

CITY OF MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2009

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011

July 19, 2010

Board of Trustees
City of Miami Beach Employees'
Retirement Plan
Miami Beach, Florida

Dear Board Members:

We are pleased to present our October 1, 2009 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

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

As indicated below, the undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By _____
J. Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 08-1560

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SECTION A
DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The required employer contribution developed in this year's actuarial valuation compared to last year is as follows:

	Required City Contribution			Non-DROP Covered Payroll	Total Covered Payroll
	Amount	% of Non-DROP Payroll	% of Total Payroll		
For FYE 9/30/11 Based on 10/1/09 Valuation	\$ 18,057,014	25.76 %	24.79 %	\$ 70,097,549	\$ 72,835,309
For FYE 9/30/10 Based on 10/1/08 Valuation	17,137,394	25.20	25.20	68,009,550	68,009,550
Increase (Decrease)	919,620	0.56	(0.41)	2,087,999	4,825,759

The contribution has been adjusted for interest on the basis that employer contributions are made in a single payment on the first day of the fiscal year. The actual employer contribution for the year ending September 30, 2009 was \$12,863,823 compared to the minimum required payment of \$12,863,823.

Revisions in Benefits

There were no revisions in benefits since the last valuation.

Revisions in Actuarial Assumptions and Methods

The investment return assumption was reduced from 8.50% last year to 8.35% this year. This change led to an increase in the annual required contribution of 1.57% of non-DROP payroll. The investment return assumption will be 8.25% for the October 1, 2010 Valuation, 8.15% for the October 1, 2011 Valuation and 8.00% for the October 1, 2012 Valuation.

Projected benefits were limited to the maximum allowable benefits under Section 415 of the Internal Revenue Code. Limiting the benefits led to a decrease in the annual required contribution of \$751,163 or 1.07% of non-DROP payroll.

Actuarial Experience

There was a net actuarial loss of \$28,291,986 for the year which means actual experience was less favorable than expected. The actuarial loss was due to lower than expected return on investments and less than expected employee turnover. The actuarial loss translates into an increase in the employer contribution equal to

3.77% of non-DROP payroll. The following is an approximate breakdown of the net loss (in millions):

Gain (loss) due to investments	\$	(30.9)
Gain (loss) due to salary increases		1.4
Gain (loss) due to terminations		(2.2)
Gain (loss) due to retirements		<u>3.4</u>
Net gain (loss)		(28.3)

Funded Ratio

The funded ratio this year is 76.0% compared to 80.9% last year. This year's ratio was 74.9% before reflecting the 415 limits described above and 76.2% before the change in the assumption described above.

The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Employer Contribution

The components of change in the required employer contribution as a percent of non-DROP payroll are as follows:

Contribution rate last year	25.20 %
Change in assumptions/methods	1.57
Change due to reflecting 415 limits	(1.07)
Payment on unfunded liability	(4.11)
Change in employer normal cost rate	0.40
Experience gain/loss	3.77
Change in administrative expense	<u>0.00</u>
Contribution rate this year	25.76

Required Contributions in Later Years

The current calculated City contribution requirement is 25.76% of non-DROP payroll. It is important to keep in mind that under the asset smoothing method, the difference between actual and expected return is recognized over five years. As of September 30, 2009 the actuarial value of assets exceeded the market value by \$69,977,654. Once all the losses through September 30, 2009 are fully recognized in the actuarial asset values, the contribution rate will increase by roughly 8% of non-DROP payroll unless there are offsetting gains.

Relationship to Market Value

If Market Value had been the basis for the valuation, the City contribution rate would have been 34.92% and the funded ratio would have been 63.3%. In the absence of other gains and losses, the City contribution rate should increase to that level over the next several years.

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

SECTION B
VALUATION RESULTS

PARTICIPANT DATA			
	October 1, 2009 <i>After Reflecting 415 Limits</i>	October 1, 2009 <i>Before Reflecting 415 Limits</i>	October 1, 2008
ACTIVE MEMBERS			
Number (Non-DROP)	1,154	1,154	1,158
Covered Annual Non-DROP Payroll	\$ 70,097,549	\$ 70,097,549	\$ 68,009,550
Average Annual Non-DROP Pay	\$ 60,743	\$ 60,743	\$ 58,730
Total Covered Annual Payroll	\$ 72,835,309	\$ 72,835,309	N/A
Average Annual Pay	\$ 61,258	\$ 61,258	N/A
Average Age	43.5	43.5	43.6
Average Past Service	8.2	8.2	8.1
Average Age at Hire	35.3	35.3	35.5
DROP PARTICIPANTS			
Number	35	35	N/A
Annual Benefits	\$ 1,763,119	\$ 1,817,837	N/A
Average Annual Benefit	\$ 50,375	\$ 51,938	N/A
Average Age	57.9	57.9	N/A
RETIREES & BENEFICIARIES			
Number	972	972	968
Annual Benefits	\$ 28,200,927	\$ 28,438,802	\$ 27,377,651
Average Annual Benefit	\$ 29,013	\$ 29,258	\$ 28,283
Average Age	70.8	70.8	70.4
DISABILITY RETIREES			
Number	41	41	43
Annual Benefits	\$ 936,354	\$ 936,354	\$ 925,417
Average Annual Benefit	\$ 22,838	\$ 22,838	\$ 21,521
Average Age	65.9	65.9	67.5
TERMINATED VESTED MEMBERS			
Number	79	79	87
Annual Benefits	\$ 1,373,077	\$ 1,373,077	\$ 1,455,128
Average Annual Benefit	\$ 17,381	\$ 17,381	\$ 16,726
Average Age	46.9	46.9	46.0

ANNUAL REQUIRED CONTRIBUTION (ARC)

A. Valuation Date	October 1, 2009 <i>After Reflecting 415 Limits</i>	October 1, 2009 <i>After Interest Rate Change</i>	October 1, 2009 <i>Before Interest Rate Change</i>	October 1, 2008
B. ARC to Be Paid During Fiscal Year Ending	9/30/2011	9/30/2011	9/30/2011	9/30/2010
C. Assumed Date of Employer Contrib.	10/1/2010	10/1/2010	10/1/2010	10/1/2009
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 7,119,977	\$ 7,794,974	\$ 7,175,930	\$ 7,182,938
E. Employer Normal Cost	9,545,472	9,563,750	9,142,103	8,611,895
F. ARC if Paid on the Valuation Date: D+E	16,665,449	17,358,724	16,318,033	15,794,833
G. ARC Adjusted for Frequency of Payments	18,057,014	18,808,177	17,705,065	17,137,394
H. ARC as % of Covered Payroll				
- Non-DROP Payroll	25.76 %	26.83 %	25.26 %	25.20 %
- Total Payroll	24.79 %	25.82 %	24.31 %	N/A
I. Covered Payroll for Contribution Year				
- Non-DROP Payroll	70,097,549	70,097,549	70,097,549	68,009,550
- Total Payroll	72,835,309	72,835,309	72,835,309	N/A

ACTUARIAL VALUE OF BENEFITS AND ASSETS				
A. Valuation Date	October 1, 2009 <i>After Reflecting 415 Limits</i>	October 1, 2009 <i>After Interest Rate Change</i>	October 1, 2009 <i>Before Interest Rate Change</i>	October 1, 2008
B. Actuarial Present Value of All Projected Benefits for				
1. Active Members				
a. Service Retirement Benefits	\$ 267,872,671	\$ 271,293,247	\$ 263,991,949	\$ 254,664,328
b. Vesting Benefits	27,198,459	27,761,837	26,791,124	23,920,489
c. Disability Benefits	15,514,626	15,516,638	15,124,738	14,021,461
d. Preretirement Death Benefits	5,251,473	5,251,473	5,113,435	4,708,553
e. Return of Member Contributions	651,313	651,313	650,374	941,618
f. Total	<u>316,488,542</u>	<u>320,474,508</u>	<u>311,671,620</u>	<u>298,256,449</u>
2. Inactive Members				
a. Service Retirees & Beneficiaries	327,327,568	331,520,848	327,286,002	295,403,500
b. Disability Retirees	9,874,613	9,874,613	9,748,175	9,297,635
c. Terminated Vested Members	12,914,814	12,914,814	12,650,361	12,672,793
d. Total	<u>350,116,995</u>	<u>354,310,275</u>	<u>349,684,538</u>	<u>317,373,928</u>
3. Total for All Members	666,605,537	674,784,783	661,356,158	615,630,377
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	551,698,377	559,667,261	550,691,889	526,481,586
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	504,604,698	509,197,808	501,296,259	470,386,912
E. Plan Assets				
1. Market Value	349,416,064	349,416,064	349,416,064	363,584,796
2. Actuarial Value	419,393,718	419,393,718	419,393,718	425,714,565
F. Unfunded Actuarial Accrued Liability: C-E2	132,304,659	140,273,543	131,298,171	100,767,021
G. Actuarial Present Value of Projected Covered Payroll	518,982,308	518,982,308	514,805,140	459,755,910
H. Actuarial Present Value of Projected Member Contributions	39,721,439	39,721,439	39,431,515	35,584,619

CALCULATION OF EMPLOYER NORMAL COST

A. Valuation Date	October 1, 2009 <i>After Reflecting 415 Limits</i>	October 1, 2009 <i>After Interest Rate Change</i>	October 1, 2009 <i>Before Interest Rate Change</i>	October 1, 2008
B. Normal Cost for				
1. Service Retirement Benefits	\$ 11,131,111	\$ 11,147,277	\$ 10,818,423	\$ 10,131,158
2. Vesting Benefits	1,707,845	1,709,955	1,649,490	1,391,398
3. Disability Benefits	1,212,589	1,212,589	1,187,362	1,145,687
4. Preretirement Death Benefits	374,643	374,645	366,127	347,993
5. Return of Member Contributions	<u>214,559</u>	<u>214,559</u>	<u>215,976</u>	<u>582,672</u>
6. Total for Future Benefits	14,640,747	14,659,025	14,237,378	13,598,908
7. Assumed Amount for Administrative Expenses	<u>657,393</u>	<u>657,393</u>	<u>657,393</u>	<u>640,506</u>
8. Total Normal Cost	15,298,140	15,316,418	14,894,771	14,239,414
% of Covered Payroll				
- Non-DROP Payroll	21.82 %	21.85 %	21.25 %	20.94 %
- Total Payroll	21.00 %	21.03 %	20.45 %	N/A
C. Expected Member Contribution				
% of Covered Payroll	5,752,668	5,752,668	5,752,668	5,627,519
- Non-DROP Payroll	8.21 %	8.21 %	8.21 %	8.27 %
- Total Payroll	7.90 %	7.90 %	7.90 %	N/A
D. Employer Normal Cost: B8-C				
% of Covered Payroll	9,545,472	9,563,750	9,142,103	8,611,895
- Non-DROP Payroll	13.62 %	13.64 %	13.04 %	12.66 %
- Total Payroll	13.11 %	13.13 %	12.55 %	N/A

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. Derivation of the Current UAAL	
1. Last Year's UAAL	\$ 100,767,021
2. Last Year's Employer Normal Cost	7,033,378
3. Last Year's Contributions	12,863,823
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	9,163,034
b. 3 from dates paid	1,093,425
c. a - b	<u>8,069,609</u>
5. This Year's Expected UAAL Prior to Revision: 1 + 2 - 3 + 4c	103,006,185
6. This Year's Actual UAAL Prior to Revisions	131,298,171
7. This Year's Gain (Loss): 5 - 6	(28,291,986)
8. Change in UAAL Due to Plan Amendments and/or Changes in Actuarial Assumptions	8,975,372
9. Change Due to Reflecting 415 Limits	(7,968,884)
10. This Year's Revised UAAL: 6 + 8 + 9	132,304,659
11. Gain (Loss) Due to Investments	(30,903,919)
12. Gain (Loss) Due to Other Causes	2,611,933

B. UAAL Amortization Period and Payments					
Original UAAL			Current UAAL		
Date Established	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/95	15	(3,893,388)	1	(852,214)	(852,214)
10/1/96	15	(6,757,095)	2	(3,082,633)	(1,603,088)
10/1/96	15	(1,455,487)	2	(664,003)	(345,307)
10/1/97	15	(11,502,918)	3	(4,194,043)	(1,511,506)
10/1/98	15	(9,492,383)	4	(4,029,190)	(1,131,506)
10/1/99	15	(11,197,306)	5	(5,446,460)	(1,270,612)
10/1/99	15	761,013	5	370,164	86,356
10/1/00	15	(1,184,364)	6	(639,549)	(129,042)
10/1/01	15	4,182,294	7	2,422,989	434,679
10/1/01	15	8,482,719	7	4,914,411	881,635
10/1/02	30	24,017,296	23	21,650,212	1,981,800
10/1/03	30	16,972,622	24	16,957,822	1,530,127
10/1/04	30	9,682,048	25	9,433,591	840,144
10/1/05	30	9,377,578	26	8,858,367	779,566
10/1/06	30	11,796,972	27	11,134,603	969,280
10/1/06	30	34,747,408	27	32,796,434	2,854,967
10/1/07	30	(14,036,710)	28	(13,369,990)	(1,152,364)
10/1/07	30	(12,143,754)	28	(11,566,946)	(996,959)
10/1/08	30	29,844,325	29	30,031,904	2,565,056
10/1/08	30	8,228,994	29	8,280,715	707,265
10/1/09	30	28,291,986	30	28,291,986	2,396,446
10/1/09	30	8,975,372	30	8,975,372	760,251
10/1/09	30	(7,968,884)	30	(7,968,884)	(674,997)
		<u>115,728,338</u>		<u>132,304,659</u>	<u>7,119,977</u>

C. Amortization Schedule

The UAAL is being liquidated as a level dollar amount over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2009	\$ 132,304,659
2010	135,637,660
2011	138,325,536
2012	139,126,763
2013	138,357,177
2014	136,297,342
2019	119,544,602
2024	98,114,980
2029	66,114,309
2034	24,459,731
2039	-

ACTUARIAL GAINS AND LOSSES

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

Net actuarial gains in previous years are as follows:

Year Ended	Gain (Loss)
9/30/1990	\$ (9,106,524)
9/30/1991	2,727,904
9/30/1992	4,954,823
9/30/1993	5,370,894
9/30/1994	(1,696,061)
9/30/1995	6,661,918
9/30/1996	7,568,621
9/30/1997	13,539,264
9/30/1998	6,894,790
9/30/1999	16,168,137
9/30/2000	6,540,306
9/30/2001	(6,572,791)
9/30/2002	(32,586,068)
9/30/2003	(18,414,901)
9/30/2004	(9,682,048)
9/30/2005	(7,060,041)
9/30/2006	(11,796,971)
9/30/2007	14,036,710
9/30/2008	(29,844,325)
9/30/2009	(28,291,986)

HISTORY OF INVESTMENT RETURNS AND SALARY INCREASES

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

Year Ending	General Plan				Unclassified Plan			
	Investment Return		Salary Increases		Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed	Actual	Assumed	Actual	Assumed
9/30/1989	11.6 %	8.0 %	1.9 %	6.0 %	14.6 %	8.0 %	3.2 %	6.0 %
9/30/1990	7.3	8.5	7.5	6.0	(2.3)	8.0	12.3	6.0
9/30/1991	8.1	8.5	3.0	6.0	21.6	8.5	3.4	6.0
9/30/1992	13.7	8.5	2.0 *	6.0	5.8	9.0	2.4	6.0
9/30/1993	11.4	8.5	3.1	6.0	14.1	9.0	6.3	6.0
9/30/1994	6.8	8.5	3.9	6.0	4.8	9.0	6.0	6.0
9/30/1995	11.4	8.5	8.8	6.0	24.1	9.0	7.6	6.0
9/30/1996	15.3	8.5	4.2	6.0	13.9	9.0	8.6	6.0
9/30/1997	13.8	8.5	6.0	6.0	19.1	9.0	7.4	6.0
9/30/1998	12.5	8.5	5.0	6.0	4.3	9.0	4.1	6.0
9/30/1999	14.4	8.5	7.3	6.0	18.8	9.0	7.1	6.0
9/30/2000	10.7	8.5	6.7	6.0	16.5	9.0	6.7	6.0
9/30/2001	7.2	8.5	9.3	6.0	9.7	9.0	7.0	6.0
9/30/2002	0.3	8.5	8.9	6.0	1.7	9.0	9.2	6.0
9/30/2003	4.3	8.5	8.1	6.0	4.6	9.0	7.5	6.0
9/30/2004	4.1	8.5	3.1	6.0	9.7	9.0	5.7	6.0
9/30/2005	4.4	8.5	4.7	6.0	10.7	9.0	6.8	6.0
9/30/2006	7.7	8.5	11.9	6.0	10.2	8.75	7.9	6.0
9/30/2007 **	12.0	8.75	(3.6)	6.0	NA	NA	NA	NA
9/30/2008 **	5.2	8.65	11.3	6.0	NA	NA	NA	NA
9/30/2009 **	1.1	8.50	4.8	6.0	NA	NA	NA	NA
Averages	8.6 %	---	5.6 %	---	11.0 %	---	6.6 %	---

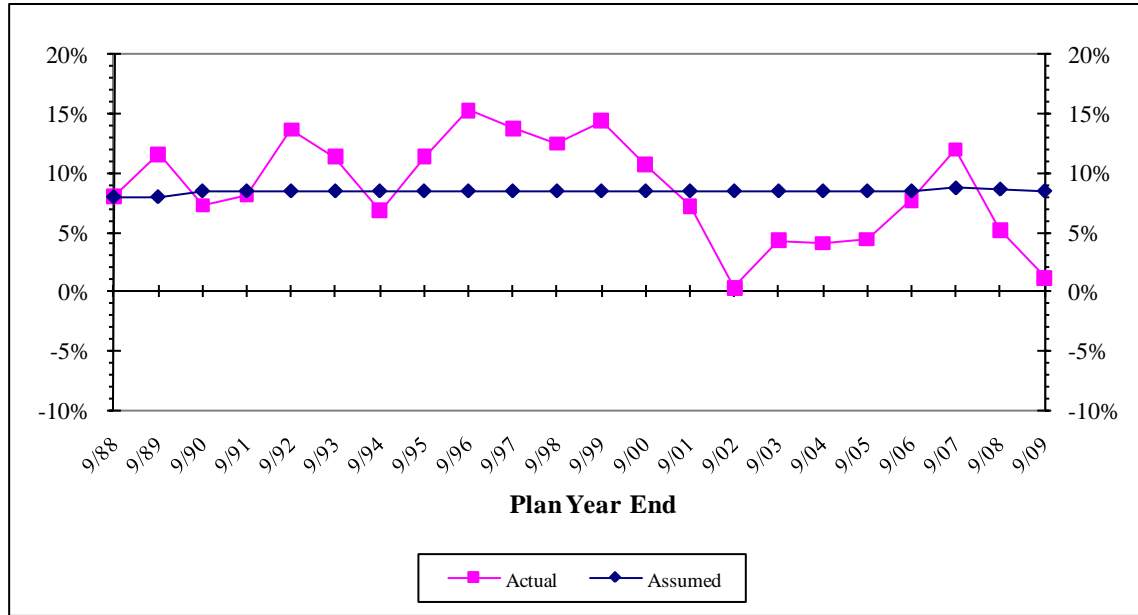
* Approximate rate

** Represents salary increases and investment return for the total group

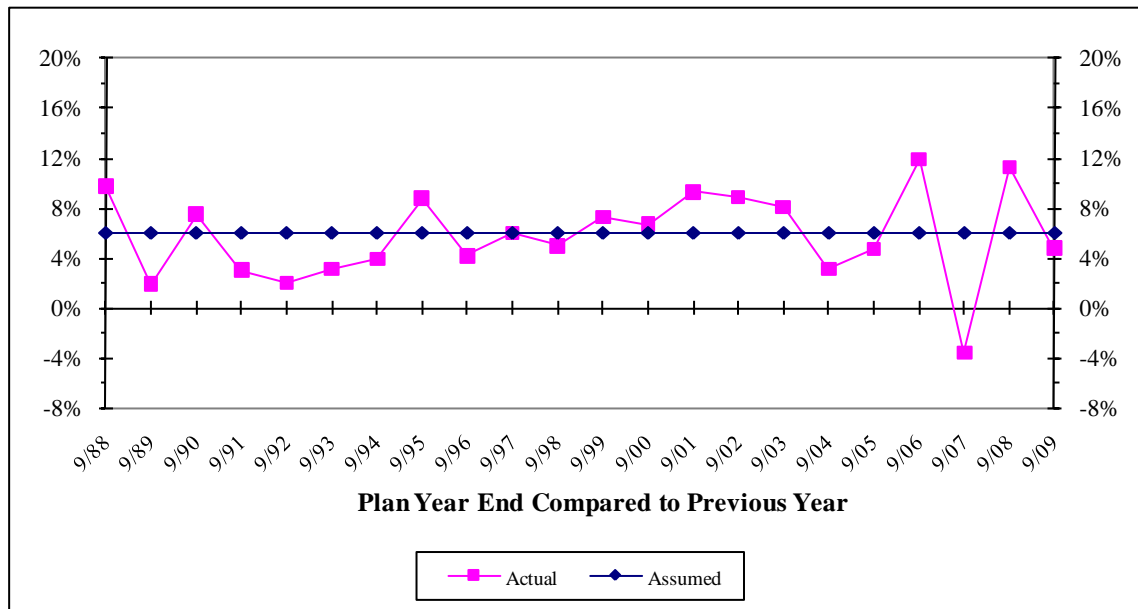
Note: Figures before 1992 were taken from Reports of Buck Consultants.

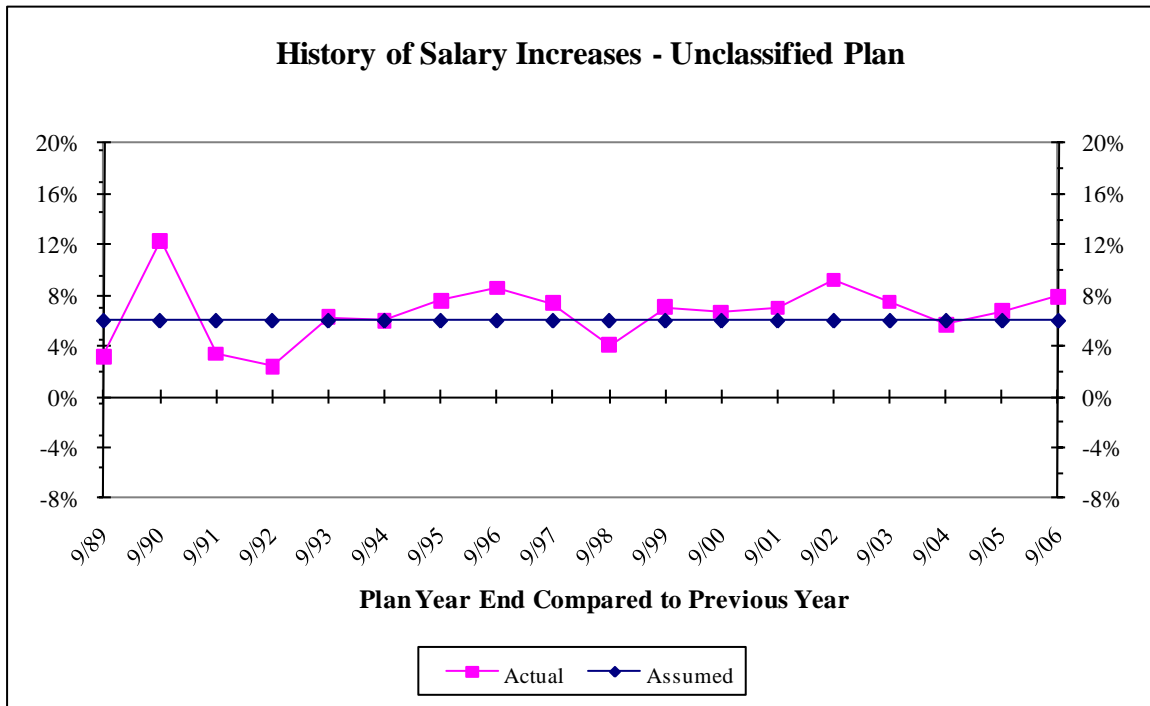
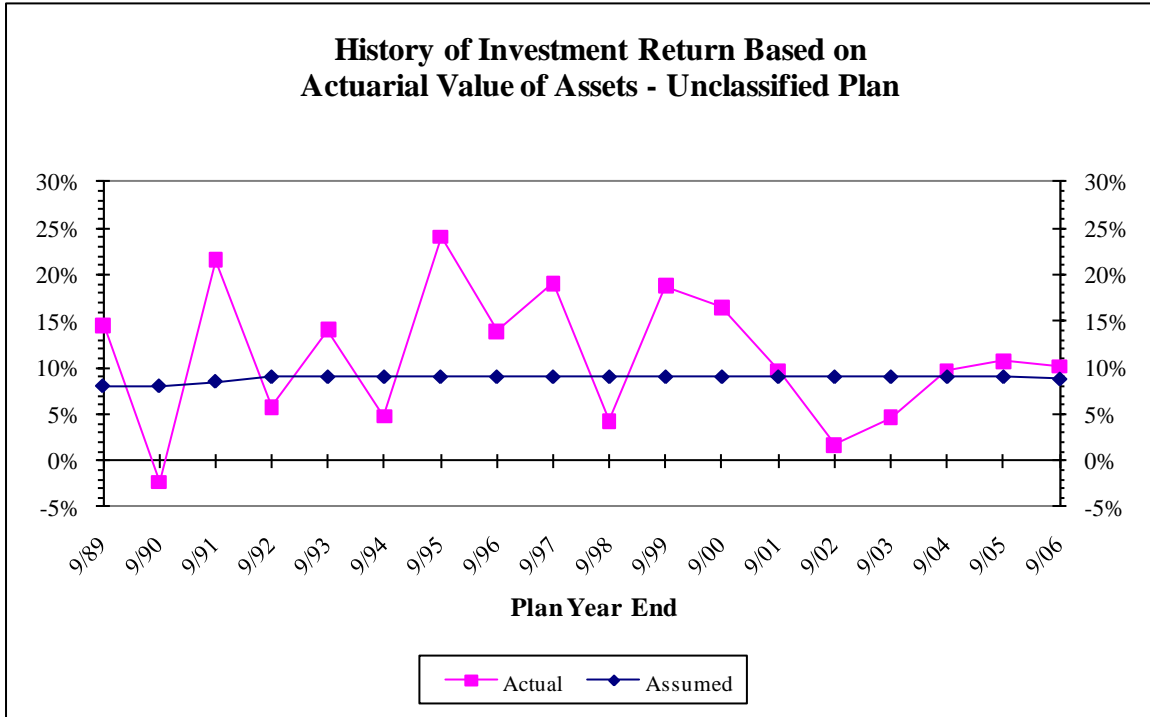
The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuation both at the beginning and the end of each period. The exhibits that follow illustrate the table above in graphic form.

**History of Investment Return Based
on Actuarial Value of Assets – General Plan
and Combined Plan after 2006**



**History of Salary Increases – General Plan
and Combined Plan after 2006**





Actual (A) Compared to Expected (E) Decrements Among Active Employees															
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year		
	A	E	A	E	A	E	A	E	Vested		Other			Totals	
									A	E	A	E		A	E
9/30/2003	109	46	20	40	0	3	2	1	15	9	24	33	714		
9/30/2004	65	54	24	37	2	3	1	1	18	9	27	35	725		
9/30/2005	73	62	16	43	2	3	2	1	23	19	42	37	736		
9/30/2006 *	357	75	40	40	0	3	1	1	21	13	34	37	1,018		
9/30/2007	149	106	40	86	2	3	1	2	17	46	63	49	1,061		
9/30/2008	182	85	29	92	1	3	1	2	24	30	54	61	1,158		
9/30/2009	78	29	55	123	2	3	1	2	12	12	24	64	1,154		
9/30/2010				114		3		2				69			
7 Yr Totals **	1013	457	224	461	9	21	9	10	130	138	268	316			

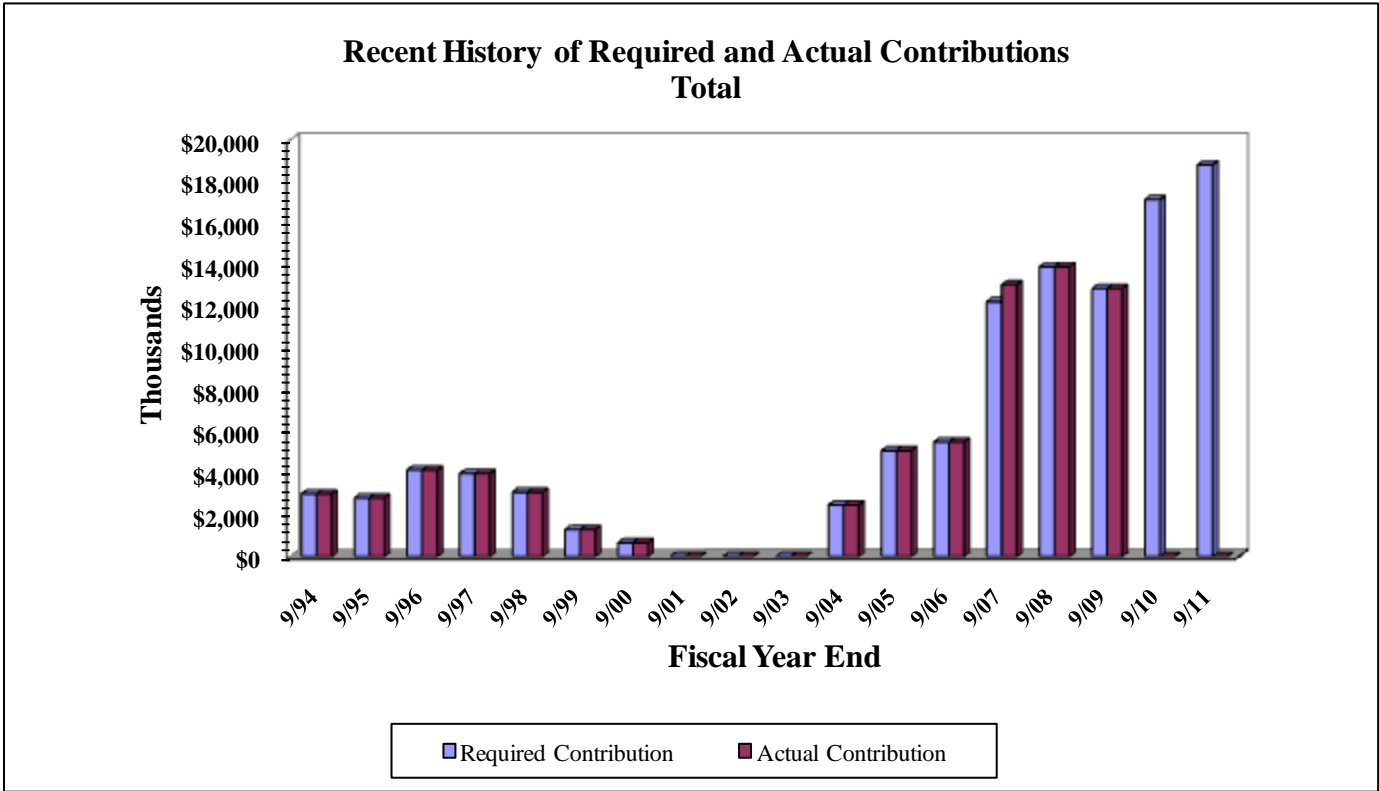
* Includes 401a transfers

** Totals are through current Plan Year only

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS							
Valuation Date	End of Year To Which Valuation Applies	Required Employer Contribution		Actual Employer Contribution	Expected Employee Contribution		
		Amount	% of Payroll ⁽¹⁾		Amount	% of Payroll	
10/1/92	9/30/94	\$ 3,004,556	13.59 %	\$ 3,004,556	2,210,760	10.00 %	
10/1/93	9/30/95	2,809,509	13.32	2,809,509	2,109,411	10.00	
10/1/94	9/30/96	4,151,807	18.92	4,151,807	2,194,453	10.00	
10/1/95	9/30/97	3,982,477	16.97	3,982,477	2,346,131	10.00	
10/1/96	9/30/98	3,091,359	12.29	3,091,359	2,514,836	10.00	
10/1/97	9/30/99	1,293,920	4.99	1,293,920	2,593,998	10.00	
10/1/98	9/30/00	666,897	2.66	666,897	2,507,033	10.00	
10/1/99	9/30/01	-	-	-	2,541,861	10.00	
10/1/00	9/30/02	-	-	-	2,588,940	10.00	
10/1/01	9/30/03	-	-	-	2,766,409	10.00	
10/1/02	9/30/04	2,476,702	8.16	2,476,702	3,035,064	10.00	
10/1/03	9/30/05	5,082,595	14.74	5,082,595	3,448,863	10.00	
10/1/04	9/30/06	5,500,329	15.89	5,500,329	3,461,920	10.00	
10/1/05	9/30/07	12,234,519 *	23.11	13,053,231	4,550,013 *	8.59	
10/1/06	9/30/08	13,911,545	24.24	13,911,545	4,901,855	8.54	
10/1/07	9/30/09	12,863,823	21.57	12,863,823	4,987,739	8.36	
10/1/08	9/30/10	17,137,394	25.20	NA	5,627,519	8.27	
10/1/09	9/30/11	18,057,014	25.76	NA	5,752,668	8.21	
Average % of Payroll			13.41 %			9.55 %	

* From February 28, 2006 Actuarial Impact Statement.

⁽¹⁾ Non-DROP Payroll



ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section.

Economic Assumptions

The investment return rate assumed in the valuations is 8.35% per year, compounded annually (net after investment expenses). The assumption rate for each of the next three valuations will be 8.25%, 8.15%, and 8.00% respectively.

The Wage Inflation Rate assumed in this valuation was 4.00% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 8.35% investment return rate translates to an assumed real rate of return over wage inflation of 4.35%.

Pay increase assumptions for individual active members are assumed to be 6.00% per year up to the assumed retirement age.

Age	Annual Rate of					
	Mortality		Turnover	Disability	Retirement*	
	Male	Female			Group A	Group B
25	0.05%	0.03%	14.6%	0.07%	NA	NA
30	0.06	0.03	7.8	0.08	NA	NA
35	0.09	0.05	5.7	0.13	NA	NA
40	0.12	0.07	4.7	0.20	NA	NA
45	0.22	0.10	3.3	0.31	NA	NA
50	0.39	0.16	2.1	0.46	30.0%	5.0%
55	0.61	0.25	1.1	0.64	12.0	60.0
60	0.92	0.42	0.4	1.04	20.0	100.0
65	1.56	0.71	NA	NA	100.0	NA
70	2.75	1.24	NA	NA	NA	NA
75	4.46	2.40	NA	NA	NA	NA
80	7.41	4.29	NA	NA	NA	NA
85	11.48	6.99	NA	NA	NA	NA
90	16.63	11.18	NA	NA	NA	NA
95	23.41	18.24	NA	NA	NA	NA
100	31.92	29.52	NA	NA	NA	NA

*for those eligible to retire

Demographic Assumptions

The mortality table was the 1983 Group Annuity Mortality for males and females. See Table above. For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

The rates of retirement used to measure the probability of eligible members retiring during the next year are shown in the above table. To value the effect of the DROP Plan, the retirement rates for the 1st year eligible were increased by an additional 10% more than shown in the above table.

Rates of separation from active membership were as shown in the above table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Rates of disability among active members are shown in the above table.

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be the average of non-investment related expenses averaged over the last two years. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Exact fractional service is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrement of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made in full on the first day of the fiscal year. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	A 50% joint and survivor annuity is the normal form of benefit.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Cost of Living Increase</i>	2.5% per year.
<i>Maximum Benefits</i>	Benefits calculated for valuation purposes are limited to the maximum allowable benefits under Section 415 of the Internal Revenue Code.

Changes Since Last Valuation

Benefits calculated for valuation purposes are limited to the maximum allowable benefits under Section 415 of the Internal Revenue Code.

GLOSSARY

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

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 25 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C

PENSION FUND INFORMATION

STATEMENT OF PLAN ASSETS AT MARKET VALUE

Item	September 30	
	2009	2008
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables:		
1. Member Contributions	\$ 222,637	\$ 214,660
2. Employer Contributions	-	-
3. Investment Income and Other Receivables	547,033	1,086,551
4. Total Receivables	<u>\$ 769,670</u>	<u>\$ 1,301,211</u>
C. Investments		
1. Short Term Investments	\$ 4,630,264	\$ 2,634,584
2. Domestic Equities	225,176,673	202,657,859
3. International Equities	29,862,002	31,585,628
4. Domestic Fixed Income	106,615,888	126,651,751
5. International Fixed Income	250,000	250,000
6. Real Estate	-	-
7. Private Equity	-	-
8. ICMA Account (for DROP)	472,207	-
9. Total Investments	<u>\$ 367,007,034</u>	<u>\$ 363,779,822</u>
D. Liabilities		
1. Benefits	\$ -	\$ -
2. Prepaid Employer Contribution	(17,137,394)	-
3. Expenses	(134,539)	(176,698)
4. Other	(616,500)	(1,319,539)
5. Total Liabilities	<u>\$ (17,888,433)</u>	<u>\$ (1,496,237)</u>
E. Total Market Value of Assets Available for Benefits	\$ 349,888,271	\$ 363,584,796
F. Reserves		
1. DROP Accounts	<u>\$ (472,207)</u>	<u>\$ -</u>
2. Total Reserves	\$ (472,207)	\$ -
G. Market Value Net of Reserves	\$ 349,416,064	\$ 363,584,796
H. Allocation of Investments		
1. Short Term Investments	1.26%	0.72%
2. Domestic Equities	61.35%	55.71%
3. International Equities	8.14%	8.68%
4. Domestic Fixed Income	29.05%	34.82%
5. International Fixed Income	0.07%	0.07%
6. Real Estate	0.00%	0.00%
7. Private Equity	0.00%	0.00%
8. ICMA Account (for DROP)	0.13%	0.00%
9. Total Investments	<u>100.00%</u>	<u>100.00%</u>

RECONCILIATION OF PLAN ASSETS

Item	September 30	
	2009	2008
A. Market Value of Assets at Beginning of Year	\$ 363,584,796	\$ 429,720,685
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 6,820,064	\$ 6,602,403
b. Employer Contributions	12,863,823	13,911,545
c. Other	-	-
d. Total	\$ 19,683,887	\$ 20,513,948
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 3,838,962	\$ 5,749,203
b. Net Realized and Unrealized Gains/(Losses)*	(6,201,923)	(62,466,782)
c. Investment Expenses	(656,864)	(1,056,638)
d. Net Investment Income	\$ (3,019,825)	\$ (57,774,217)
3. Benefits and Refunds		
a. Refunds	\$ (752,415)	\$ (900,303)
b. Regular Monthly Benefits	(28,874,583)	(27,336,122)
c. DROP Disbursements	-	-
d. Other Payments (Transfers to Police & Fire Plan)	(57,999)	-
e. Total	\$ (29,684,997)	\$ (28,236,425)
4. Administrative and Miscellaneous Expenses	\$ (675,590)	\$ (639,195)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 349,888,271	\$ 363,584,796
D. Reserves		
1. DROP Accounts	\$ (472,207)	\$ -
2. Total Reserves	\$ (472,207)	\$ -
E. Market Value Net of Reserves	\$ 349,416,064	\$ 363,584,796

* We were not provided with the breakdown of this amount between realized gains/(losses) and unrealized gains/(losses).

Reconciliation of DROP Accounts

Value at Beginning of Year	\$	0
Payments Credited to Accounts		470,012
Investment Earnings Credited to Accounts		2,195
Withdrawals from Accounts		0
Value at End of Year		472,207

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Valuation Date – September 30	2009	2010	2011	2012	2013
A. Actuarial Value of Assets Beginning of Year	\$ 425,714,565	\$ 12,382,185	\$ -	\$ -	\$ -
B. Market Value End of Year	349,888,271	-	-	-	-
C. Market Value Beginning of Year	363,584,796	-	-	-	-
D. Non-Investment/Administrative Net Cash Flow	(10,676,700)				
E. Investment Income					
E1. Actual Market Total: B-C-D	(3,019,825)	-	-	-	-
E2. Assumed Rate of Return	8.50%	8.35%	8.25%	8.15%	8.00%
E3. Assumed Amount of Return	35,731,978	-	-	-	-
E4. Amount Subject to Phase-In: E1-E3	(38,751,803)	-	-	-	-
F. Phase-In Recognition of Investment Income					
F1. Current Year: 0.20 x E4	(7,750,361)	-	-	-	-
F2. First Prior Year	(18,624,374)	(7,750,361)	-	-	-
F3. Second Prior Year	2,685,676	(18,624,374)	(7,750,361)	-	-
F4. Third Prior Year	(213,718)	2,685,676	(18,624,374)	(7,750,361)	-
F5. Fourth Prior Year	1,329,304	(213,718)	2,685,676	(18,624,374)	(7,750,361)
F6. Total Phase-Ins	(22,573,473)	(23,902,777)	(23,689,059)	(26,374,735)	(7,750,361)
G. Actuarial Value of Assets End of Year					
G1. Preliminary Actuarial Value of Assets:	\$ 428,196,371	\$ -	\$ -	\$ -	\$ -
G2. Upper Corridor Limit: 120%*B	\$ 419,865,925	\$ -	\$ -	\$ -	\$ -
G3. Lower Corridor Limit: 80%*B	\$ 279,910,617	\$ -	\$ -	\$ -	\$ -
G4. Funding Value End of Year	\$ 419,865,925	\$ -	\$ -	\$ -	\$ -
G5. Less: DROP account balances	\$ 472,207	\$ -	\$ -	\$ -	\$ -
G6. Final Funding Value End of Year	\$ 419,393,718	\$ -	\$ -	\$ -	\$ -
H. Difference between Market & Actuarial Value	\$ (69,977,654)	\$ -	\$ -	\$ -	\$ -
I. Actuarial Rate of Return	1.15%	0.00%	0.00%	0.00%	0.00%
J. Market Value Rate of Return	-0.84%	0.00%	0.00%	0.00%	0.00%
K. Ratio of Actuarial Value to Market Value	120.00%	0.00%	0.00%	0.00%	0.00%

INVESTMENT RATE OF RETURN

Year Ended	General Plan **		Unclassified Plan	
	Market Value	Actuarial Value	Market Value	Actuarial Value
9/30/89	NA %	11.6 %	14.6 %	14.6 %
9/30/90	NA	7.3	(2.3)	(2.3)
9/30/91	NA	8.1	21.6	21.6
9/30/92	12.2	13.7	5.8	5.8
9/30/93	14.6	11.4	14.6	14.1
9/30/94	1.4	6.8	5.3	4.8
9/30/95	20.0	11.4	25.9	24.1
9/30/96	9.8	15.3	22.7	13.9
9/30/97	23.0	13.8	35.2	19.1
9/30/98	8.4	12.5	(0.3)	4.3
9/30/99	13.1	14.4	19.1	18.8
9/30/00	10.8	10.7	11.5	16.5
9/30/01	(7.4)	7.2	(8.1)	9.7
9/30/02	(5.9)	0.3	(9.8)	1.7
9/30/03	17.4	4.3	16.9	4.6
9/30/04	11.4	4.1	13.0	9.7
9/30/05	12.8	4.4	13.8	10.7
9/30/06	7.4 *	7.7	7.5 *	10.2 *
9/30/07	15.3	12.0	NA	NA
9/30/08	(13.6)	5.2	NA	NA
9/30/09	(0.8)	1.1	NA	NA
Average Compounded Rate of Return for Number of Years Shown	7.9 %	8.6 %	10.9 %	11.0 %
Average Compounded Rate of Return for Last 5 Years	3.7 %	6.0 %	NA	NA

* Approximate

* Note: Effective 10/1/06, the former General and Unclassified Plans were merged and assets were combined. Investment returns after this date are for the total group.

** Combined Plan after 2006

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2009	October 1, 2008
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 337,202,181	\$ 304,701,135
b. Terminated Vested Members	12,914,814	12,672,793
c. Other Members	144,918,774	144,758,513
d. Total	<u>495,035,769</u>	<u>462,132,441</u>
2. Non-Vested Benefits	9,568,929	8,254,471
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	504,604,698	470,386,912
4. Accumulated Contributions of Active Members	53,405,537	52,644,549
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	470,386,912	432,296,450
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	9,183,926
b. Change in Actuarial Assumptions	3,308,439	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	61,008,552	57,142,961
d. Benefits Paid	<u>(30,099,205)</u>	<u>(28,236,425)</u>
e. Net Increase	34,217,786	38,090,462
3. Total Value at End of Period	504,604,698	470,386,912
D. Market Value of Assets	349,416,064	363,584,796
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

SCHEDULE OF FUNDING PROGRESS
(GASB Statement No. 25)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/1993	\$ 185,721,855	\$ 187,130,465	\$ 1,408,610	99.2 %	\$ 21,094,111	6.7 %
10/1/1994	188,997,087	202,078,377	13,081,290	93.5	21,944,531	59.6
10/1/1995	208,877,297	213,844,465	4,967,168	97.7	23,461,309	21.2
10/1/1996	226,633,680	222,221,064	(4,412,616)	102.0	25,148,361	(17.5)
10/1/1997	251,171,973	232,871,332	(18,300,641)	107.9	25,939,981	(70.5)
10/1/1998	266,716,007	240,760,472	(25,955,535)	110.8	25,070,334	(103.5)
10/1/1999	305,344,213	263,462,059	(41,882,154)	115.9	25,418,614	(164.8)
10/1/2000	326,816,322	277,933,325	(48,882,997)	117.6	25,889,403	(188.8)
10/1/2001	336,024,366	292,748,088	(43,276,278)	114.8	27,664,085	(156.4)
10/1/2002	322,181,146	319,831,292	(2,349,854)	100.7	30,350,644	(7.7)
10/1/2003	320,053,468	338,904,200	18,850,732	94.4	34,488,630	54.7
10/1/2004	320,735,755	352,105,058	31,369,303	91.1	34,619,199	90.6
10/1/2005	325,727,087	368,096,409	42,369,322	88.5	36,680,110	115.5
10/1/2006 (b)	338,504,669	394,231,589	55,726,920	85.9	40,113,847	138.9
10/1/2006 (a)	358,458,949	448,933,278	90,474,329	79.8	57,390,894	157.6
10/1/2007 (b)	395,369,083	472,756,431	77,387,348	83.6	59,632,425	129.8
10/1/2007 (a)	412,824,235	478,067,829	65,243,594	86.4	59,632,425	109.4
10/1/2008 (b)	425,714,565	518,252,592	92,538,027	82.1	68,009,550	136.1
10/1/2008 (a)	425,714,565	526,481,586	100,767,021	80.9	68,009,550	148.2
10/1/2009 (b)	419,393,718	550,691,889	131,298,171	76.2	70,097,549	187.3
10/1/2009 (a)	419,393,718	551,698,377	132,304,659	76.0	70,097,549	188.7

(a) After Changes

(b) Before Changes

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(GASB Statement No. 25)

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1994	\$ 3,004,556	\$ 3,004,556	100.0 %
1995	2,809,509	2,809,509	100.0
1996	4,151,807	4,151,807	100.0
1997	3,982,477	3,982,477	100.0
1998	3,091,359	3,091,359	100.0
1999	1,293,920	1,293,920	100.0
2000	666,897	666,897	100.0
2001	0	0	NA
2002	0	0	NA
2003	0	0	NA
2004	2,476,702	2,476,702	100.0
2005	5,082,595	5,082,595	100.0
2006	5,500,329	5,500,329	100.0
2007	12,234,519 *	13,053,231	106.7
2008	13,911,545	13,911,545	100.0
2009	12,863,823 *	12,863,823	100.0

* From February 28, 2006 Actuarial Impact Statement

SECTION E
MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/08 To 10/1/09	From 10/1/07 To 10/1/08
A. Active Members		
1. Number Included in Last Valuation	1,158	1,061
2. New Members Included in Current Valuation	83	182
3. Employment Terminations	(24)	(49)
4. Service Retirements	(19)	(29)
5. DROP Retirements	(36)	0
6. Disability Retirements	(2)	(1)
7. Deaths	(1)	(1)
8. Other - Transfers Out and Data Adjustments	<u>(5)</u>	<u>(5)</u>
9. Number Included in This Valuation	1,154	1,158
B. Terminated Vested Members		
1. Number Included in Last Valuation	87	70
2. Additions from Active Members	12	24
3. Lump Sum Payments/Refund of Contributions	(9)	0
4. Payments Commenced	(9)	(7)
5. Deaths	0	0
6. Other - Data Adjustments	<u>(2)</u>	<u>0</u>
7. Number Included in This Valuation	79	87
C. DROP Plan Members		
1. Number Included in Last Valuation	0	0
2. Additions from Active Members	36	0
3. Retirements	(1)	0
4. Deaths	0	0
5. Other	<u>0</u>	<u>0</u>
6. Number Included in This Valuation	35	0
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	1011	1001
2. Additions from Active Members	21	31
3. Additions from Terminated Vested Members	9	7
4. Additions from DROP Plan	1	0
5. Deaths Resulting in No Further Payments	(29)	(29)
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	0	0
8. Other -- Lump Sum Distributions	<u>0</u>	<u>1</u>
9. Number Included in This Valuation	1,013	1,011

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN - ACTIVE MEMBERS ON OCTOBER 1, 2009

Age Group	Years of Service							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	
20-24	34							34
Total Pay	1,158,123							1,158,123
Avg Pay	34,062							34,062
25-29	99	12						111
Total Pay	4,077,921	462,366						4,540,287
Avg Pay	41,191	38,531						40,903
30-34	90	32	10					132
Total Pay	4,313,029	1,516,914	504,854					6,334,797
Avg Pay	47,923	47,404	50,485					47,991
35-39	63	53	26	5				147
Total Pay	3,160,650	2,866,759	1,673,043	391,602				8,092,054
Avg Pay	50,169	54,090	64,348	78,320				55,048
40-44	62	41	41	18	5			167
Total Pay	3,538,507	2,710,690	3,001,916	1,346,496	331,038			10,928,647
Avg Pay	57,073	66,114	73,217	74,805	66,208			65,441
45-49	57	56	55	31	29	12		240
Total Pay	3,036,554	3,410,784	3,547,419	2,384,703	2,299,067	862,829		15,541,356
Avg Pay	53,273	60,907	64,499	76,926	79,278	71,902		64,756
50-54	35	38	29	12	8	5		127
Total Pay	1,793,615	2,639,228	1,782,700	879,184	684,431	386,665		8,165,823
Avg Pay	51,246	69,453	61,472	73,265	85,554	77,333		64,298
55-59	26	26	27	12	6	3		100
Total Pay	1,697,606	1,484,357	2,021,076	887,475	413,074	173,107		6,676,695
Avg Pay	65,293	57,091	74,855	73,956	68,846	57,702		66,767
60-64	14	16	20	11	7	1		69
Total Pay	797,684	978,097	1,432,047	1,028,934	514,426	64,177		4,815,365
Avg Pay	56,977	61,131	71,602	93,539	73,489	64,177		69,788
65-99	4	3	11	6	2	1		27
Total Pay	312,374	103,807	611,861	479,065	174,745	120,874		1,802,726
Avg Pay	78,094	34,602	55,624	79,844	87,373	120,874		66,768
Total No.	484	277	219	95	57	22		1,154
Total Pay	23,886,063	16,173,002	14,574,916	7,397,459	4,416,781	1,607,652		68,055,873
Avg Pay	49,351	58,386	66,552	77,868	77,487	73,075		58,974

INACTIVE MEMBERS ON OCTOBER 1, 2009

Age	Terminated Vested		Disabled		Retirees, Beneficiaries & DROP		Grand Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 45	26	\$ 325,028	1	\$ 14,715	6	82,737	33	\$ 422,480
45-49	38	715,411	4	116,227	9	335,866	51	1,167,504
50-54	11	284,785	6	177,810	79	4,012,581	96	4,475,176
55-59	2	7,513	5	107,098	128	5,098,075	135	5,212,686
60-64	1	23,766	7	207,843	151	5,749,341	159	5,980,950
65-69	0	-	2	65,232	130	4,052,846	132	4,118,078
70-74	1	16,574	4	75,138	135	3,493,424	140	3,585,136
75-79	0	-	2	18,045	122	2,778,396	124	2,796,441
80-84	0	-	7	109,873	122	2,288,939	129	2,398,812
85-89	0	-	3	44,373	82	1,565,390	85	1,609,763
90 & Up	0	-	0	-	43	506,451	43	506,451
Total	79	\$ 1,373,077	41	\$936,354	1007	\$29,964,046	1,127	\$ 32,273,477

SECTION F
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

Effective Date

March 8, 2006 under Ordinance No. 2006-3504, whereby the former General and Unclassified Plans merge to form the Miami Beach Employees' Retirement Plan

Eligibility

Each general employee who works more than 30 hours per week is eligible for membership on his date of employment

Creditable Service

Service credited under the predecessor system plus service after such date with respect to which member contributions are made.

Earnings

For each person who becomes a member after the Second Tier Date, base pay including longevity, but excluding overtime, shift differential or extra compensation allowances. For each person who became a member before the Second Tier Date, actual salary or wages received. Earnings do not include lump sum payments of unused sick or vacation time. Overtime pay for Tier A members is limited to 10% of regular pay.

Second Tier Date

April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as "Other"; and February 21, 1994 for members of MBEBA; October 18, 1992 for Unclassified members.

Final Average Monthly Earnings (FAME)

One-twelfth of average annual Earnings during the two highest paid years of Creditable Service, not less than the average monthly earnings for the 12 months prior to the effective date for Unclassified Tier A members

Normal Retirement

Eligibility	Age 50 and five years of Creditable Service for those in Tier A. Age 55 and five years of Creditable Service for those in Tier B.
Benefit	3% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME. There is a 90% cap for certain Tier A members.
Form of Benefit	50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Early Retirement

Eligibility	Tier B members of the General Plan whose total of age plus service is 75, not earlier than age 50.
Benefit	Accrued pension actuarially reduced for number of years by which Early Retirement Date precedes Normal Retirement Date.

Delayed Retirement

Eligibility	Any time after the Normal Retirement Date.
Benefit	Calculated in the same manner as the Normal Retirement Benefit but using the FAME and Creditable Service as of the actual retirement date.

Disability Benefits

Eligibility	A total and permanent disability which renders a member incapacitated, mentally or physically, for the further performance of duty. Five years of Creditable Service is also required unless the disability is service-connected.
Benefit	<p>Ordinary Disability: Accrued retirement benefit, without reduction, with a minimum of 35% of FAME.</p> <p>Service-Connected Disability: Accrued retirement benefit without reduction, with a minimum of 65% of FAME; 75% of FAME minimum for General Tier A members.</p> <p>Such amounts are reduced by workers' compensation benefits and, in certain cases, earned income will be considered in offsetting the benefit. The period of disability shall be included in Creditable Service for purposes of computing normal retirement benefits when a disability retiree reaches normal retirement age.</p>

Preretirement Death Benefits

For a member who has at least three years of Creditable Service but who dies before commencement of retirement benefits, a monthly benefit is payable to the spouse or, if no spouse, to the children until age 21. The benefit is equal to 50% of the accrued normal retirement benefit without reduction with the result being a minimum of 30% of FAME and a maximum of 40% of FAME for General members.

Termination Benefits

Any member who terminates employment and does not request a refund of his own contributions and has completed at least five years of Creditable Service will be eligible to receive his accrued benefit upon reaching his normal retirement age.

Post Retirement Adjustments

Retirees receive a 2.5% increase each year.

Contributions

Tier A Members 10% of Earnings.

Tier B Members 8% of Earnings.

Employees who have reached the applicable benefit accrual cap (90% for General Tier A employees and 80% for all others) but have not yet reached retirement age will continue to contribute to the pension Plan, but only on the amount by which pay increases after reaching the cap

From the City The amount necessary to fund the Plan properly according to the Plan's actuary.

Changes Since Last Valuation

A Deferred Retirement Option Plan (DROP) was enacted on January 28, 2009 by Ordinance 2009-3626 allowing participants who have attained eligibility for Normal Retirement to continue working with the City for up to three years while receiving a retirement benefit that is deposited into a DROP account. The amount of the benefit that is deposited into the DROP account is calculated as if the participant had retired on the date of DROP commencement. Upon termination with the City, the accumulated value of the DROP account is distributed to the participant.

July 19, 2010

Mr. Rick Rivera
Pension Administrator
City of Miami Beach Employees'
Retirement Plan
1700 Convention Center Drive
Miami Beach, Florida 33139

Dear Rick:

Enclosed are 20 copies of our October 1, 2009 Actuarial Valuation Report for City of Miami Beach Employees' Retirement Plan.

This report does not reflect the adjustments pertaining to the past excess benefit payments that we outlined in our June 7, 2010 correspondence because the Board has not yet made a decision on this issue.

Please take the following actions:

1. Distribute a copy of the Report to Board members and other interested parties.
2. Send a copy of the Actuarial Report to:

Bureau of Local Retirement Systems
Division of Retirement
Post Office Box 9000
Tallahassee, Florida 32315-9000

We welcome your questions and comments.

Sincerely yours,

J. Stephen Palmquist, ASA
Senior Consultant & Actuary

JSP/te

Enclosures