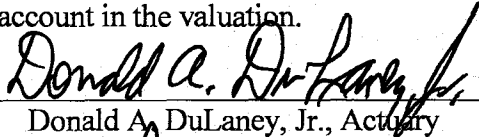
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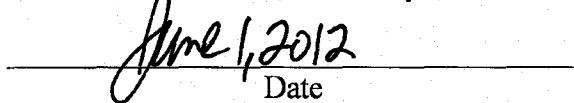
Table XVIII
(continued five)

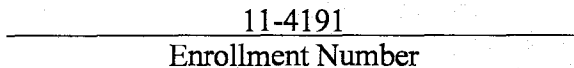
State Required Exhibit

Actuary Statement

This actuarial valuation and/or cost determination 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 in 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.


Donald A. DuLaney, Jr., Actuary


Date


Enrollment Number

D