GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

CITY OF HOLLYWOOD GENERAL EMPLOYEES' RETIREMENT SYSTEM
REVISED ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2010

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2012

October 3, 2011

Board of Trustees
City of Hollywood General
Employees' Retirement System
Hollywood, Florida

Dear Board Members:

The results of the Revised October 1, 2010 Annual Actuarial Valuation of the City of Hollywood General Employees' Retirement System are presented in this report.

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

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2012, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25 and No. 27.

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

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

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

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

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

This actuarial valuation 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.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By _____
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Enrolled Actuary No. 11-1560

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SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The following is a comparison of required contributions developed in this year's and last year's actuarial valuations. **According to current rules of the Division of Retirement, the employer contribution may not be less than the indicated percentages multiplied by the actual payroll during the year.**

	For FYE 9/30/2012 Based on 10/1/2010 Valuation	For FYE 9/30/2011 Based on 10/1/2009 Valuation	Increase (Decrease)
Required Employer Contribution (Estimated)	$ 13,322,098	$ 17,140,884	$ (3,818,786)
As % of Covered Payroll	36.14 %	37.57 %	(1.43) %

The required employer contribution listed above is for the fiscal year ending September 30, 2012. The contribution has been adjusted for interest on the basis that contributions are made in equal payments at the end of each biweekly payroll period.

The actual employer contribution for the fiscal year ending September 30, 2010 was $16,406,324. The estimated required dollar contribution was $16,768,793, or 35.34% of pay. Based on an approximate payroll figure of $43,398,225, the actual employer contribution is greater than the required contribution on a percentage of payroll basis.

Revisions in Benefits

Under Ordinance No. O-2011-25, benefits were frozen for general fund members as of September 30, 2011 and a new benefit structure was implemented prospectively. The frozen benefits reflect pay and service as of September 30, 2011. The provisions of the reduced benefit structure for service after September 30, 2011 are as follows:

- The normal retirement date for this portion of the benefit is the earlier of age 65 with 7 years of service, age 62 with 25 years of service, or age 60 with 30 years of service.

  - Members with ten or more years of service as of September 30, 2011 shall retain their current normal retirement date.

- The vesting requirement for this portion of the benefit is seven years of service.
- The benefit multiplier for service accrued after September 30, 2011 is reduced to 2%.
  - The maximum benefit is 81% of average final compensation including the accrued benefit as of September 30, 2011.
- The average final compensation for this portion of the benefit will be based on the highest 60 consecutive months of the last 120 months of service.
- The pensionable earnings used to calculate this portion of the benefit will be based on base pay plus longevity pay and excluding all other payments.
- Seven years of service will be required to receive non-duty disability benefits after September 30, 2011.
- Deferred vested members will have this portion of their benefit commencing at age 60 (age 65 for members hired after September 30, 2011).
- A member who does not enter the DROP prior to October 1, 2011 will not be eligible to enter the DROP.
- No COLA will be applied to this portion of the benefit.

These changes do not apply to members who are eligible for normal retirement as of September 30, 2011. The changes only apply to general fund members; non-general fund members (members in the Water and Sewer Utility, Storm Water Utility, Parking and Sanitation divisions) have no change in their benefits.

Revisions in Actuarial Assumptions or Methods

The following changes in actuarial assumptions were made since the last valuation:

- No pay increases were assumed for the fiscal year ending September 30, 2011 for all members including the non-general fund members. No pay increases were assumed for the general fund members for the fiscal year ending September 30, 2012. For general fund members, a 10% pay

reduction was reflected, as directed by the City. The payroll growth assumption used to amortize the Unfunded Accrued Liability was lowered from 3.45% to 2.70% which is the ten year average after reflecting pay reductions.

- To reflect the new plan provisions under Ordinance No. O-2011-25, the following assumption changes were made:
  - The COLA delay for active members was changed from four years to three years to reflect the elimination of the DROP.
  - The retirement rates for general fund members were changed to the rates shown in the Actuarial Assumptions and Cost Method Section.
  - Covered payroll was assumed to decrease by 1.5% due to the exclusion of overtime pay.
  - The payroll growth assumption used to amortize the Unfunded Accrued Liability was lowered to 2.59% which is the ten year average after reflecting the elimination of overtime pay.

Actuarial Experience

There was a net actuarial loss of $5,090,043 for the year which means that actual experience was less favorable than anticipated. The loss is due to recognized investment return below the assumed rate of 8.0%. The investment return was 8.5% based on market value of assets and 5.4% based on actuarial value of assets. The net loss has increased the required employer contribution by 0.81% of covered payroll.

Supplemental Pension Distribution

The Plan provides that a supplemental pension distribution may be paid to eligible benefit recipients if the market value rate of return exceeds the assumed rate of return plus 4.5%. Since the market value rate of return for the fiscal year ending September 30, 2010 did not exceed 12.5%, there is no supplemental pension distribution available to eligible benefit recipients.

Funded Ratio

The funded ratio this year is 63.8% compared to 59.6% last year. The funded ratio was 58.9% before the assumption and benefit changes described above. Last year's funded ratio was calculated by including the DROP balances in the liability. If last year's funded ratio is calculated consistently with the method used this year by excluding the DROP balances from the actuarial value of assets, the funded ratio would be 58.7%.

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

Analysis of Change in Employer Contributions

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

Contribution Rate Last Year	37.57 %
Actuarial Experience	0.81
Amortization Payment on UAAL	2.32
Normal Cost Rate	(0.89)
Administrative Expenses	(0.04)
Changes in Benefits	(4.35)
Changes in Assumptions (Pay Reductions)	0.72
Contribution Rate This Year	36.14

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Actuarial Value of Assets exceeds the Market Value of Assets by $32,874,204 as of the valuation date (see Section C). This difference will be gradually recognized over the next five years in

the absence of offsetting gains. In turn, the computed employer contribution rate will increase by approximately 5.6% of covered payroll over the same period.

Another potential area of variability has to do with the annual payment on the unfunded accrued liability (UAL). This payment is computed as a level percent of covered payroll under the assumption that covered payroll will rise by 3.5% per year. According to the Florida Administrative Code, this payroll growth assumption may not exceed the average growth over the last ten years which has been 3.45% before assumption and benefit changes. The payroll growth assumption was lowered to 2.70% after reflecting pay reductions and was further lowered to 2.59% after reflecting the elimination of overtime pay. If the ten-year average falls below this rate next year, the amortization payments will increase. For example, if the payroll growth assumption is lowered to 0%, the UAL payment will increase from $10,494,484 next year to $12,509,338.

Relationship to Market Value

If market value of assets had been used in the valuation, instead of the smoothed value of assets, the City contribution rate would have been 41.77% and the funded ratio would have been 54.4%. In the absence of other gains and losses, the City contribution rate should increase to that level over the next several years.

Conclusion

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, 2010 *New Plan Design and Pay Reductions*	**October 1, 2010** *Pay Reductions*	**October 1, 2010** *Before Changes*	**October 1, 2009**
ACTIVE MEMBERS				
Number	668	668	668	717
Covered Annual Payroll	$ 38,748,664	$ 39,174,066	$ 42,103,939	$ 44,084,422
Average Annual Payroll	$ 58,007	$ 58,644	$ 63,030	$ 61,485
Average Age	47.4	47.4	47.4	46.6
Average Past Service	11.6	11.6	11.6	10.7
Average Age at Hire	35.8	35.8	35.8	35.9
ACTIVE TRANSFERS				
Number	22	22	22	26
Covered Annual Payroll	$ 1,902,786	$ 1,902,786	$ 1,902,786	$ 2,306,162
Average Annual Payroll	$ 86,490	$ 86,490	$ 86,490	$ 88,699
Average Age	39.3	39.3	39.3	39.1
Average Past Service	3.2	3.2	3.2	3.9
RETIREES, BENEFICIARIES & DROP				
Number	808	808	808	799
Annual Benefits	$ 19,111,774	$ 19,111,774	$ 19,111,774	$ 17,954,940
Average Annual Benefit	$ 23,653	$ 23,653	$ 23,653	$ 22,472
Average Age	65.9	65.9	65.9	65.5
DISABILITY RETIREES				
Number	50	50	50	47
Annual Benefits	$ 1,118,483	$ 1,118,483	$ 1,118,483	$ 983,722
Average Annual Benefit	$ 22,370	$ 22,370	$ 22,370	$ 20,930
Average Age	61.0	61.0	61.0	60.8
TERMINATED VESTED MEMBERS				
Number	89	89	89	81
Annual Benefits	$ 1,281,756	$ 1,281,756	$ 1,281,756	$ 1,136,788
Average Annual Benefit	$ 14,402	$ 14,402	$ 14,402	$ 14,034
Average Age	48.0	48.0	48.0	47.1

ANNUAL REQUIRED CONTRIBUTION (ARC)				
A. Valuation Date	October 1, 2010 *New Plan Design and Pay Reductions*	October 1, 2010 *Pay Reductions*	October 1, 2010 *Before Changes*	October 1, 2009
B. ARC to Be Paid During Fiscal Year Ending	9/30/2012	9/30/2012	9/30/2012	9/30/2011
C. Assumed Date of Employer Contribution	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	$ 10,494,484	$ 11,512,844	$ 11,566,021	$ 10,815,088
E. Employer Normal Cost	2,971,772	3,738,407	4,533,145	5,138,036
F. ARC if Paid on the Valuation Date: D+E	13,466,256	15,251,251	16,099,166	15,953,124
G. ARC Adjusted for Frequency of Payments	14,004,906	15,861,301	16,743,133	16,562,517
H. ARC as % of Covered Payroll	36.14 %	40.49 %	39.77 %	37.57 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.50 %*	3.50 %*	3.50 %	3.50 %
J. Covered Payroll for Contribution Year	36,862,474	37,253,389	43,577,577	45,627,377
K. ARC for Contribution Year: H x J	13,322,098	15,083,897	17,330,802	17,140,884
L. ARC as % of Covered Payroll in Contribution Year: K ÷ J	36.14 %	40.49 %	39.77 %	37.57 %

* 3.50% for non-general fund members; assumed rate for general fund members reflects a full year of pay reductions.

ACTUARIAL VALUE OF BENEFITS AND ASSETS				
A. Valuation Date	October 1, 2010 *New Plan Design and Pay Reductions*	October 1, 2010 *Pay Reductions*	October 1, 2010 *Before Changes*	October 1, 2009
B. Actuarial Present Value of All Projected Benefits for				
1. Active Members				
a. Service Retirement Benefits	$ 120,112,804	$ 141,066,422	$ 161,887,781	$ 169,301,018
b. Vesting Benefits	10,147,605	11,074,282	12,386,167	14,356,758
c. Disability Benefits	14,444,949	15,019,277	17,321,900	18,228,578
d. Preretirement Death Benefits	4,618,413	5,421,756	6,201,341	5,925,815
e. Return of Member Contributions	160,478	114,640	109,983	N/A
f. Total	149,484,249	172,696,377	197,907,172	207,812,169
2. Inactive Members				
a. Service Retirees & Beneficiaries	224,978,706	224,978,706	224,978,706	209,394,275
b. Disability Retirees	13,374,155	13,374,155	13,374,155	11,629,371
c. Terminated Vested Members	9,832,040	9,832,040	9,832,040	7,905,018
d. Total	248,184,901	248,184,901	248,184,901	228,928,664
3. Total for All Members	397,669,150	420,881,278	446,092,073	436,740,833
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	351,118,031	368,566,089	380,251,070	362,012,954
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	346,015,559	346,015,559	346,015,559	333,165,363
E. Plan Assets				
1. Market Value	191,068,253	191,068,253	191,068,253	175,949,842
2. Actuarial Value	223,942,457	223,942,457	223,942,457	212,642,487
F. Unfunded Accrued Liability: C - E2	127,175,574	144,623,632	156,308,613	149,370,467
G. Actuarial Present Value of Projected Covered Payroll	304,702,132	294,464,563	346,069,042	377,364,608
H. Actuarial Present Value of Projected Member Contributions	27,423,190	26,501,811	31,146,214	N/A

CALCULATION OF EMPLOYER NORMAL COST				
A. Valuation Date	October 1, 2010 *New Plan Design and Pay Reductions*	October 1, 2010 *Pay Reductions*	October 1, 2010 *Before Changes*	October 1, 2009
B. Normal Cost for				
1. Service Retirement Benefits	$ 3,911,018	$ 4,793,949	$ 5,628,937	$ 6,451,706
2. Vesting Benefits	1,036,139	939,239	1,012,138	1,044,309
3. Disability Benefits	873,119	885,701	995,862	1,064,126
4. Preretirement Death Benefits	232,317	259,666	297,622	295,864
5. Return of Member Contributions	182,915	161,874	164,297	N/A
6. Total for Future Benefits	6,235,508	7,040,429	8,098,856	8,856,005
7. Assumed Amount for Administrative Expenses	223,644	223,644	223,644	249,629
8. Total Normal Cost	6,459,152	7,264,073	8,322,500	9,105,634
C. Expected Member Contribution	3,487,380	3,525,666	3,789,355	3,967,598
D. Employer Normal Cost: B8-C	2,971,772	3,738,407	4,533,145	5,138,036
E. Employer Normal Cost as % of Covered Payroll	7.67 %	9.54 %	10.77 %	11.65 %

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. UAAL Amortization Period and Payments

Original UAAL			Current UAAL		
Date Established	**Source**	**Amount**	**Years Remaining**	**Amount**	**Payment**
10/1/08	Combined Base	$ 120,402,171	18	$ 122,214,931	$ 10,144,566
10/1/08	Assumption Change	6,133,233	28	6,790,182	445,894
10/1/09	Exp. Loss	16,700,492	29	22,213,457	1,436,332
10/1/10	Exp. Loss	5,090,043	30	5,090,043	324,399
10/1/10	Assumption Change	(11,684,981)	30	(11,684,981)	(744,707)
10/1/10	Plan Change	(17,448,058)	30	(17,448,058)	(1,112,000)
		$ 119,192,900		$ 127,175,574	$ 10,494,484

B. Amortization Schedule

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

Amortization Schedule	
Year	**Expected UAAL**
2010	$ 127,175,574
2011	126,015,574
2012	124,469,226
2013	122,498,014
2014	120,060,152
2015	117,110,304
2020	92,808,015
2025	46,289,433
2030	2,211,701
2035	(628,793)
2040	0

ACTUARIAL GAINS AND LOSSES

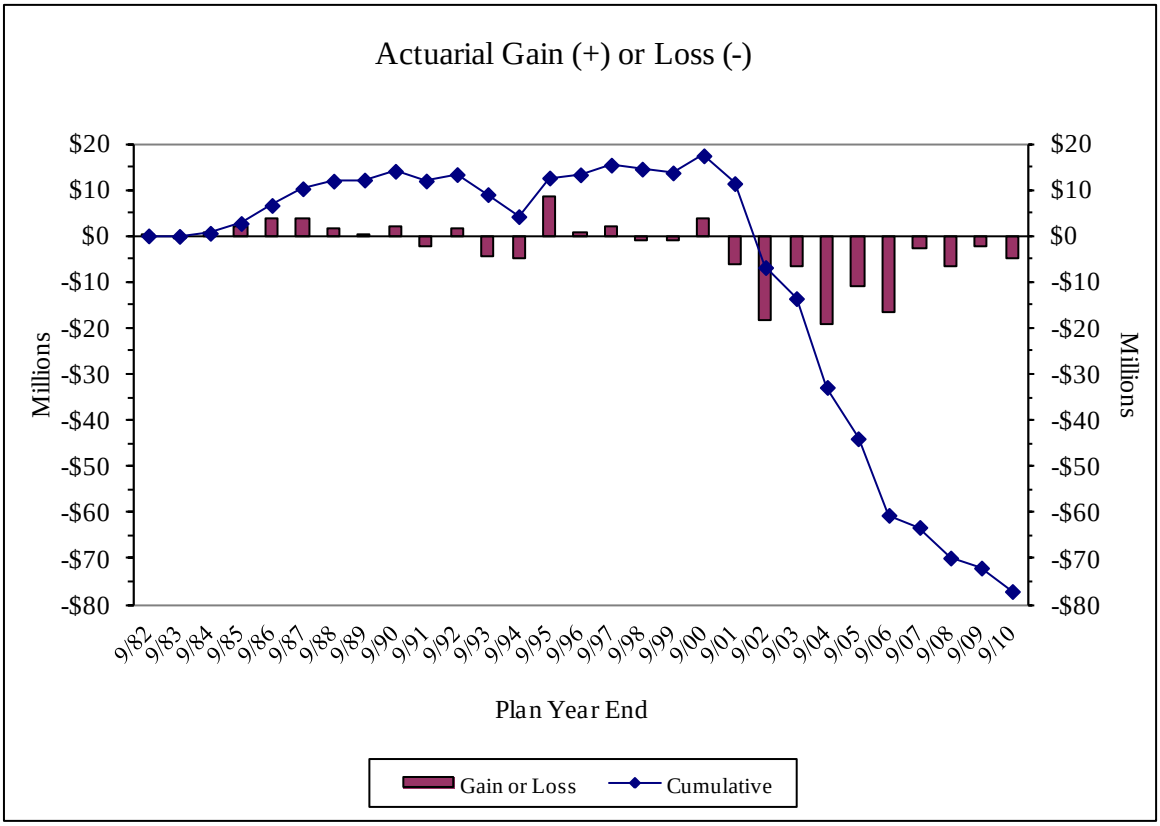
The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved.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

1. Last Year's UAAL (After Changes in Benefits, Assumptions, or Methods)	$ 149,370,467
2. Last Year's Employer Normal Cost	6,445,410
3. Last Year's Employer Contributions	16,406,324
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	12,465,270
b. 3 from dates paid	656,253
c. a - b	11,809,017
5. This Year's Expected UAAL (Before any Changes in Assumptions or Benefits): 1 + 2 - 3 + 4c	151,218,570
6. Change in UAAL Due to Change in Assumptions	(11,684,981)
7. Change in UAAL Due to Change in Benefits	(17,448,058)
8. This Year's Expected UAAL (After Changes in Assumptions and Benefits): 5 + 6 + 7	122,085,531
9. This Year's Actual UAAL (After Changes in Assumptions and Benefits)	127,175,574
10. Net Actuarial Gain (Loss): 8 - 9	(5,090,043)
11. Gain (Loss) Due to Investments	(5,839,945)
12. Gain (Loss) From Other Sources	749,902

Net actuarial gains in previous years have been as follows:

Year Ended	Net Gain (Loss) Prior*	Net Gain (Loss) Supplemental
9/30/1982	$ 357,574	$ (293,400)
9/30/1983	(53,055)	(47,952)
9/30/1984	655,952	13,007
9/30/1985	1,910,328	214,974
9/30/1986	3,522,953	387,117
9/30/1987	3,085,353	541,011
9/30/1988	1,673,391	(20,803)
9/30/1989	631,806	(395,640)
9/30/1990	2,021,350	(117,331)
9/30/1991	(2,112,517)	N/A
9/30/1992	1,394,549	N/A
9/30/1993	(4,345,862)	N/A
9/30/1994	(4,780,402)	N/A
9/30/1995	8,381,537	N/A
9/30/1996	694,600	N/A
9/30/1997	2,097,065	N/A
9/30/1998	(859,539)	N/A
9/30/1999	(828,976)	N/A
9/30/2000	3,710,238	N/A
9/30/2001	(6,021,041)	N/A
9/30/2002	(18,219,741)	N/A
9/30/2003	(6,740,689)	N/A
9/30/2004	(19,270,365)	N/A
9/30/2005	(11,135,131)	N/A
9/30/2006	(16,622,969)	N/A
9/30/2007	(2,621,034)	N/A
9/30/2008	(6,640,889)	N/A
9/30/2009	(2,172,025)	N/A
9/30/2010	(5,090,043)	N/A

* After 1990, these are the figures for the entire System.


Actuarial Gain (+) or Loss (-)
$20
$10
$0
-$10
-$20
-$30
-$40
-$50
-$60
-$70
-$80
Millions
9/82
9/83
9/84
9/85
9/86
9/87
9/88
9/89
9/90
9/91
9/92
9/93
9/94
9/95
9/96
9/97
9/98
9/99
9/00
9/01
9/02
9/03
9/04
9/05
9/06
9/07
9/08
9/09
9/10
Plan Year End
Gain or Loss
Cumulative

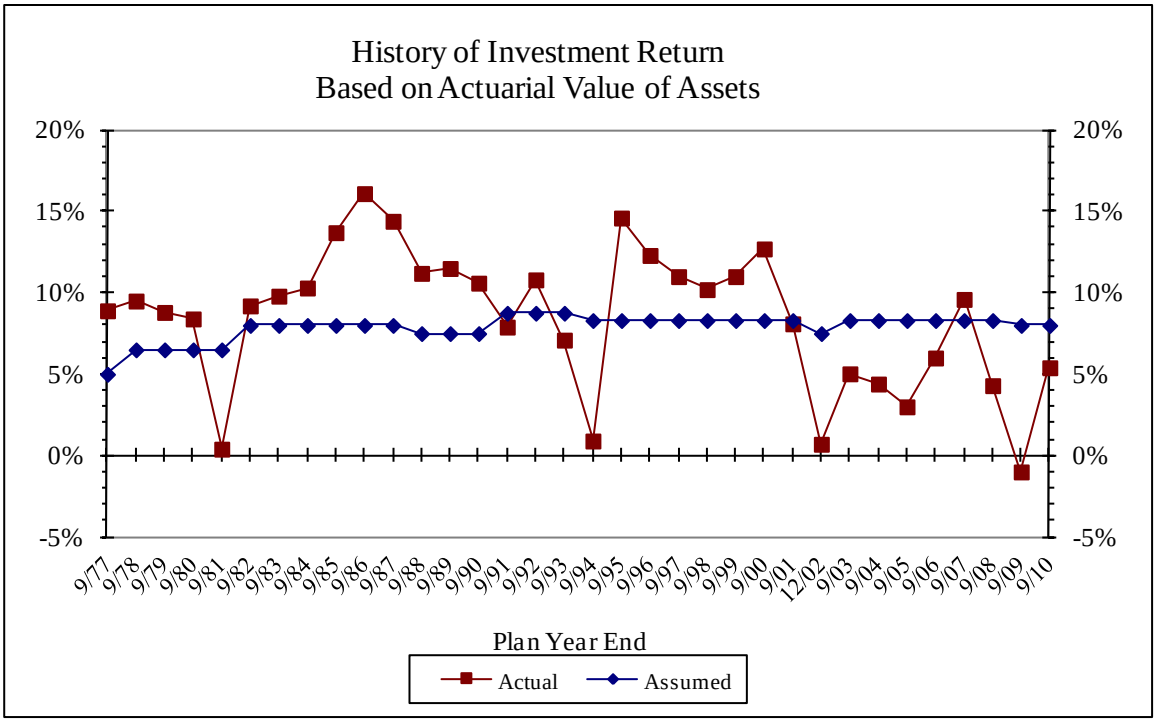
The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last several years:

	Investment Return		Salary Increases			
			Prior Members		Other Members*	
Year Ending	Actual	Assumed	Actual	Assumed	Actual	Assumed
9/30/1977	8.9 %	5.0 %	10.0 %	3.0 %	N/A %	N/A %
9/30/1978	9.5	6.5	8.3	5.0	7.1	5.0
9/30/1979	8.8	6.5	8.1	5.0	14.1	5.0
9/30/1980	8.4	6.5	18.5	5.0	24.8	5.0
9/30/1981	0.4	6.5	11.0	5.0	12.1	5.0
9/30/1982	9.2	8.0	4.2	8.0	7.6	8.0
9/30/1983	9.8	8.0	6.5	8.0	9.2	8.0
9/30/1984	10.3	8.0	5.1	8.0	8.4	8.0
9/30/1985	13.7	8.0	5.1	8.0	7.2	8.0
9/30/1986	16.1	8.0	2.8	8.0	4.7	8.0
9/30/1987	14.4	8.0	4.6	8.0	6.0	8.0
9/30/1988	11.2	7.5	8.3	7.0	10.0	8.0
9/30/1989	11.5	7.5	11.8	7.0	12.9	8.0
9/30/1990	10.6	7.5	3.5	7.0	5.8	8.0
9/30/1991	7.9	8.75	2.5	7.0	5.0	8.0
9/30/1992	10.8	8.75	2.9	7.0	5.9	8.0
9/30/1993	7.1	8.75	6.4	7.0	9.9	8.0
9/30/1994	0.9	8.3	**	5.7	**	5.7
9/30/1995	14.6	8.3	N/A	N/A	6.5	5.7
9/30/1996	12.3	8.3	N/A	N/A	7.3	5.7
9/30/1997	11.0	8.3	N/A	N/A	7.4	5.7
9/30/1998	10.2	8.3	N/A	N/A	5.0	5.7
9/30/1999	11.0	8.3	N/A	N/A	8.4	5.7
9/30/2000	12.7	8.3	N/A	N/A	5.3	5.7
9/30/2001	8.1	8.3	N/A	N/A	7.0	5.7
9/30/2002	0.5	8.3	N/A	N/A	7.9	5.7
9/30/2003	5.0	8.3	N/A	N/A	6.9	5.0
9/30/2004	4.4	8.3	N/A	N/A	8.2	6.0
9/30/2005	3.0	8.3	N/A	N/A	9.3	6.1
9/30/2006	6.0	8.3	N/A	N/A	7.0	5.7
9/30/2007	9.6	8.3	N/A	N/A	7.3	5.5
9/30/2008	4.3	8.3	N/A	N/A	5.8	5.7
9/30/2009	(1.0)	8.0	N/A	N/A	3.2	6.6
9/30/2010	5.4	8.0	N/A	N/A	1.9	6.2
Averages	8.3 %	---	7.0 %	---	7.9 %	---

* All members after 9/30/2004.

** Because the salary basis reported to the actuaries changed from 10/1/1993 to 10/1/1994, a meaningful salary increase figure was not computed.

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 valuations both at the beginning and the end of each year.



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
									Vested	Other	Totals		
	A	E	A	E	A	E	A	E	A	A	A	E	
9/30/2010	7	56	26	14	3	3	1	1	13	13	26	26	**668**
9/30/2011				16		3		1				22	
1 Yr Totals *	7	56	26	14	3	3	1	1	13	13	26	26	

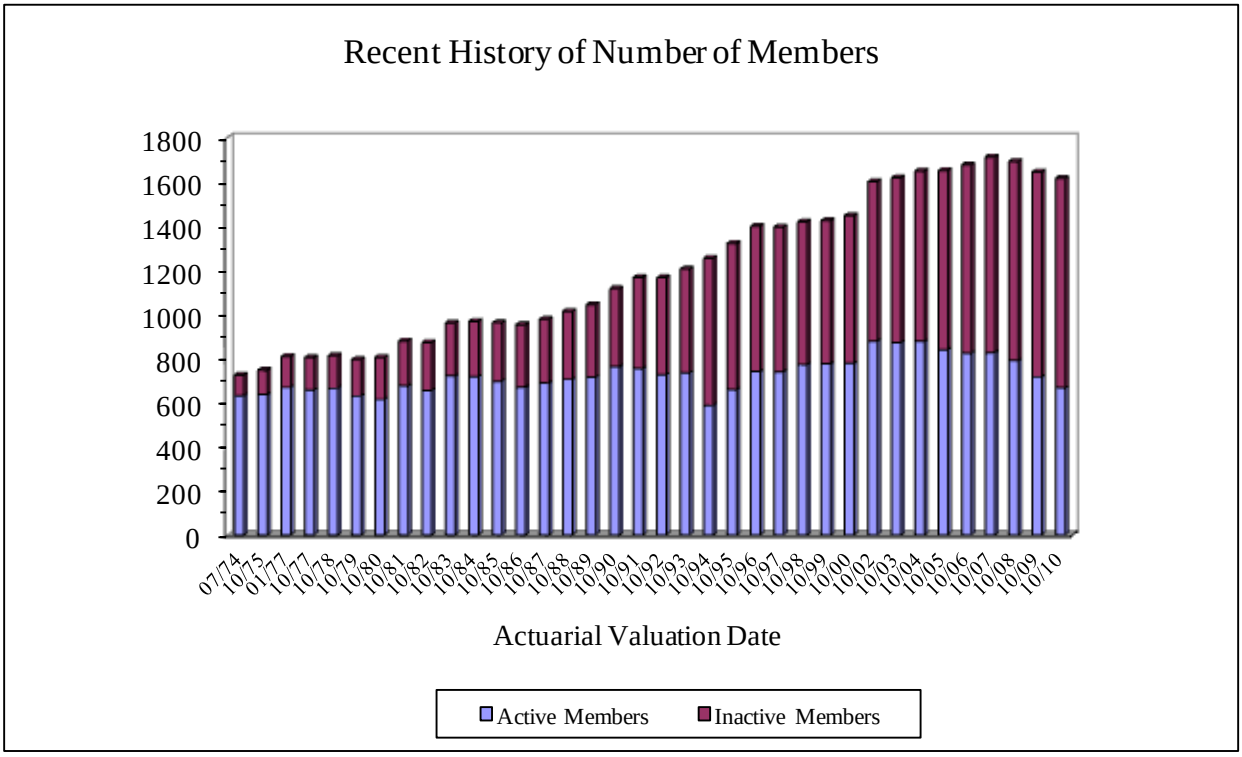
* Totals are through current Plan Year only.

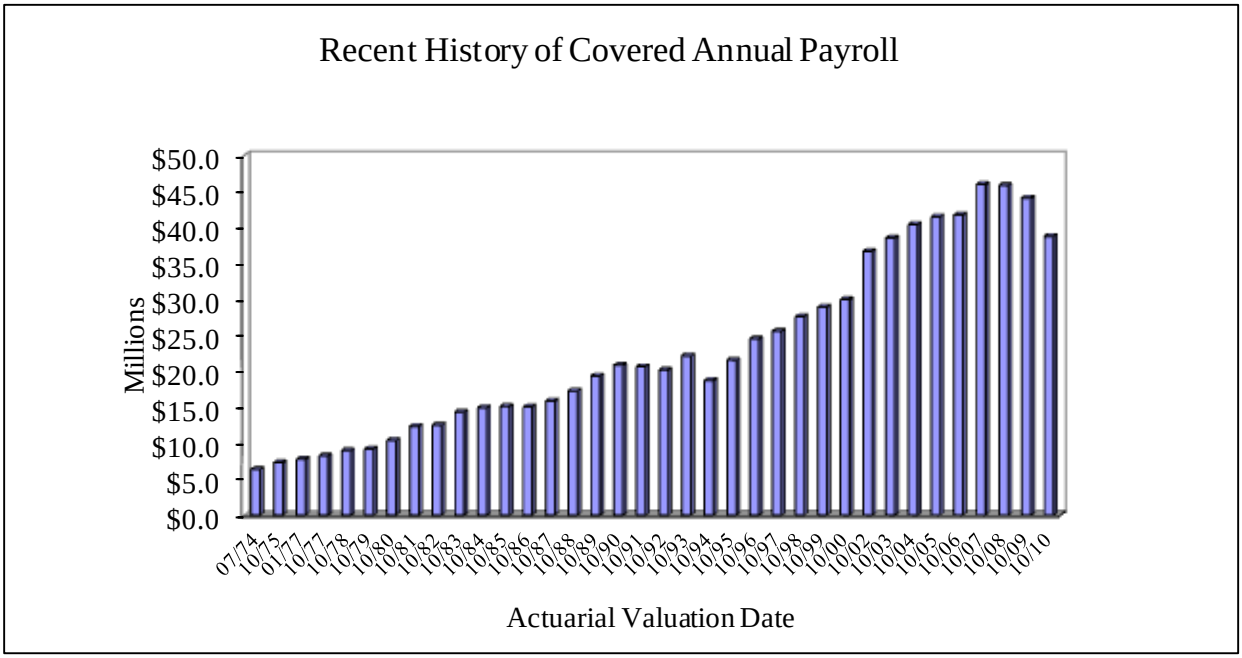
GRS

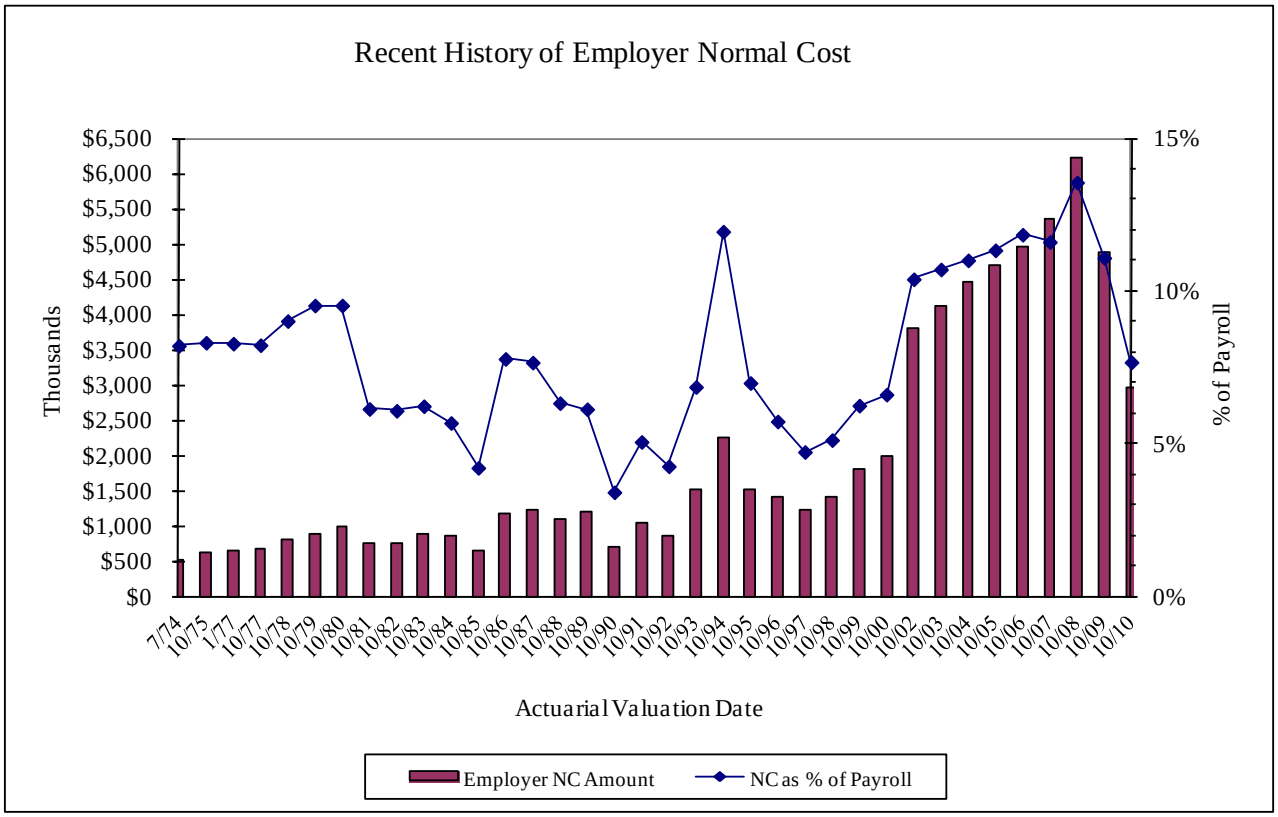
RECENT HISTORY OF VALUATION RESULTS

Valuation Date	Number of Active Members*	Number of Inactive Members	Covered Annual Payroll	Actuarial Value of Assets	UAAL	Employer Normal Cost (NC)	NC as % of Payroll
7/1/1974	632	92	$ 6,382,881	$ 7,588,882	$ 5,619,934	$ 524,254	8.21 %
10/1/1975	637	110	7,308,620	9,611,097	6,093,068	607,217	8.31
1/1/1977	669	140	7,769,357	11,954,174	5,948,347	642,915	8.28
10/1/1977	658	146	8,256,711	13,501,055	3,983,280	679,906	8.23
10/1/1978	665	148	8,978,584	15,776,370	3,901,161	809,764	9.02
10/1/1979	630	165	9,177,598	18,013,400	3,885,094	874,450	9.53
10/1/1980	615	190	10,425,550	20,362,969	4,915,027	993,770	9.53
10/1/1981	677	202	12,355,923	21,344,118	6,284,952	758,298	6.14
10/1/1982	655	217	12,514,953	24,425,408	6,150,827	761,276	6.08
10/1/1983	722	238	14,334,458	27,869,459	5,886,395	892,632	6.23
10/1/1984	718	250	14,954,786	31,645,079	5,740,594	849,992	5.68
10/1/1985	696	266	15,148,709	36,916,304	5,397,053	637,631	4.21
10/1/1986	670	283	15,036,890	43,508,594	457,243	1,169,807	7.78
10/1/1987	689	288	15,885,977	50,042,939	985,822	1,216,629	7.66
10/1/1988	706	307	17,288,723	55,831,199	1,075,875	1,094,886	6.33
10/1/1989	716	327	19,341,207	62,341,743	1,117,840	1,184,652	6.13
10/1/1990	763	353	20,849,989	69,504,889	9,057,383	709,977	3.41
10/1/1991	755	411	20,630,207	76,669,632	6,383,777	1,043,805	5.06
10/1/1992	727	439	20,191,327	83,752,649	6,533,208	860,076	4.26
10/1/1993	736	469	22,147,889	88,296,336	9,139,556	1,520,178	6.86
10/1/1994	587	667	18,757,186	88,937,435	37,855,672	2,241,185	11.95
10/1/1995	659	662	21,560,893	100,881,259	40,675,469	1,507,437	6.99
10/1/1996	742	656	24,532,562	112,060,623	38,910,313	1,405,716	5.73
10/1/1997	739	656	25,596,439	121,232,151	37,800,251	1,210,712	4.73
10/1/1998	773	645	27,581,966	130,771,344	36,624,727	1,412,197	5.12
10/1/1999	776	648	28,950,262	141,673,440	42,925,214	1,809,391	6.25
10/1/2000	778	668	30,000,733	156,750,497	49,814,498	1,983,048	6.61
10/1/2002	878	722	36,664,439	164,597,832	49,160,699	3,810,183	10.39
10/1/2003	872	745	38,497,328	175,458,765	57,697,196	4,123,269	10.71
10/1/2004	879	770	40,421,513	180,192,031	77,440,712	4,451,446	11.01
10/1/2005	840	811	41,480,512	185,301,557	90,455,662	4,704,515	11.34
10/1/2006	825	851	41,755,261	195,193,325	108,585,301	4,949,811	11.85
10/1/2007	827	885	45,999,379	212,980,592	112,912,259	5,342,240	11.61
10/1/2008	792	900	45,848,717	222,098,827	126,535,404	6,218,880	13.56
10/1/2009	717	927	44,084,422	220,155,870	149,370,467	4,888,407	11.09
10/1/2010	668	947	38,748,664	223,942,457	127,175,574	2,971,772	7.67

* Excludes transfers.

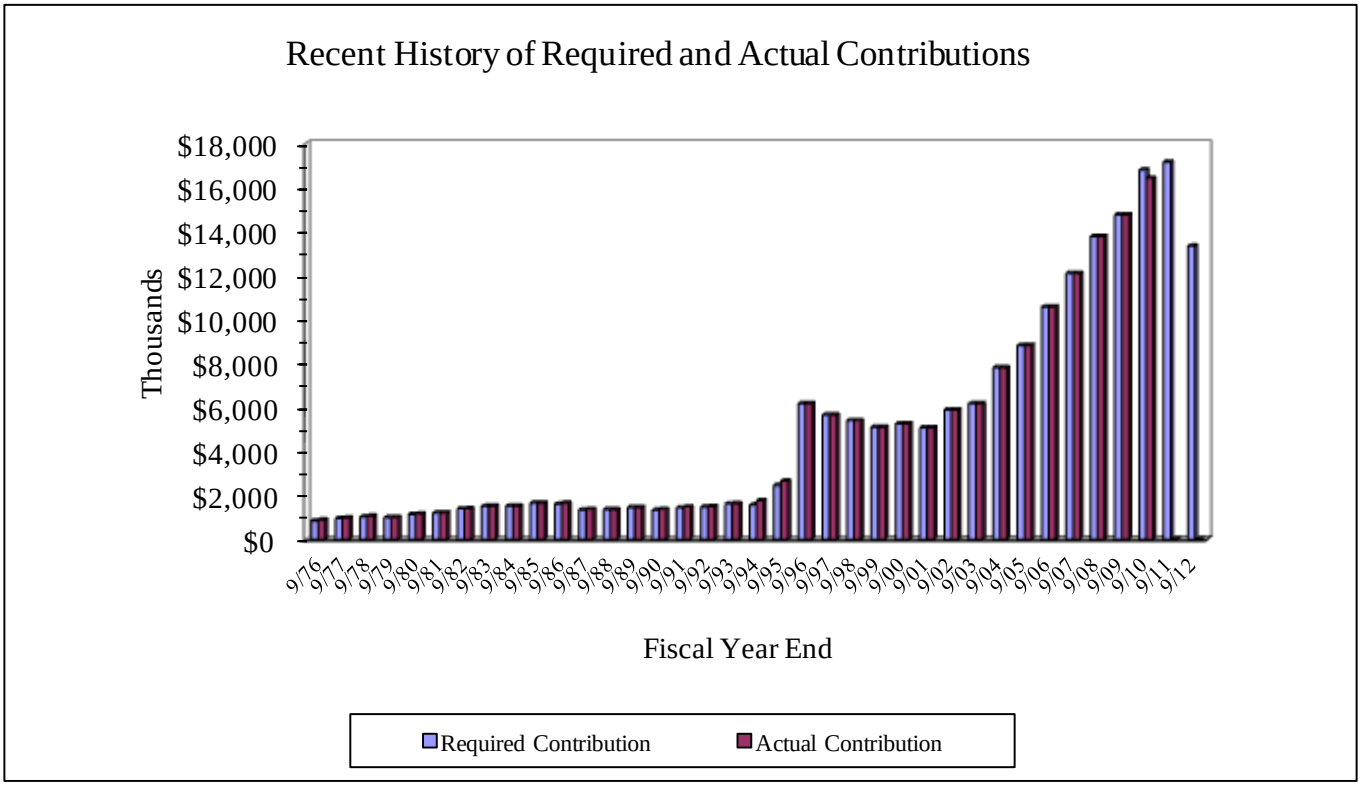

Recent History of Number of Members
1800
1600
1400
1200
1000
800
600
400
200
0
07/74
10/75
01/77
10/77
10/78
10/79
10/80
10/81
10/82
10/83
10/84
10/85
10/86
10/87
10/88
10/89
10/90
10/91
10/92
10/93
10/94
10/95
10/96
10/97
10/98
10/99
10/00
10/02
10/03
10/04
10/05
10/06
10/07
10/08
10/09
10/10
Actuarial Valuation Date
Active Members
Inactive Members


Recent History of Covered Annual Payroll
Millions
$50.0
$45.0
$40.0
$35.0
$30.0
$25.0
$20.0
$15.0
$10.0
$5.0
$0.0
07/74
10/75
01/77
10/77
10/78
10/79
10/80
10/81
10/82
10/83
10/84
10/85
10/86
10/87
10/88
10/89
10/90
10/91
10/92
10/93
10/94
10/95
10/96
10/97
10/98
10/99
10/00
10/02
10/03
10/04
10/05
10/06
10/07
10/08
10/09
10/10
Actuarial Valuation Date


Recent History of Employer Normal Cost
Thousands
$6,500
$6,000
$5,500
$5,000
$4,500
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
15%
10%
5%
0%
% of Payroll
7/74
10/75
1/77
10/77
10/78
10/79
10/80
10/81
10/82
10/83
10/84
10/85
10/86
10/87
10/88
10/89
10/90
10/91
10/92
10/93
10/94
10/95
10/96
10/97
10/98
10/99
10/00
10/02
10/03
10/04
10/05
10/06
10/07
10/08
10/09
10/10
Actuarial Valuation Date
Employer NC Amount
NC as % of Payroll

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS				
		Recommended City Contribution		
Valuation Date	For Fiscal Year Ended September 30	Amount	% of Payroll	Actual City Contribution
7/1/74	1976	$ 851,773	13.34 %	$ 888,634
10/1/75	1977	965,276	13.21	971,533
1/1/77	1978	1,016,750	13.09	1,064,922
10/1/77	1979	997,487	12.08	1,001,769
10/1/78	1980	1,128,510	12.57	1,168,866
10/1/79	1981	1,196,247	13.03	1,196,656
10/1/80	1982	1,394,089	13.37	1,399,887
10/1/81	1983	1,512,773	12.24	1,517,958
10/1/82	1984	1,514,312	12.10	1,519,957
10/1/83	1985	1,647,576	11.49	1,654,595
10/1/84	1986	1,597,993	10.69	1,647,286
10/1/85	1987	1,337,676	8.83	1,370,185
10/1/86	1988	1,359,779	9.04	1,363,932
10/1/87	1989	1,447,587	9.11	1,452,570
10/1/88	1990	1,330,617	7.70	1,372,277
10/1/89	1991	1,437,693	7.43	1,484,132
10/1/90	1992	1,473,155	7.07	1,484,743
10/1/91	1993	1,617,462	7.84	1,623,342
10/1/92	1994	1,554,337	7.70	1,758,060
10/1/93	1995	2,458,234	11.10	2,648,667
10/1/94	1996	6,169,517	32.89	6,169,521
10/1/95	1997	5,647,078	26.19	5,647,180
10/1/96	1998	5,399,263	22.01	5,399,263
10/1/97	1999	5,101,822	19.93	5,101,822
10/1/98	2000	5,256,720	19.06	5,256,720
10/1/99	2001	5,071,643	17.52	5,071,643
10/1/00	2002	5,878,301	18.09	5,878,301
10/1/01	2003	6,164,953	18.09	6,164,953
10/1/02	2004	7,805,841	20.57	7,805,841
10/1/03	2005	8,817,640	22.13	8,817,640
10/1/04	2006	10,559,474	25.24	10,559,474
10/1/05	2007	12,087,074	28.15	12,087,074
10/1/06	2008	13,761,179	31.84	13,761,179
10/1/07	2009	14,743,450	30.97	14,743,450
10/1/08	2010	16,768,793	35.34	16,406,324 *
10/1/09	2011	17,140,884	37.57	---
10/1/10	2012	13,322,098	36.14	---

* The actual employer contribution is greater than the required contribution on a percentage of payroll basis.


Recent History of Required and Actual Contributions
Thousands
$18,000
$16,000
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
9/76
9/77
9/78
9/79
9/80
9/81
9/82
9/83
9/84
9/85
9/86
9/87
9/88
9/89
9/90
9/91
9/92
9/93
9/94
9/95
9/96
9/97
9/98
9/99
9/00
9/01
9/02
9/03
9/04
9/05
9/06
9/07
9/08
9/09
9/10
9/11
9/12
Fiscal Year End
Required Contribution
Actual Contribution

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) percent-of-payroll contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phases in the difference between the actual return on market value and the expected return on Actuarial 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 valuation is 8.0% per year, compounded annually (net after investment expenses).

The **Wage Inflation Rate** assumed in this valuation was 3.5% 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 8.0% investment return rate translates to an assumed real rate of return over wage inflation of 4.5%.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at 3.5% per year. The most recent ten year average is 3.45% before assumption and benefit changes. The payroll growth assumption was lowered to 2.70% after reflecting pay reductions and was further lowered to 2.59% after reflecting the elimination of overtime pay.

Total payroll is projected to the contribution year by applying a 3.5% payroll increase assumption.

Pay increase assumptions for individual active members are shown below. Part of the assumption for each age is for merit and/or seniority increase, and the other 3.5% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

The rates of salary increase used for general employees are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based. Benefits are increased by 1.2% for all members except those classified as management employees to reflect the inclusion of unused vacation leave in Average Final Compensation. The dollar balance of unused sick leave is added to Average Final Compensation to reflect the inclusion of unused sick leave in Average Final Compensation. The dollar balance is calculated as the lesser of the accumulated sick leave hours as of October 1, 2002 and as of October 1, 2010 multiplied by the hourly rate of pay as of October 1, 2010. For general fund members who are not normal retirement eligible as of September 30, 2011, adjustments are not made for unused vacation leave and unused sick leave for benefits accrued after September 30, 2011.

If Hired Before July 15, 2009

	% Increase in Salary		
Years of Service	**Merit and Seniority**	**Base (Economic)**	**Total Increase**
1	5.50 %	3.50 %	9.00 %
2	4.75	3.50	8.25
3	4.75	3.50	8.25
4	4.75	3.50	8.25
5	4.75	3.50	8.25
6	4.75	3.50	8.25
7	4.75	3.50	8.25
8	4.75	3.50	8.25
9	4.75	3.50	8.25
10	4.50	3.50	8.00
11	1.00	3.50	4.50
12	1.00	3.50	4.50
13	1.00	3.50	4.50
14	1.00	3.50	4.50
15	2.50	3.50	6.00
16	1.00	3.50	4.50
17	1.00	3.50	4.50
18	1.00	3.50	4.50
19	1.00	3.50	4.50
20	2.00	3.50	5.50
21 or more	0.50	3.50	4.00

If Hired On or After July 15, 2009			
	% Increase in Salary		
Years of Service	Merit and Seniority	Base (Economic)	Total Increase
1	5.50 %	3.50 %	9.00 %
2	4.75	3.50	8.25
3	4.75	3.50	8.25
4	4.75	3.50	8.25
5	4.75	3.50	8.25
6	4.75	3.50	8.25
7	4.75	3.50	8.25
8	4.75	3.50	8.25
9	4.75	3.50	8.25
10	1.00	3.50	4.50
11	1.00	3.50	4.50
12	1.00	3.50	4.50
13	1.00	3.50	4.50
14	1.00	3.50	4.50
15	2.00	3.50	5.50
16	1.00	3.50	4.50
17	1.00	3.50	4.50
18	1.00	3.50	4.50
19	1.00	3.50	4.50
20	1.00	3.50	4.50
21 or more	0.50	3.50	4.00

No pay increases were assumed for the fiscal year ending September 30, 2011 for all members including the non-general fund members. No pay increases were assumed for the general fund members for the fiscal year ending September 30, 2012. For general fund members, a 10% pay reduction was reflected, as directed by the City. Covered payroll was assumed to decrease by 1.5% due to the exclusion of overtime pay.

Demographic Assumptions

The mortality table was the RP-2000 Combined Healthy Participant Mortality Tables for males and females with mortality improvements projected with Scale AA to 2016.

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.16 %	0.13 %	32.43	34.47
55	0.27	0.24	27.72	29.73
60	0.52	0.47	23.18	25.17
65	1.02	0.90	18.91	20.88
70	1.74	1.55	15.00	16.94
75	3.02	2.47	11.43	13.36
80	5.48	4.10	8.33	10.16

This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement. 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 were as follows:

Non-General Fund Members Hired Before July 15, 2009

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement	
	For 55 and 5 Retirement	For 25 and Out Retirement
0	20 %	30 %
1	5	20
2	5	20
3	5	20
4	5	20
5	5	100
6	5	100
7	25	100
8	10	100
9	10	100
10	50	100
11	50	100
12	50	100
13	50	100
14	50	100
15	100	100

Non-General Fund Members Hired On or After July 15, 2009

Age	Probability of Normal Retirement for 60 and 7 Retirement
60	50 %
61	30
62	30
63	55
64	40
65	40
66	40
67	50
68	10
69	10
70-74	30
75+	100

For members hired on or after July 15, 2009, 100% probability of retirement is assumed upon attaining age 57 with 25 years of service or upon attaining 30 years of service regardless of age.

General Fund Members Hired Before October 1, 2001

	Years of Service				
Age	5-14	15 - 19	20 - 24	25 - 29	30 +
<=49	0 %	0 %	0 %	10 %	30 %
50	0	0	0	10	30
51 - 54	0	0	0	10	30
55	5	10	15	15	40
56 - 61	5	5	5	15	40
62	10	15	20	100	100
63 - 64	5	5	5	100	100
65 - 69	30	40	50	100	100
70 +	100	100	100	100	100

The rates shown in the table directly above are also used for general fund members for benefits accrued as of September 30, 2011.

General Fund Members Hired After September 30, 2001

Age	Years of Service 7 - 14	15 - 19	20 - 24	25 - 29	30+
60	0 %	0 %	0 %	0 %	30 %
61	0	0	0	0	30
62	0	0	0	100	100
63	0	0	0	100	100
64	0	0	0	100	100
65	30	40	50	100	100
66	30	30	30	100	100
67	30	30	30	100	100
68	30	30	30	100	100
69	30	30	30	100	100
70	100	100	100	100	100

Rates of separation from active membership were as shown below (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.

Sample Ages	% Separating Within Next Year
20	12.4 %
25	11.7
30	10.5
35	8.3
40	5.7
45	3.5
50	1.5
55	0.6
60	0.5

Rates of disability among active members (25% of disabilities are assumed to be service-connected).

Sample Ages	% Becoming Disabled Within Next Year
20	0.07 %
25	0.09
30	0.11
35	0.14
40	0.19
45	0.30
50	0.51
55	0.96

Miscellaneous and Technical Assumptions

Administrative & Investment Expenses	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the prior year's expenses. Assumed administrative expenses are added to the Normal Cost.
Benefit Service	Exact fractional service is used to determine the amount of benefit payable.
COLA	For projected retirement benefits, the 2.0% annual COLA is assumed to begin 4 years after retirement benefits begin. The COLA delay was changed from 4 years to 3 years to reflect the elimination of the DROP.
Decrement Operation	Disability and mortality decrements operate during retirement eligibility.
Decrement Timing	Decrements of all types are assumed to occur at the beginning of the year.
Eligibility Testing	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.
Forfeitures	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.
Incidence of Contributions	Employer contributions are assumed to be made in equal installments biweekly throughout the 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.
Liability Load	Projected benefits are loaded by 1.2% to recognize the effect of unused vacation leave on Average Final Compensation for all members except those classified as management employees. For general fund members who are not normal retirement eligible as of September 30, 2011, the load is not applied to benefits accrued after September 30, 2011.
Marriage Assumption	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.

Maximum Benefit	The maximum accrued benefit payable as a life annuity reflects the 415(b) limit ($195,000 for 2010 for ages 62 through 65). The limitation is projected to increase by 4.0% per year and is adjusted for other commencement ages based on IRS regulations.
Normal Form of Benefit	A life annuity is the normal form of benefit.
Pay Increase Timing	Beginning of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Service Credit Accruals	It is assumed that members accrue one year of service credit per year.

GLOSSARY

Actuarial Accrued Liability (AAL)	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
Actuarial Assumptions	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.
Actuarial Cost Method	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.
Actuarial Equivalent	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV)	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.
Actuarial Present Value of Future Benefits (APVFB)	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.
Actuarial Valuation	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).
Actuarial Value of Assets	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).

Amortization Method 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.

Amortization Payment That portion of the plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Amortization Period The period used in calculating the Amortization Payment.

Annual Required Contribution (ARC) 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.

Closed Amortization Period 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.

Employer Normal Cost The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.

Equivalent Single Amortization Period 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.

Experience Gain/Loss 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.

Funded Ratio	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
GASB	Governmental Accounting Standards Board.
GASB No. 25 and GASB No. 27	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.
Normal Cost	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
Open Amortization Period	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.
Unfunded Actuarial Accrued Liability	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
Valuation Date	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 2010	September 30 2009
A. Cash and Cash Equivalents (Operating Cash)	$ -	$ -
B. Receivables:		
1. Member Contributions	$ -	$ -
2. Employer Contributions	-	-
3. Investment Income and Other Receivables	643,778	1,193,638
4. Total Receivables	$ 643,778	$ 1,193,638
C. Investments		
1. Short Term Investments	$ 5,722,478	$ 6,959,848
2. Domestic Equities	132,307,958	111,531,865
3. International Equities	-	-
4. Domestic Fixed Income	63,443,916	63,941,142
5. International Fixed Income	-	-
6. Real Estate	-	-
7. Private Equity	-	-
8. Total Investments	$ 201,474,352	$182,432,855
D. Liabilities		
1. Benefits Payable	$ -	$ -
2. Accrued Expenses and Other Payables	(1,076,940)	(163,268)
3. Total Liabilities	$ (1,076,940)	$ (163,268)
E. Total Market Value of Assets Available for Benefits	$ 201,041,190	$183,463,225
F. DROP Accounts	$ (9,972,937)	$ (7,513,383)
G. Market Value Net of Reserves	$ 191,068,253	$175,949,842
H. Allocation of Investments		
1. Short Term Investments	2.8%	3.8%
2. Domestic Equities	65.7%	61.2%
3. International Equities	0.0%	0.0%
4. Domestic Fixed Income	31.5%	35.0%
5. International Fixed Income	0.0%	0.0%
6. Real Estate	0.0%	0.0%
7. Private Equity	0.0%	0.0%
8. Total Investments	100.0%	100.0%

Reconciliation of Plan Assets

Item	September 30 2010	September 30 2009
A. Market Value of Assets at Beginning of Year	$ 183,463,225	$ 187,681,205
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	$ 3,471,858	$ 3,236,955
b. Employer Contributions	16,406,324	14,743,450
c. Purchased Service Credit	-	-
d. Total	$ 19,878,182	$ 17,980,405
2. Investment Income		
a. Interest, Dividends, and Other Income	$ 5,187,599	$ 5,509,262
b. Net Realized/Unrealized Gains/(Losses)	11,352,737	(9,145,459)
c. Investment Expenses	(872,947)	(808,193)
d. Net Investment Income	$ 15,667,389	$ (4,444,390)
3. Benefits and Refunds		
a. Regular Monthly Benefits	$ (17,384,649)	$ (17,138,300)
b. Refunds	(359,313)	(366,066)
c. Lump Sum Benefits	-	-
d. Total	$ (17,743,962)	$ (17,504,366)
4. Administrative and Miscellaneous Expenses	$ (223,644)	$ (249,629)
5. Transfers	$ -	$ -
C. Market Value of Assets at End of Year	$ 201,041,190	$ 183,463,225
D. DROP Accounts	$ (9,972,937)	$ (7,513,383)
E. Market Value Net of Reserves	$ 191,068,253	$ 175,949,842

Development of Actuarial Value of Assets

Valuation Date – September 30	2009	2010	2011	2012	2013
A. Actuarial Value of Assets Beginning of Year	$ 222,098,827	$ 227,227,748			
B. Market Value End of Year	183,463,225	201,041,190			
C. Market Value Beginning of Year	187,681,205	183,463,225			
D. Non-Investment/Administrative Net Cash Flow	226,410	1,910,576			
E. Investment Income					
E1. Actual Market Total: B-C-D	(4,444,390)	15,667,389			
E2. Assumed Rate of Return	8.00%	8.00%			
E3. Assumed Amount of Return	17,776,963	18,254,643			
E4. Amount Subject to Phase-In: E1–E3	(22,221,353)	(2,587,254)			
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.2 x E4	(4,444,271)	(517,451)			
F2. First Prior Year	(9,433,030)	(4,444,271)	$ (517,451)		
F3. Second Prior Year	1,401,622	(9,433,030)	(4,444,271)	$ (517,451)	
F4. Third Prior Year	(484,443)	1,401,622	(9,433,030)	(4,444,271)	$ (517,451)
F5. Fourth Prior Year	85,670	(484,443)	1,401,622	(9,433,030)	(4,444,271)
F6. Total Phase-Ins	(12,874,452)	(13,477,573)	(12,993,130)	(14,394,752)	(4,961,722)
G. Actuarial Value of Assets End of Year					
G1. Preliminary Actuarial Value of Assets End of Year: A+D+E3+F6	$ 227,227,748	$ 233,915,394			
G2. Upper Corridor Limit: 120%*B	220,155,870	241,249,428			
G3. Lower Corridor Limit: 80%*B	146,770,580	160,832,952			
G4. Actuarial Value of Assets End of Year	220,155,870	233,915,394			
G5. DROP Accounts	(7,513,383)	(9,972,937)			
G6. Final Actuarial Value of Assets End of Year	212,642,487	223,942,457			
H. Difference between Market & Actuarial Value of Assets	(36,692,645)	(32,874,204)			
I. Actuarial Rate of Return	(0.98)%	5.36%			
J. Market Value Rate of Return	(2.37)%	8.50%			
K. Ratio of Actuarial Value of Assets to Market Value	120.00%	116.35%			

The Actuarial Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment income (Line E4) are phased-in over a closed 5-year period. 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 the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 5 consecutive years, Actuarial Value of Assets will become equal to Market Value.

Reconciliation of DROP Accounts

Year Ended 9/30	Balance at Beginning of Year	Adjustment	Credits	Interest	Distributions	Balance at End of Year
2009	$6,528,104	$ -	$2,274,151	$419,340	$ (1,708,212)	$7,513,383
2010	7,513,383	-	2,973,674	585,319	(1,099,439)	9,972,937

Year Ended	Investment Rate of Return: Market Value Basis	Investment Rate of Return: Actuarial Value Basis
9/30/1977	8.5 %	8.9 %
9/30/1978	4.2	9.5
9/30/1979	1.3	8.8
9/30/1980	0.7	8.4
9/30/1981	(2.4)	0.4
9/30/1982	34.9	9.2
9/30/1983	16.5	9.8
9/30/1984	8.2	10.3
9/30/1985	22.5	13.7
9/30/1986	16.5	16.1
9/30/1987	3.0	14.4
9/30/1988	11.9	11.2
9/30/1989	11.0	11.5
9/30/1990	6.0	10.6
9/30/1991	16.2	7.9
9/30/1992	12.2	10.8
9/30/1993	7.5	7.1
9/30/1994	(0.3)	0.9
9/30/1995	21.3	14.6
9/30/1996	13.4	12.3
9/30/1997	17.8	11.0
9/30/1998	5.4	10.2
9/30/1999	12.8	11.0
9/30/2000	17.9	12.7
9/30/2001	(8.5)	8.1
9/30/2002	(8.6)	0.5
9/30/2003	17.4	5.0
9/30/2004	8.7	4.4
9/30/2005	9.2	3.0
9/30/2006	7.1	6.0
9/30/2007	11.9	9.6
9/30/2008	(13.6)	4.3
9/30/2009	(2.4)	(1.0)
9/30/2010	8.5	5.4
Average Returns:		
Last 5 Years	1.9 %	4.8 %
Last 10 Years	2.5 %	4.5 %
All Years	8.5 %	8.3 %

The above rates are based on the retirement system's financial information reported to the actuary. They may differ from figures that the investment consultant reports, in part because of differences in the handling of administrative and investment expenses, and in part because of differences in the handling of cash flows.

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2010	October 1, 2009
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	$ 238,352,861	$ 221,023,646
b. Terminated Vested Members	9,832,040	7,905,018
c. Other Members	94,612,159	96,434,475
d. Total	342,797,060	325,363,139
2. Non-Vested Benefits	3,218,499	7,802,224
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	346,015,559	333,165,363
4. Accumulated Contributions of Active Members	23,673,667	22,672,713
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	333,165,363	312,960,582
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	30,594,158	37,709,147
d. Benefits Paid	(17,743,962)	(17,504,366)
e. Net Increase	12,850,196	20,204,781
3. Total Value at End of Period	346,015,559	333,165,363
D. Market Value of Assets	191,068,253	175,949,842
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

GRS

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
10/1/1991	$ 76,669,632	$ 79,506,348	$ 2,836,716	96.4 %	$ 20,630,207	13.8 %
10/1/1992	83,752,649	85,450,424	1,697,775	98.0	20,191,327	8.4
10/1/1993	88,296,336	95,668,897	7,372,561	92.3	22,147,889	33.3
10/1/1994	88,937,435	129,179,737	40,242,302	68.8	18,757,186	214.5
10/1/1995	100,881,259	135,034,342	34,153,083	74.7	21,560,893	158.4
10/1/1996	112,060,623	141,765,578	29,704,955	79.0	24,532,562	121.1
10/1/1997	121,232,151	146,459,241	25,227,090	82.8	25,596,439	98.6
10/1/1998	129,407,169	154,243,888	24,836,719	83.9	27,581,966	90.0
10/1/1999	141,673,440	172,564,633	30,891,193	82.1	28,950,262	106.7
10/1/2000	156,750,497	189,916,733	33,166,236	82.5	30,000,733	110.6
10/1/2002	164,597,832	213,758,531	49,160,699	77.0	36,664,439	134.1
10/1/2003	175,458,765	233,155,961	57,697,196	75.3	38,497,328	149.9
10/1/2004	180,192,031	257,632,743	77,440,712	69.9	40,421,513	191.6
10/1/2005	185,301,557	275,757,219	90,455,662	67.2	41,480,512	218.1
10/1/2006	195,193,325	303,778,626	108,585,301	64.3	41,755,261	260.1
10/1/2007	212,980,592	325,892,851	112,912,259	65.4	45,999,379	245.5
10/1/2008	222,098,827	348,634,231	126,535,404	63.7	45,848,717	276.0
10/1/2009	220,155,870	369,526,337	149,370,467	59.6	44,084,422	338.8
10/1/2010 (b)	223,942,457	380,251,070	156,308,613	58.9	42,103,939	371.0
10/1/2010 (a)	223,942,457	351,118,031	127,175,574	63.8	38,748,664	328.0

(a) = After changes
(b) = Before changes

SCHEDULE OF EMPLOYER AND STATE CONTRIBUTIONS
(GASB Statement No. 25)

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
9/30/1991	$ 1,437,693	$ 1,484,132	103.2 %
9/30/1992	1,473,155	1,484,743	100.8
9/30/1993	1,617,462	1,623,342	100.4
9/30/1994	1,554,337	1,758,060	113.1
9/30/1995	2,458,234	2,648,667	107.7
9/30/1996	6,169,517	6,169,521	100.0
9/30/1997	5,647,078	5,647,180	100.0
9/30/1998	5,399,263	5,399,263	100.0
9/30/1999	5,101,822	5,101,822	100.0
9/30/2000	5,256,720	5,256,720	100.0
9/30/2001	5,071,643	5,071,643	100.0
9/30/2002	5,878,301	5,878,301	100.0
9/30/2003	6,164,953	6,164,953	100.0
9/30/2004	7,805,841	7,805,841	100.0
9/30/2005	8,817,640	8,817,640	100.0
9/30/2006	10,559,474	10,559,474	100.0
9/30/2007	12,087,074	12,087,074	100.0
9/30/2008	13,761,179	13,761,179	100.0
9/30/2009	14,743,450	14,743,450	100.0
9/30/2010	15,336,933 *	16,406,324	107.0

* Required contribution calculated on a percentage of payroll basis.

ANNUAL PENSION COST AND NET PENSION OBLIGATION
(GASB STATEMENT NO. 27)

Employer FYE	9/30/2011	9/30/2010	9/30/2009
Annual Required Contribution (ARC)	$ 17,140,884 *	$ 15,336,933	$14,743,450
Interest on Net Pension Obligation (NPO)	(107,309)	(22,526)	(11,291)
Adjustment to ARC	(156,700)	(32,137)	(17,284)
Annual Pension Cost (APC)	17,190,275 *	15,346,544	14,749,443
Contributions made	**	16,406,324	14,743,450
Increase (decrease) in NPO	**	(1,059,780)	6,228
NPO at beginning of year	(1,341,361)	(281,581)	(287,809)
NPO at end of year	**	(1,341,361)	(281,581)

* Estimated.
** To be determined.

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2008	$ 13,767,472	$ 13,761,179	100.0 %	$ (287,809)
9/30/2009	14,749,443	14,743,450	100.0	(281,581)
9/30/2010	15,346,544	16,406,324	106.9	(1,341,361)

REQUIRED SUPPLEMENTARY INFORMATION
GASB Statement No. 25 and No. 27

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

Valuation Date	October 1, 2010
Contribution Rates	
Employer (and State)	36.14%
Plan members	9.00%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions	
Investment rate of return	8.0%
Projected salary increases	4.0% to 9.0% based on service*
Includes inflation and other general increases at	3.5%
Cost of Living adjustments	Not Applicable

***** No pay increases were assumed for the fiscal year ending September 30, 2011 for all members including the non-general fund members. No pay increases were assumed for the general fund members for the fiscal year ending September 30, 2012. For general fund members, a 10% pay reduction was reflected, as directed by the City. Covered payroll was assumed to decrease by 1.5% due to the exclusion of overtime pay.

SECTION E

MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA

	From 10/1/09 To 10/1/10	From 10/1/08 To 10/1/09
A. Active Members		
1. Number Included in Last Valuation	717	792
2. New Members Included in Current Valuation	5	9
3. Non-Vested Employment Terminations	(13)	(35)
4. Vested Employment Terminations	(13)	(6)
5. Service Retirements	(7)	(14)
6. DROP Retirements	(19)	(27)
7. Disability Retirements	(3)	(1)
8. Deaths	(1)	(1)
9. Other - Rehired Members	2	0
10. Number Included in This Valuation	668	717
B. Active Transfers		
1. Number Included in Last Valuation	26	27
2. Additions	0	0
3. Non-Vested Employment Terminations	0	0
4. Vested Employment Terminations	0	0
5. Service Retirements	0	(1)
6. DROP Retirements	(4)	0
7. Deaths	0	0
8. Number Included in This Valuation	22	26
C. Terminated Vested Members		
1. Number Included in Last Valuation	81	87
2. Additions from Active Members	13	6
3. Lump Sum Payments/Refund of Contributions	(9)	(2)
4. Payments Commenced	0	(10)
5. Deaths	0	0
6. Other - Data Corrections	4	0
7. Number Included in This Valuation	89	81
D. DROP Plan Members		
1. Number Included in Last Valuation	93	83
2. Additions from Active Members	23	27
3. Retirements	(10)	(17)
4. Deaths Resulting in No Further Payments	0	0
5. Other	0	0
6. Number Included in This Valuation	106	93
E. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	753	730
2. Additions from Active Members	10	16
3. Additions from Terminated Vested Members	0	10
4. Additions from DROP Plan Members	10	17
5. Deaths Resulting in No Further Payments	(21)	(22)
6. Deaths Resulting in New Survivor Benefits	7	8
7. End of Certain Period - No Further Payments	(4)	(4)
8. Other - Data Corrections	(3)	(2)
9. Number Included in This Valuation	752	753

ACTIVE PARTICIPANT SCATTER

	Years of Service to Valuation Date												
Age Group	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35 & Up	**Totals**
20-24 NO.	1	0	1	2	2	0	0	0	0	0	0	0	6
TOT PAY	36,100	0	39,223	78,889	96,374	0	0	0	0	0	0	0	250,586
AVG PAY	36,100	0	39,223	39,445	48,187	0	0	0	0	0	0	0	41,764
25-29 NO.	0	1	2	5	5	10	0	0	0	0	0	0	23
TOT PAY	0	43,846	85,054	226,530	242,538	456,174	0	0	0	0	0	0	1,054,142
AVG PAY	0	43,846	42,527	45,306	48,508	45,617	0	0	0	0	0	0	45,832
30-34 NO.	1	1	2	8	6	20	5	0	0	0	0	0	43
TOT PAY	77,000	50,721	92,702	435,100	254,342	972,046	268,054	0	0	0	0	0	2,149,965
AVG PAY	77,000	50,721	46,351	54,388	42,390	48,602	53,611	0	0	0	0	0	49,999
35-39 NO.	0	0	1	4	4	20	21	9	0	0	0	0	59
TOT PAY	0	0	37,544	217,997	185,781	1,121,813	1,345,856	635,979	0	0	0	0	3,544,970
AVG PAY	0	0	37,544	54,499	46,445	56,091	64,088	70,664	0	0	0	0	60,084
40-44 NO.	0	0	4	6	7	24	25	17	14	0	0	0	97
TOT PAY	0	0	260,701	364,872	397,058	1,306,732	1,403,085	1,053,989	871,739	0	0	0	5,658,176
AVG PAY	0	0	65,175	60,812	56,723	54,447	56,123	61,999	62,267	0	0	0	58,332
45-49 NO.	3	0	3	6	9	26	36	40	27	3	0	0	153
TOT PAY	199,325	0	222,933	243,329	429,211	1,338,036	2,150,804	2,893,997	1,691,907	229,384	0	0	9,398,926
AVG PAY	66,442	0	74,311	40,555	47,690	51,463	59,745	72,350	62,663	76,461	0	0	61,431
50-54 NO.	0	5	2	6	3	35	28	22	33	5	0	0	139
TOT PAY	0	477,149	225,965	309,792	173,101	1,917,728	1,632,353	1,643,237	2,183,201	292,008	0	0	8,854,534
AVG PAY	0	95,430	112,983	51,632	57,700	54,792	58,298	74,693	66,158	58,402	0	0	63,702
55-59 NO.	0	0	1	3	4	34	23	15	8	0	0	0	88
TOT PAY	0	0	50,297	121,968	215,348	1,858,073	1,493,705	1,129,022	500,225	0	0	0	5,368,638
AVG PAY	0	0	50,297	40,656	53,837	54,649	64,944	75,268	62,528	0	0	0	61,007
60-64 NO.	0	1	0	2	2	15	12	5	0	0	0	0	37
TOT PAY	0	90,002	0	89,278	82,245	808,748	784,661	399,956	0	0	0	0	2,254,890
AVG PAY	0	90,002	0	44,639	41,123	53,917	65,388	79,991	0	0	0	0	60,943
65 & Up NO.	0	0	0	0	4	9	10	0	0	0	0	0	23
TOT PAY	0	0	0	0	193,549	452,442	589,757	0	0	0	0	0	1,235,748
AVG PAY	0	0	0	0	48,387	50,271	58,976	0	0	0	0	0	53,728
TOT NO.	5	8	16	42	46	193	160	108	82	8	0	0	668
TOT AMT	312,425	661,718	1,014,419	2,087,755	2,269,547	10,231,792	9,668,275	7,756,180	5,247,072	521,392	0	0	39,770,575
AVG AMT	62,485	82,715	63,401	49,708	49,338	53,014	60,427	71,816	63,989	65,174	0	0	59,537

INACTIVE PARTICIPANT SCATTER

	Terminated Vested		Disabled		Retired		Deceased with Beneficiary	
Age Group	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	1	33,109
25-29	-	-	-	-	-	-	4	13,267
30-34	2	19,934	-	-	-	-	3	23,204
35-39	6	67,146	1	14,843	-	-	6	55,142
40-44	16	143,304	1	17,561	7	155,787	2	19,141
45-49	30	498,491	4	117,594	20	828,336	8	73,650
50-54	28	482,752	10	252,395	53	1,759,822	10	108,605
55-59	5	57,569	9	276,237	127	3,956,497	11	166,345
60-64	2	12,560	11	236,447	143	3,747,791	11	180,275
65-69	-	-	4	34,786	119	2,818,839	13	274,763
70-74	-	-	4	41,252	77	1,659,373	11	227,584
75-79	-	-	2	54,873	55	1,224,571	13	167,031
80-84	-	-	3	54,522	50	900,081	15	162,805
85-89	-	-	1	17,973	27	367,096	13	102,560
90-94	-	-	-	-	4	25,856	3	47,375
95-99	-	-	-	-	2	12,869	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	89	1,281,756	50	1,118,483	684	17,456,918	124	1,654,856
Average Age		48		61		66		65

SECTION F

SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

A. Ordinances

The Plan was established under the Code of Ordinances for the City of Hollywood, Florida, and was most recently restated under Ordinance No. O-2003-07 passed and adopted on June 4, 2003. The Plan was most recently amended by Ordinance No. O-2011-25 passed and adopted on September 7, 2011. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

October 1, 1958

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

All regular full-time employees who are contributing to the pension plan.

F. General Fund Member

Any member paid out of the City's general fund and/or other City funds, with the exception of the water and sewer utility, storm water utility, parking and sanitation funds.

G. Credited Service

Service rendered to the City for which the member has received Compensation and has made contributions to the fund. No service is credited for any periods of employment for which the member received a refund of employee contributions.

H. Compensation

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

Gross wages received from the City, including overtime and payments for accumulated annual leave and accumulated sick leave. For members hired prior to October 1, 2002 and employed by the City on that date, Compensation includes payments for accumulated annual leave, but the amount of accumulated sick leave shall not exceed the amount accumulated as of October 1, 2002. For members hired after October 1, 2002, Compensation includes payments for accumulated annual leave, but payment of accumulated sick leave is excluded. For members hired prior to July 15, 2009 who retire or enter the DROP on or after August 17, 2009, Compensation excludes payouts

for blood time and compensatory time. In addition, for these members payments for accumulated annual leave are limited to 125 hours for employees covered by a bargaining unit and are limited to 60 hours for employees not covered by a bargaining unit. For members hired on or after July 15, 2009, Compensation includes only base pay and longevity pay.

General Fund Members

Same as above for benefits accrued before October 1, 2011. Compensation under the definition above is frozen as of September 30, 2011. Effective October 1, 2011, Compensation includes only base pay and longevity pay.

I. Average Final Compensation (AFC)

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

Members hired before July 15, 2009: The average of Compensation over the highest 78 consecutive biweekly pay periods of Credited Service prior to termination or retirement. Payments for accumulated sick and annual leave are deemed to be received in the final pay period.

Members hired on or after July 15, 2009: The average of Compensation over the highest 104 consecutive biweekly pay periods of Credited Service prior to termination or retirement.

General Fund Members

Same as above for benefits accrued before October 1, 2011. AFC is frozen as of September 30, 2011. Effective October 1, 2011, AFC is the average of Compensation over the highest 130 consecutive biweekly pay periods or the last 260 biweekly pay periods of Credited Service prior to termination or retirement.

J. Normal Retirement

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

Eligibility: Members hired before July 15, 2009: A member may retire upon attaining age 55 with 5 years of Credited Service or upon attaining 25 years of Credited Service regardless of age.

Members hired on or after July 15, 2009: A member may retire upon attaining age 60 with 7 years of Credited Service, upon attaining age 57 with 25 years of Credited Service, or upon attaining 30 years of Credited Service regardless of age.

Benefit: Members hired before July 15, 2009: 3.0% of AFC multiplied by years of Credited Service, up to 81% of AFC.

Members hired on or after July 15, 2009: 2.5% of AFC multiplied by years of Credited Service, up to 81% of AFC.

Normal Form of Benefit: Single Life Annuity; other options are also available.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

General Fund Members

Eligibility: Members with ten or more years of service as of September 30, 2011: Same as above.

Members with less than ten years of service as of September 30, 2011: Same as above for benefits accrued before October 1, 2011. Effective October 1, 2011, a member may retire upon attaining age 65 with 7 years of Credited Service, age 62 with 25 years of Credited Service, or age 60 with 30 years of Credited Service.

Benefit: Same as above for benefits accrued before October 1, 2011. Benefits are frozen as of September 30, 2011. Effective October 1, 2011, 2.0% of AFC multiplied by years of Credited Service, up to 81% of AFC (reduced by 3% for each year of Credited Service prior to October 1, 2011).

Normal Form of Benefit: Single Life Annuity; other options are also available.

COLA: Same as above for benefits accrued before October 1, 2011. Benefits accrued after September 30, 2011 are not eligible for the COLA.

K. Early Retirement

None.

L. Delayed Retirement

Same as Normal Retirement taking into account Compensation earned and service credited until the date of actual retirement.

M. Service Connected Disability

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

Eligibility: Any member who becomes totally and permanently disabled and unable to perform the specific duties of the member's position as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: 75% of salary.

Normal Form of Benefit: Single Life Annuity; or until recovery from disability.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

General Fund Members

Eligibility: Any member who becomes totally and permanently disabled and unable to perform the specific duties of the member's position as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: 75% of salary.

Normal Form of Benefit: Single Life Annuity; or until recovery from disability.

COLA: Same as above for benefits accrued before October 1, 2011. Benefits accrued after September 30, 2011 are not eligible for the COLA.

N. Non-Service Connected Disability

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

Eligibility: Any member with 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009) who becomes totally and permanently disabled and unable to perform the specific duties of the member's position is immediately eligible for a disability benefit.

Benefit: The greater of:
(1) Accrued Normal Retirement Benefit taking into account Compensation earned and service credited until the date of disability, or
(2) 20% of AFC.

Normal Form of Benefit: Single Life Annuity; or until recovery from disability.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

General Fund Members

Eligibility: Any member with 7 years of Credited Service who becomes totally and permanently disabled and unable to perform the specific duties of the member's position is immediately eligible for a disability benefit.

Benefit: The greater of:
(1) Accrued Normal Retirement Benefit taking into account Compensation earned and service credited until the date of disability, or
(2) 20% of AFC.

Normal Form of Benefit: Single Life Annuity; or until recovery from disability.

COLA: Same as above for benefits accrued before October 1, 2011. Benefits accrued after September 30, 2011 are not eligible for the COLA.

O. Death in the Line of Duty

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

Eligibility: Members are eligible for survivor benefits after the completion of 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009).

Benefit: The benefit payable to the spouse determined as though the deceased member had retired on the date of death and had chosen a 100% joint and survivor annuity.

Normal Form of Benefit: Single Life Annuity.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

The designated beneficiary of a plan member with less than 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009) will receive a refund of the member's accumulated contributions.

General Fund Members

Eligibility: Members are eligible for survivor benefits after the completion of 7 years of Credited Service.

Benefit: The benefit payable to the spouse determined as though the deceased member had retired on the date of death and had chosen a 100% joint and survivor annuity.

Normal Form of Benefit: Single Life Annuity.

COLA: Same as above for benefits accrued before October 1, 2011. Benefits accrued after September 30, 2011 are not eligible for the COLA.

The designated beneficiary of a plan member with less than 7 years of Credited Service will receive a refund of the member's accumulated contributions.

P. Other Pre-Retirement Death

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

Eligibility: Members are eligible for survivor benefits after the completion of 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15,

2009).

Benefit: The benefit payable to the spouse determined as though the deceased member had retired on the date of death and had chosen a 100% joint and survivor annuity.

Normal Form of Benefit: Single Life Annuity.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

The designated beneficiary of a plan member with less than 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009) will receive a refund of the member's accumulated contributions.

General Fund Members

Eligibility: Members are eligible for survivor benefits after the completion of 7 years of Credited Service.

Benefit: The benefit payable to the spouse determined as though the deceased member had retired on the date of death and had chosen a 100% joint and survivor annuity.

Normal Form of Benefit: Single Life Annuity.

COLA: Same as above for benefits accrued before October 1, 2011. Benefits accrued after September 30, 2011 are not eligible for the COLA.

The designated beneficiary of a plan member with less than 7 years of Credited Service will receive a refund of the member's accumulated contributions.

Q. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

R. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the 5, 10 and 20 Year Certain and Life Annuity options and the 50% and 100% Joint and Survivor options.

S. Vested Termination

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009).

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins at age 55 (age 60 for members hired on or after July 15, 2009).

Normal Form of Benefit: Single Life Annuity; other options are also available.

COLA: 2.0% per year commencing 3 years after retirement benefits begin. Members hired on or after July 15, 2009 are not eligible for the COLA.

Members terminating employment with less than 5 years of Credited Service (7 years of Credited Service for members hired on or after July 15, 2009) will receive a refund of their own accumulated contributions.

General Fund Members

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 7 years of Credited Service.

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit accrued as of September 30, 2011 begins at age 55 (age 60 for members hired on or after July 15, 2009). Benefit accrued after September 30, 2011 begins at age 65

Normal Form of Benefit: Single Life Annuity; other options are also available.

COLA: Same as above for benefits accrued before October 1, 2011. Benefits accrued after September 30, 2011 are not eligible for the COLA.

Members terminating employment with less than 7 years of Credited Service will receive a refund of their own accumulated contributions.

T. Refunds

Eligibility: All members terminating non-vested are eligible. Optionally, vested members may elect a refund in lieu of the vested benefits otherwise due.

Benefit: A refund of the member's contributions with simple interest at 4% per year through date of separation.

U. Member Contributions

9.0% of Compensation (8.0% of Compensation for the fiscal year ending September 30, 2010 for members hired before July 15, 2009).

V. Employer Contributions

The amount determined by the actuary needed to fund the Plan properly according to State laws.

W. Cost of Living Increases

Non-General Fund Members and Members Eligible for Normal Retirement as of September 30, 2011

2.0% per year commencing 3 years after retirement benefits begin. For Members who enter the DROP on or after August 17, 2009, the COLA begins 1 year after separation of employment, if later. Members hired on or after July 15, 2009 are not eligible for the COLA.

General Fund Members

Same as above for benefits accrued before October 1, 2011. Benefits accrued after September 30, 2011 are not eligible for the COLA.

X. Deferred Retirement Option Plan (DROP)

Non-General Fund Members and General Fund Members Who Enter the DROP Before October 1, 2011

Eligibility: A member may enter the DROP upon attaining age 55 with 10 years of Credited Service or upon attaining 25 years of Credited Service regardless of age, but before completing 30 years of Credited Service. Members hired on or after July 15, 2009 are not eligible to enter the DROP.

Benefit: The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

Maximum DROP Period: 5 years but no later than completion of 32 years of Credited Service.

Interest Credited: The member's DROP account is credited with interest at the same rate as the net rate of investment return on plan assets.

Normal Form of Benefit: Lump Sum or Direct Rollover.

COLA: For Members who enter the DROP on or after August 17, 2009, 2.0% per year commencing 3 years after DROP payments begin or 1 year after separation of employment, if later.

General Fund Members Who Retire After October 1, 2011

These members are no longer eligible to participate in the DROP.

Y. Supplemental Pension Distribution

The Plan provides that a supplemental pension distribution may be paid to eligible benefit recipients if the market value rate of return exceeds the assumed rate of return plus 4.5% (effective as of October 1, 2007). An eligible recipient is any member employed by the City on October 1, 2002, any member receiving benefits on that date, and any spouse of deceased members receiving benefits on that date. The Supplemental Pension Distribution is not payable while an eligible recipient participates in the DROP. The total Supplemental Pension Distribution is equal to the actuarial present value of future retirement benefits with respect to eligible recipients multiplied by the excess (not to exceed 2%) of the net market rate of return over the assumed rate of return plus 4.5%. The amount allocated to each eligible recipient is determined by multiplying the total Supplemental Pension Distribution by each individual member's years of Credited Service divided by total years of Credited Service for all recipients. Credit Service is limited to 25 years.

Z. Transfers

Members who transfer to another City plan are eligible to receive benefits from this Plan. The employee contributions for transferred members remain in the fund. The benefit is based on the Credited Service accrued under this Plan, the multiplier in effect at the date of transfer, and the Compensation earned through date of termination or DROP participation. Eligibility for benefits is based on all service. Death and disability benefits are not payable from this Plan after the date of transfer. Members hired on or after July 15, 2009 who transfer to another City plan are treated as terminated employees.

AA. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Hollywood General Employees' Retirement System liability if continued beyond the availability of funding by the current funding source.

AB. Changes from Previous Valuation

Under Ordinance No. O-2011-25, benefits were frozen for general fund members as of September 30, 2011 and a new benefit structure was implemented prospectively. The frozen benefits reflect pay and service as of September 30, 2011. The provisions of the reduced benefit structure for service after September 30, 2011 are as follows:

- The normal retirement date for this portion of the benefit is the earlier of age 65 with 7 years of service, age 62 with 25 years of service, or age 60 with 30 years of service.
  - Members with ten or more years of service as of September 30, 2011 shall retain their current normal retirement date.
- The vesting requirement for this portion of the benefit is seven years of service.
- The benefit multiplier for service accrued after September 30, 2011 is reduced to 2%.
  - The maximum benefit is 81% of average final compensation including the accrued benefit as of September 30, 2011.
- The average final compensation for this portion of the benefit will be based on the highest 60 consecutive months of the last 120 months of service.
- The pensionable earnings used to calculate this portion of the benefit will be based on base pay

plus longevity pay and excluding all other payments.

- Seven years of service will be required to receive non-duty disability benefits after September 30, 2011.
- Deferred vested members will have this portion of their benefit commencing at age 60 (age 65 for members hired after September 30, 2011).
- A member who does not enter the DROP prior to October 1, 2011 will not be eligible to enter the DROP.
- No COLA will be applied to this portion of the benefit.

These changes do not apply to members who are eligible for normal retirement as of September 30, 2011. The changes only apply to general fund members; non-general fund members (members in the Water and Sewer Utility, Storm Water Utility, Parking and Sanitation divisions) have no change in their benefits.