

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

October 1, 2004 Actuarial Report

**For the Fiscal and Plan Year
October 1, 2005
through
September 30, 2006**

Prepared By:

**STANLEY, HOLCOMBE & ASSOCIATES, INC.
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May 6, 2005

**S
H
& A**

Stanley,
Holcombe
& Associates, Inc.

May 6, 2005

Board of Trustees
City of Miami Fire Fighters' and
Police Officers' Retirement Trust
1895 SW 3 Avenue
Miami, FL 33129-1456

October 1, 2004 Actuarial Report

Dear Board Members:

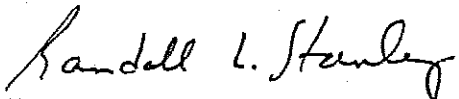
Enclosed is our draft report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2004, for the fiscal year beginning October 1, 2005.

The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami.

The costs in this report do not reflect any impact of Section 415 of the Internal Revenue Code.

The City contribution requirement is \$50,635,213. This amount was calculated using a 5-year averaging period for the asset valuation method. (The COLA transfer calculations continue to utilize the 3-year basis.). The member contribution rate is 7%.

Respectfully submitted,



Randall L. Stanley, F.S.A.
Consulting Actuary and Principal



Frans Christ, F.S.A.
Vice President and Consulting Actuary

RLS/FC/di
MIAMI01B

Enclosures 15B; 5NB

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

October 1, 2004 ACTUARIAL REPORT

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**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Comparative Summary of Principal Valuation Results – Regular Fund

		<u>Actuarial Valuation as of</u>	
		<u>10/1/2004</u>	<u>10/1/2003</u>
A. <u>Participant Data (Ex.7)</u>			
Active Members		1,468	1,622
Total Annual Payroll		\$89,152,510	\$98,920,675
Retired Members and Beneficiaries		1,424	1,256
Total Annualized Benefits		\$54,428,554	\$42,008,191
Disabled Members		215	222
Total Annualized Benefits		\$3,900,165	\$3,942,336
Terminated Vested Members		29	17
Total Annualized Benefits		\$622,362	\$305,401
B. <u>Assets</u>			
		-\$-	-\$-
Actuarial Value (Ex. 2)		894,601,110	865,776,458
Market Value (Ex. 4)		957,896,348	844,864,362
C. <u>Liabilities (Excl. COLA)</u>			
Present Value of Benefits (Ex. 1)			
Active Memebers-	Retirement	724,325,645	766,801,817
	Vesting	11,688,866	11,169,688
	Disability	18,941,517	19,271,587
	Death	6,162,571	5,689,319
	Return of Contributions	1,325,733	1,340,555
	Total	<u>762,444,332</u>	<u>804,272,966</u>
Inactive Members-	Retired, Beneficiaries	574,935,994	434,062,955
	Disabled	36,223,791	36,955,417
	Terminated Vested	4,922,742	2,943,754
	Total	<u>616,082,527</u>	<u>473,962,126</u>
Total		<u>1,378,526,859</u>	<u>1,278,235,092</u>
Actuarial Accrued Liability		N/A	N/A
Unfunded Actuarial Accrued Liability		N/A	N/A

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Comparative Summary of Principal Valuation Results - Regular Fund
(Continued)

	<u>Actuarial Valuation as of</u>	
	<u>10/1/2004</u>	<u>10/1/2003</u>
D. <u>Actuarial Present Value of Accrued Benefits</u> (Exhibit 5)	-\$-	-\$-
Vested Accrued Benefits		
Inactive Members and Beneficiaries	616,082,527	473,962,126
Active Members	<u>351,757,589</u>	<u>391,556,458</u>
Total	967,840,116	865,518,584
Non-Vested Accrued Benefits	<u>14,211,787</u>	<u>16,668,674</u>
Total	982,051,903	882,187,258
E. <u>Pension Cost</u> (Exhibit 1)		
Normal Cost	56,875,889	52,469,577
Payment to Amortize Unfunded Liability	N/A	N/A
Expected Plan Sponsor Contribution	50,635,213	45,545,130
As % of Payroll	56.8%	46.04%
Expected Member Contribution	6,240,676	6,924,447
As % of Payroll	7.00%	7.00%
F. <u>Past Contributions</u>	<u>Year Ending</u> <u>9/30/2004</u>	<u>Year Ending</u> <u>9/30/2003</u>
	-\$-	-\$-
Required Plan Sponsor Contribution	36,341,515	18,163,588
Required Member Contributions	6,781,158	6,275,753
Actual Contributions		
Plan Sponsor and Contribution Surplus Account	36,341,515	18,163,588
Members	6,781,158	6,275,753
G. <u>Net Actuarial Gain (Loss)</u>	N/A	N/A
H. <u>Other Disclosures</u>		
Active Members:		
Present Value Future Salaries (at attained age)	798,000,200	784,744,342
Present Value Future Contributions (at attained age)	53,813,642	54,415,244

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Comparative Summary of Principal Valuation Results – COLA Fund

		Actuarial Valuation Prepared as of	
		<u>10/1/2004</u>	<u>10/1/2003</u>
A. <u>Participant Data</u>			
Active Members			
Total Annual Payroll			
Retired Members and Beneficiaries			
		1,424	1,256
	Total Annualized Benefits	\$8,402,876	\$8,324,787
	Disabled Members	215	222
	Total Annualized Benefits	\$1,903,762	\$1,986,783
Terminated Vested Members			
Total Annualized Benefits			
Table			
		\$920	\$920
B. <u>Assets</u>			
		-\$-	-\$-
	Actuarial Value (Ex. 13)	249,415,066	223,036,047
	Market Value (Ex. 13)	210,347,686	194,754,295
C. <u>Liabilities (COLA Only)</u>			
Present Value of Benefits (Ex. 13)			
Active Members -	Reserve for Current Actives	34,993,131	38,100,609
	Reserve for Contribution Refunds	N/A	5,752
	Reserve for Future Actives	5,248,970	5,715,091
	Total (excl. 457 Service)	<u>40,242,101</u>	<u>43,821,452</u>
Inactive Members -	Frozen COLA I Benefits	2,301,952	2,532,124
	COLA II Benefits	143,125,133	124,465,873
	Total	<u>145,427,085</u>	<u>126,997,997</u>
Total		<u>185,669,186</u>	<u>170,819,449</u>
<u>Comparative Summary of Total Assets - Combined</u>			
	Market Value (Ex. 4)	<u>1,168,244,034</u>	<u>1,039,618,657</u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

REVIEW OF COSTS

Summary Discussion

This is the actuarial report for the fiscal year beginning October 1, 2005 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2004.

Comparison of Deposit Requirements

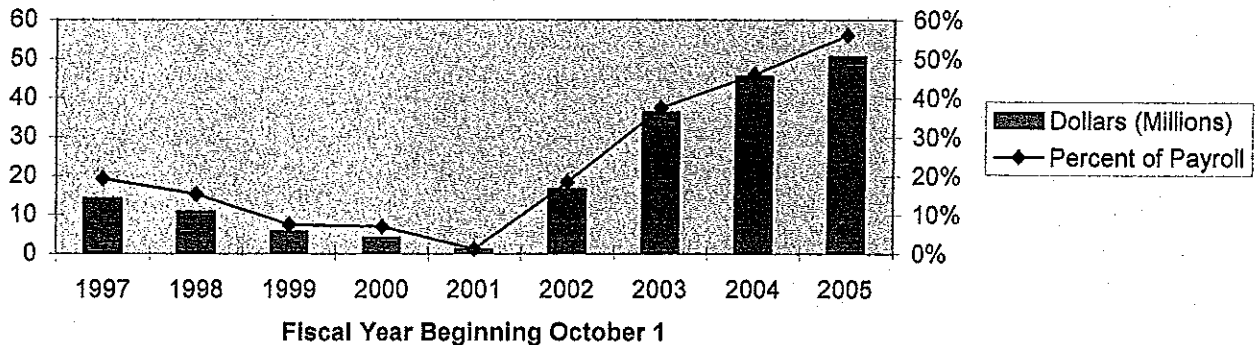
The City contribution requirement, and the results calculated for the 2005/2006 fiscal year, are as follows:

	<u>2005/2006</u>	<u>2004/2005</u>	<u>2003/2004</u>
Past Service Cost	-\$-	-\$-	-\$-
Normal Cost	N/A	N/A	N/A
Payment Timing	50,635,213	45,545,130	36,341,515
	<u>0</u>	<u>0</u>	<u>0</u>
	<u>50,635,213</u>	<u>45,545,130</u>	<u>36,341,515</u>

The 2004/2005 deposit amount of \$50,635,213 is approximately \$5 million more than the \$45,545,130 for the prior year. As of October 1, 2004 there is no longer a contribution surplus available to reduce the 2004/2005 contribution requirement.

As can be seen from Table 1, Normal Costs have increased dramatically over the last four years following the decline in equity prices. Before that, decreases in Normal Costs were prevalent as equity prices increased.

Table 1: Historical City Costs



Analysis of Cost Changes

The Normal Cost element of FIPO costs is expected to remain level as a percentage of covered payroll, if the actual Plan experience is the same as the actuarial assumptions. An increase in the Normal Cost rate indicates that experience has been less favorable than assumed, while a decrease indicates more favorable experience.

Quantification of the reasons for the changes is as follows:

Table 2 - Gain/Loss Analysis from October 1, 2003 to October 1, 2004 Valuations

	<u>Normal Cost</u>	
	<u>-\$-</u>	<u>-%-</u>
2003/2004 Normal Cost	45,545,130	46.04
2004/2005 Normal Cost Expected (for continuing participants)	43,768,368	46.04
<u>Element of Experience</u>		
Salary Increases	+4,091,000	+ 0.90
Turnover	-75,000	- 0.19
Mortality	+1,055,000	+ 1.15
Retirement	- 1,744,000	+ 1.51
New Participants	+59,000	- 0.87
Disability	-225,000	- 0.36
Investment Return, Contribution Lag	+ 6,259,000	+ 6.42
Assumption Change	--	--
457 Service Purchases	+77,000	+ 0.09
Payroll Information Change	-2,722,000	+ 2.08
Other, Data	+92,000	+ 0.03
Total	+6,866,845	+10.76
2004/2005 Normal Cost	50,635,213	56.80
Payment Timing	0	
	50,635,213	

As may be noted from the table, two elements of experience (investment return and salary increases) in the 2003/2004 year were responsible for virtually the entire increase in Normal Cost. Following is a more detailed description of the elements of experience:

Salary Increases - During the period October 1, 2003 through September 30, 2004, covered payroll for the continuing actives increased significantly more than expected, resulting in an increase of \$4,091,000 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2004 was approximately 106.0% of expected. (This compares to 101.3% of expected for the previous year, which increased the normal cost by \$1,185,000.)

The demographic data used in the past included annualized salary information based on the last payroll in the fiscal year. For the salary information as of September 30, 2004 data was also provided for the actual compensation paid in the 2003/2004 year. Using this basis for the valuation results in a reduction of \$2,722,000 in the City contribution requirement.

Mortality - For active members there was one death, as compared to 2 expected; for inactive members there were 36 deaths (25 without survivors), as compared to about 36 expected.

Disability - During the past year there was 1 disability, as compared to 5 expected. Over the past 24 years, there have been 115 disabilities, as compared to about 141 expected.

Turnover - From October 1, 2003 to September 30, 2004, there were 19 employee terminations, as compared to about 18 predicted by the actuarial assumptions. Following is a comparison of the expected and actual turnover rates for the past six years:

Age	<u>1998/1999</u>		<u>1998/1999</u>		<u>2000/2001</u>		<u>2001/2002</u>		<u>2002/2003</u>		<u>2003/2004</u>	
	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>
20-24	0.9	1	1.3	1	1.4	1	1	1	0.5	0	0.4	0
25-29	3.8	4	4.5	2	4.1	7	3.7	2	3.9	4	3.2	5
30-34	5.3	7	5.9	7	5.9	9	6.1	5	5.7	7	5.2	5
35-39	7.4	4	7.2	6	6.8	3	6.2	4	5.5	3	5.2	3
40+	<u>4.1</u>	<u>7</u>	<u>4</u>	<u>3</u>	<u>4.9</u>	<u>16</u>	<u>4.9</u>	<u>0</u>	<u>5</u>	<u>6</u>	<u>4.4</u>	<u>6</u>
	21.5	23	22.9	19	23.1	36	21.8	12	20.6	20	18.4	19

Retirement - There were 190 retirements during the period, as compared to about 89 expected (52 firefighters, 138 police). This resulted in a \$1,744,000 decrease in the Normal Cost. Note that retirees electing DROP are included among the actual retirees.

Following is a comparison of the expected and actual retirements in the last six years:

Age	<u>1998/1999</u>		<u>1999/2000</u>		<u>2000/2001</u>		<u>2001/2002</u>		<u>2002/2003</u>		<u>2003/2004</u>	
	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>
Under 45	56.8	2	72.7	8	10.5	1	13.8	5	11.1	13	11	41
45-49	187.9	16	197	24	29.7	5	32.9	7	26.4	27	27	70
50-54	75	9	84	24	24.6	5	30.3	3	29	17	38	55
55-59	17	2	18	6	5.4	0	8.4	2	14.4	12	12	20
60+	2	1	2	1	2	0	2	0	1	2	1	4
	338.7	30	373.7	63	72.2	11	87.4	17	81.9	71	89	190

Investment Return - The rate of return for the year ending September 30, 2004 was 12.9% on mean market value, as shown in Exhibit 4 and 4.29% on actuarial asset value (Exhibit 2). A loss on the actuarial value of assets increased the Normal Cost by \$6.3 million. As shown in Exhibit 2C, there will be a COLA transfer of \$13,147,517 as of January 1, 2006, resulting in no City minimum contribution to the COLA fund as of that date.

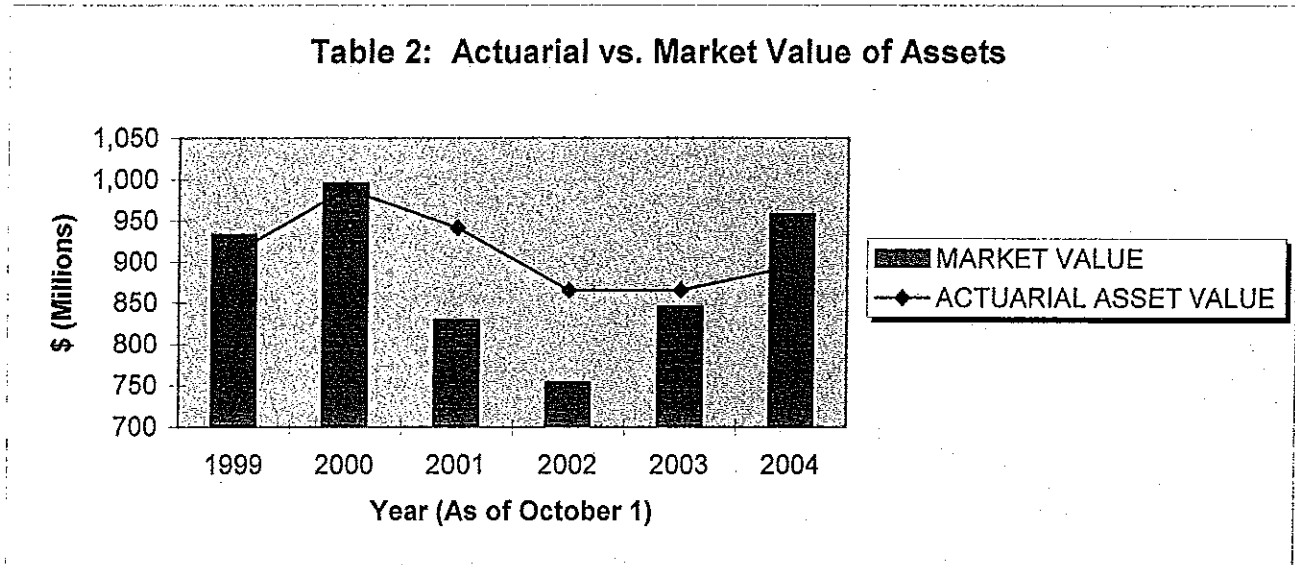
New Participants - During the year there were 57 new participants, who decreased the City contribution requirement for the Fund by .87%. Last year, 30 new participants decreased the rate by .17%.

Plan Assets

Exhibits 3 and 4 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending September 30, 2004 was 12.9%, as compared to the 7.75% assumption.

The actuarial asset valuation method (Exhibit 2) involves a moving average of the ratios of market to book values. Under the method, one-fifth of the change in unrealized gains or losses is immediately reflected, in addition to one-fifth of the relationships existing as of the four previous valuation dates. The result is not allowed to exceed 120% of the market value of assets, nor be less than 80% of market value (shown in Exhibit 4). As of September 30, 2004, this resulted in an actuarial asset value of \$63.3 million less than market value, as compared to \$20.9 million more as of September 30, 2003.

Table 2 illustrates the effect of using the asset smoothing methodology. The volatility of the market value of assets can be seen in the columns, while the actuarial value is illustrated by the line.



Expected Ongoing Cost Levels

System costs have increased dramatically over the past 4 years, due almost exclusively to asset performance.

Since the City's contribution requirement is the primary variable, it has been significantly impacted.

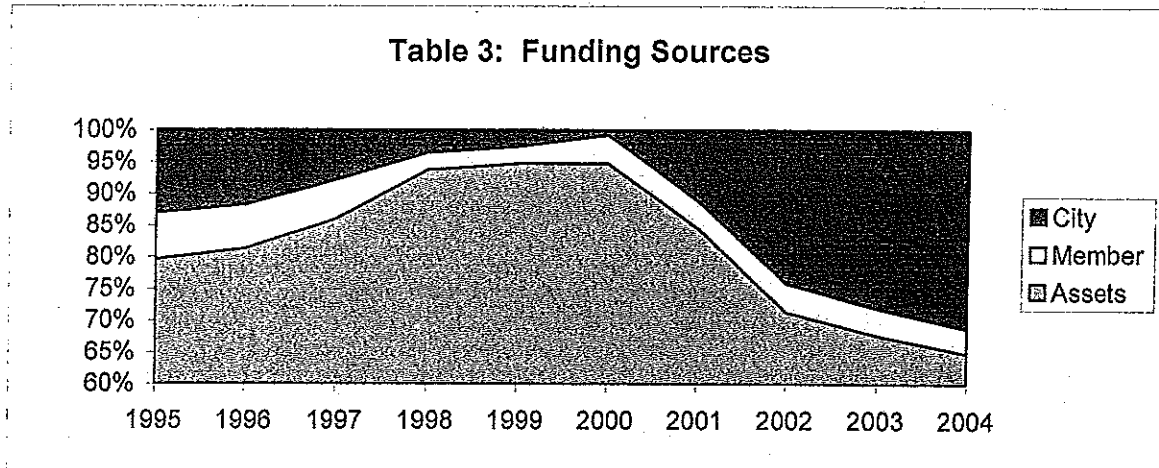
Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal contribution percentages:

<u>Valuation Date</u>	<u>Contribution %</u>	<u>EAN %</u>
10/1/2004	57	30
10/1/2003	46	28
10/1/2002	38	28
10/1/2001	20	26
10/1/2000	1	23
10/1/1999	5	24

As will be noted, contribution requirements in the three years before the 10/1/2002 valuation were below the System's theoretical contribution level. This was due to the System having accumulated more assets than expected. During the most recent three years the contribution requirement has exceeded the theoretical contribution level, due to erosion of assets.

Sources of Benefit Funding

Table 3 compares the sources of benefit funding for the past 10 years. The present value of benefits is equal to 100% on the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of member contributions, and the present value of future normal costs (city).



As seen in the table, the city portion of future benefit responsibility decreased as asset values climbed during the late nineties. When asset values started to decline, the city portion increased. As of October 1, 2004, the actuarial value of assets equals 65% of the present value of benefits, the present value of employee contributions equals 4%, and the present value of future normal costs equal 31% of the present value of future benefits.

Funding Progress

The comparison of the present values of vested and accrued benefits to FIPO assets from one year to the next, or over a period of time, is a measure of interim funding progress and the degree of benefit security.

Exhibit 6 contains the result of this comparison for the past two years. The market value of assets on October 1, 2004 is \$957,896,000, as compared to the value of accrued benefits of \$982,052,000 for a ratio of 97.5%. The ratio as of October 1, 2003 was 95.8%.

A ratio in excess of 100% typically may be viewed to be that of a well-funded program.

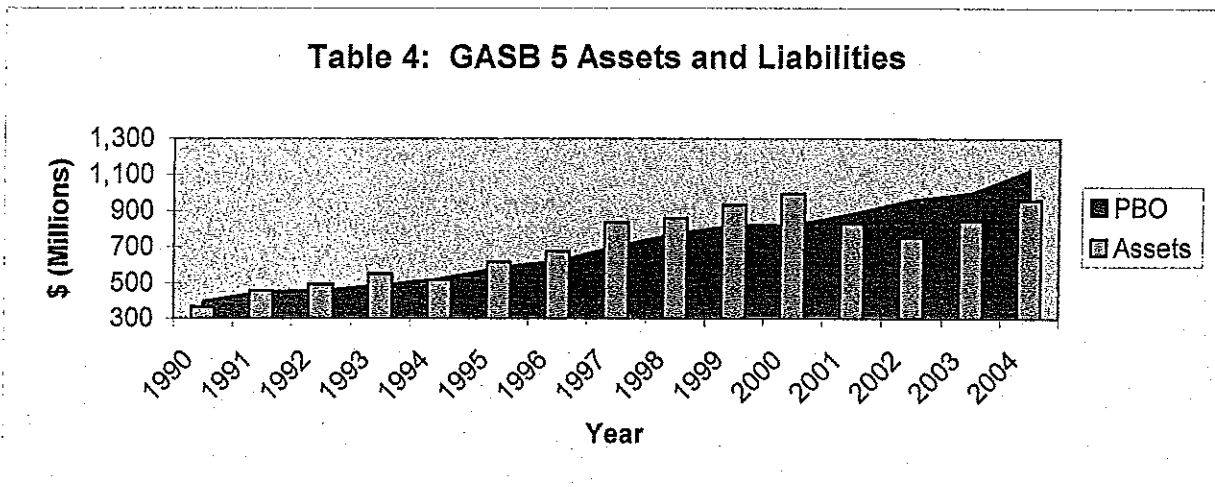
Governmental Accounting Standards

The Governmental Accounting Standards Board Statement No. 5, Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Governmental Employers, was required for financial reports issued for fiscal years beginning after December 15, 1986 (and before the effective dates of GASB 25 and GASB 27).

Statement 5 uses the computation and disclosure of a "standardized measure" of the pension obligation. This measure, the actuarial present value (APV) of credited projected benefits, is based on a proration of total projected benefits over total predicted service (past and prospective), including the impact of future expected salary increases. These calculations are typically used for disclosure items. They do not determine funding or expense requirements.

The GASB 5 disclosures include information for ten years on assets and pension obligation, contributions required and contributions made, revenues by source, and expenses by type. During the transition period when ten years of standardized measures were not available, the disclosure requirements were limited to the information available.

As of October 1, 2004 the pension obligation is \$1,126.2 million. This compares to assets of \$957.9 million, for a funded ratio of 85%. Last year the funded ratio was 84%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 4:



These calculations are made for GASB 5. It should be understood that they are only one approach to the measurement of funding progress. They should not be used for any other purpose, such as determination of compliance with City ordinances or State Statutes or the current or future solvency of the FIPO Trust.

GASB Statement No. 25, Financial Reporting for Defined Benefit pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers were issued in 1994. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 was effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

This is essentially the first GASB standard for disclosures comparing actual funding to GASB standards. The requirements of GASB25 include reporting a Schedule of Funding Progress and a Schedule of Employer Contributions.

Since the FIPO Trust uses the Aggregate Cost Method, technically no Schedule of Funding Progress is required. However, such a Schedule of Funding Progress may be prepared using another acceptable cost method. Based on our recommendation in the 1997 report, and discussion with FIPO auditors, the Schedule of Funding Progress is prepared using the Projected Unit Credit Actuarial Accrued Liability, which was previously required under GASB 5. This Schedule is shown in Exhibit 11, Section III.

As recommended in the 1997 report, and reviewed by FIPO auditors, the employer contributions made in accordance with the requirements of the Florida Division of Retirement should be used as the Actuarially Required Contribution (ARC), since an exact calculation of the ARC would not differ materially from the required contribution amount. On this basis a Schedule of Employer Contributions has been added to Exhibit 11 in order to comply with the reporting requirements of GASB25.

Application of GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

COLA Fund

Calculations were made based on the updated information provided as of 10/1/2004. The calculations reflect the approach adopted with the Amended Final Judgement in the matter of Gates vs. City of Miami.

Exhibit 12, parts I and II, illustrate the general impact of the COLA increases which have been provided thus far (under the \$920 table as of 1/1/2004), by duration since retirement and by age, respectively.

As discussed in earlier reports, there is probably no completely acceptable index for measuring the impact of inflation on retirees' benefits. Although the CPI is the most widely used inflation index, it is generally considered to distort inflation for retirees since it includes components which are not typically germane to them, such as home purchases. In the absence of a suitable alternative, a percentage of the CPI is often used as a target. If the cumulative CPI were used as a target, the current COLA averages 55% of the target. A comparison of COLA increases to the CPI is shown in Exhibit 12, part III. Historical data on the CPI is shown in Exhibit 12, part IV.

Cumulative Experience Position

Ordinance Section 40-204(C) (4) provides that transfers of excess investment return from the Regular Fund to the COLA Fund may be made only if the System remains in a net positive experience position on a cumulative basis from October 1, 1982. Since the aggregate cost method is used for determining funding requirements, the determination of the experience position is measured under the entry age normal method.

The approach used to measure the cumulative experience position since October 1, 1982 was refined as of October 1, 2003 to redetermine the annual and cumulative experience position and the expected unfunded liability. This resulted in an increase in the net experience gain position as of September 30, 2003 from (\$76, 528,201) to \$78,150,927. This amount has decreased to \$56,982,454 as of September 30, 2004.

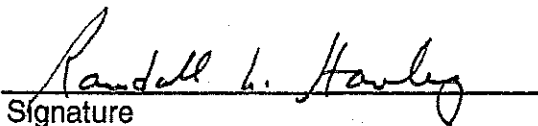
The revised method would not have impacted any past transfers to the COLA Fund.

Enrolled Actuary's Statement

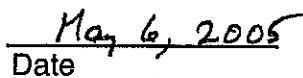
This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2004 for the Retirement Fund and the COLA Fund.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Trust.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the System and/or paid from the System'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.


Signature

Enrolled Actuary No. 05-602


Date

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

City Contribution Requirement for 2004/2005 Fiscal Year

	<u>2005/2006</u>	<u>2004/2005</u>
	-\$-	-\$-
I. <u>Unfunded Actuarial Accrued Liability</u>	0	0
II. <u>Normal Cost</u>		
A. Present Value of Future Benefits		
1. <u>Active Members</u>		
a. Retirement	724,325,645	766,801,817
b. Disability	18,941,517	19,271,587
c. Death	6,162,571	5,689,319
d. Turnover	11,688,866	11,169,688
e. Return of Contributions	<u>1,325,733</u>	<u>1,340,555</u>
f. Total	762,444,332	804,272,966
2. <u>Retired Members and Beneficiaries</u>		
a. Service Retirements	559,522,701	418,956,376
b. Beneficiaries	15,413,293	15,106,579
c. Disability Retirements	36,223,791	36,955,417
d. Terminated Vested Members	<u>4,922,742</u>	<u>2,943,754</u>
e. Total	616,082,527	473,962,126
3. Total	<u><u>1,378,526,859</u></u>	<u><u>1,278,235,092</u></u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

City Contribution Requirement for 2005/2006 Fiscal Year

	2005/2006	2004/2005
	-\$-	-\$-
II. <u>Normal Cost</u> (Cont'd)		
A. Total Present Value of Future Benefits	1,378,526,859	1,278,235,092
B. Present Value of Future Member Contributions ⁽¹⁾	53,813,642	54,415,244
C. Actuarial Asset Value	894,601,110	865,776,458
D. Unfunded Actuarial Accrued Liability	0	0
E. Present Value of Future Normal Costs (A-B-C-D)	430,112,107	358,043,390
F. Present Value of Future Payrolls	798,000,200	784,744,342
G. Current Payroll for those under Expected Retirement Age	87,187,996	92,643,979
H. Current Normal Cost - Payable 10/1/2004 [(E)x(G) / (F)] (1.0775)	50,635,213	45,545,130
I. Covered Payroll	89,152,510	98,920,675
J. Normal Cost as Percentage of Payroll (H)/(I)	56.8%	46.04%
III. <u>Quarterly City Contribution Schedule</u>		
A. Past Service Cost	0	0
B. Normal Cost	50,635,213	45,545,130
C. Payment Timing	0	0
D. Total	50,635,213	45,545,130

(1) 7% of Future Covered Payroll

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Contribution Surplus Account

	-\$-
A. Contribution Surplus At October 1, 2004	0
B. Actual 2003/2004 Contribution Made on 10/1/2004	45,545,130
C. Required Contribution As of 10/1/2004	45,545,130
D. Interest at 7.75%	0
E. Contribution Surplus at September 30, 2005 (A) + (B) - (C) + (D)	<u>0</u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

I. Development of Actuarial Asset Value (5 Years)

	<u>9/30/2004</u>	<u>9/30/2003</u>	<u>9/30/2002</u>	<u>9/30/2001</u>	<u>9/30/2000</u>
	-\$-	-\$-	-\$-	-\$-	-\$-
A. Book Value	866,131,977	811,680,164	808,430,731	836,848,564	854,106,177
B. Market Value	957,896,348	844,864,362	753,228,750	828,863,088	994,587,398
C. B/A	1.1059473	1.040883342	0.9317171	0.9904577	1.1644775
<hr style="border-top: 1px dashed black;"/>					
D. $1/5 \sum (C)$			1.0466966		
E. Adjusted Market Value at 9/30/2004 D x \$866,131,977			906,577,396		
F. Contribution Surplus at 9/30/2004			0		
G. 1. 80% of (Market Value – (F)) 2. 120% of (Market Value – (F))			766,317,078 1,149,475,618		
H. Preliminary Actuarial Asset Value (E- F)			906,577,396		
I. Present Value of 1/1/2006 COLA Transfer, discounted at 7.75%			11,976,286		
J. Actuarial Asset Value			894,601,110		

II. Rate of Return on Actuarial Asset Value

A. Actuarial Asset Value at 10/01/2003	-\$-
B. Contributions	865,776,458
1. City (Including amount from Contribution Surplus Account)	36,341,515
2. Members	24,415,150
3. Total	60,756,665
C. Benefits and Expenses	56,885,490
D. Present Value of 1/1/2006 COLA Transfer	11,976,286
E. Contribution Surplus	0
F. Actuarial Asset Value at 10/01/2004	894,601,110
G. Net Return on Investment [F+E+D+C-B-A]	36,929,763
H. Rate of Return [2 x G/(A+F-G)]	4.29%

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

<u>I. Development of Actuarial Asset Value (For COLA Transfer Only)</u>			
	<u>9/30/2004</u>	<u>9/30/2003</u>	<u>9/30/2002</u>
	-\$-	-\$-	-\$-
A. Book Value	866,131,977	811,680,164	808,430,731
B. Market Value	957,896,348	844,864,362	753,228,750
C. B/A	1.1059473	1.040883342	0.9317171

D. $1/3 \sum (C)$		1.0261826	
E. Adjusted Market Value at 9/30/2004 D x \$866,131,977		888,809,564	
F. Contribution Surplus at 9/30/2004		0	
G. 1. 80% of (Market Value - (F)) 2. 120% of (Market Value - (F))		766,317,078 1,149,475,618	
H. Preliminary Actuarial Asset Value (E - F)		888,809,564	
I. Present Value of 1/1/2006 COLA Transfer, discounted at 7.75%		11,976,286	
J. Actuarial Asset Value		876,833,278	
 <u>II. Rate of Return on Actuarial Asset Value</u>			
A. Actuarial Asset Value at 10/01/2003			-\$-
B. Contributions			798,302,623
1. City (Including amount from Contribution Surplus Account)			36,341,515
2. Members			24,415,150
3. Total			<u>60,756,665</u>
C. Benefits and Expenses			56,885,490
D. Present Value of 1/1/2006 COLA Transfer			11,976,286
E. Contribution Surplus			0
F. Actuarial Asset Value at 10/01/2004			876,833,278
G. Net Return on Investment [F+E+D+C-B-A]			86,635,766
H. Rate of Return [2 x G/(A+F-G)]			10.91%

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2003/2004 Fiscal Year
2006 COLA Transfer

I. Net Actual Return on Actuarial Asset Value	-\$-
A. Preliminary Actuarial Asset Value as of 10/1/2004	888,809,564
B. Benefits Paid During Plan Year	53,249,450
C. Value of COLA transfer for 2002/2003 Year	0
D. Contributions Refunded During Plan Year	301,580
E. City Contributions During Plan Year (Required)	36,341,515
F. Member Contributions During Plan Year	24,415,150
G. Actuarial Asset Value as of 10/1/2003	<u>798,302,623</u>
H. Total Actual Return During Plan year (A)+(B)+(C)+(D)-(E)-(F)-(G)	83,301,306
I. Investment Expenses Paid During Plan Year	3,207,956
J. Net Actual Return During Plan Year	80,093,350

II. Net Expected Return on Actuarial Asset Value	
A. Actuarial Asset Value as of 10/1/2003	798,302,623
B. Benefits Paid During Plan Year	53,249,450
C. Value of COLA transfer for 2002/2003 Year	0
D. Contributions Refunded During Plan Year	301,580
E. City Contributions During Plan Year (Required)	36,341,515
F. Member Contributions During Plan Year	24,415,150
G. Expected Rate of Return	7.75%
H. Expected Return During Plan Year	62,563,327 *
I. Base Amount for Expected Return (H)/.0775	807,268,736
J. Excess Return on Assets (I(J) - II(H))	17,530,023
K. Excess Return as % of II(I)	2.171523%

III. Amount to be Transferred to COLA Fund

A.	Excess Return		COLA Transfer	
	%	\$	%	\$
First	2.5 of	17,530,023	75	13,147,517
Next	2.5		50	0
Next	2.5		25	0
			--	--
B.	Total Transfer Amount at 1/1/2006			<u><u>13,147,517</u></u>

*Assumes Uniform Quarterly Contributions and Monthly Benefits

$$[(798,302,623) + (36,341,515 + 24,415,150) (2.5/4) - (53,249,450 + 301,580) (13/24)](.0775) =$$

62,563,327

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Asset Transactions for Year Ending September 30, 2004

	<u>Membership and Benefits Accounts</u>	<u>COLA I Account</u>	<u>COLA II Account</u>
	-\$-	-\$-	-\$-
A. Market Value as of October 1, 2003	844,864,362	29,307,395	165,446,900
B. Book Value as of October 1, 2003	811,680,164	28,156,272	158,948,552
C. Income During Year			
1. City Contributions	32,959,003		3,700,611
2. Member Contributions	24,415,150		
3. Other Contributions			
4. Interest	15,307,149	426,606	2,425,152
5. Dividends	7,730,648	214,290	1,202,312
6. Net Realized Gains (Losses)	30,212,040	835,329	4,697,575
7. Capital Allocation	7,503	(1,128)	(6,374)
8. Securities Lending Income	268,054	7,444	41,741
9. Rental and Other Income	437,756	12,141	68,134
	<u>111,337,303</u>	<u>1,494,682</u>	<u>12,129,151</u>
D. Disbursements During Years			
1. Benefit Payments	53,249,450	386,966	9,529,289
2. Contribution Refunds	301,580	6,313	
3. Custodial and Investment Expenses	3,207,956	88,883	498,971
4. Non-Vested Refunds Payable	9,686	15	84
5. Securities Lending Fees	80,602	2,238	12,550
6. Building Depreciation	36,216	998	5,512
	<u>56,885,490</u>	<u>485,413</u>	<u>10,046,406</u>
E. Book Value as of 9/30/2004 (B)+(C)-(D)	866,131,977	29,165,541	161,031,297
F. Net Change in Unrealized Gains (Losses)	58,580,173	1,938,888	10,562,489
G. Market Value as of 9/30/2004 (A)+(C)-(D)+(F)	957,896,348	32,255,552	178,092,134
H. January 1, 2005 Allocation to COLA II (discounted)	<u>0</u>	N/A	<u>0</u>
I. Net Market Value as of 9/30/2004	957,896,348	32,255,552	178,092,134

⁽¹⁾Based on unaudited financial statements.

⁽²⁾Based on unaudited financial statements.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Distribution of Assets as of September 30, 2004

Membership and Benefits and Cost-of-Living Adjustment Accounts

<u>Description</u>	<u>Market</u>	<u>Book</u>
	-\$-	-\$-
Bills, Bonds, Notes	352,617,030	344,460,887
Corporate Stocks	734,044,818	638,024,957
Money Market Funds and Time Deposits	7,041,181	6,721,901
Guaranteed Inv. Contract	0	0
Mutual Funds	48,317,731	40,897,796
Real Estate	2,341,719	2,341,719
	<hr/>	<hr/>
A: Sub-Total	1,144,362,479	1,032,447,260
B: Cash	39,458,775	39,458,775
Receivables:		
City Contributions	377,005	377,005
Accounts Receivable	226	226
Member Contributions		
Accrued Interest	2,123,590	2,123,590
Securities Proceeds	9,418,318	9,418,318
	<hr/>	<hr/>
C: Sub-Total	11,919,139	11,919,139
Payables:		
Budget Advance	(223,557)	(223,557)
Deferred Rental Income		
Tax Withheld	(377)	(377)
Accounts Payable	406,532	406,532
Securities Purchased	27,313,761	27,313,761
	<hr/>	<hr/>
D: Sub-Total	27,496,359	27,496,359
E. Total (A+B+C-D)	1,168,244,034	1,056,328,815
Accounts:		
COLA I Account	32,255,552	29,165,541
COLA II Account	178,092,134	161,031,297
COLA II Transfer (1/1/2005)	0	0
F: Membership & Benefits Account	957,896,348	866,131,977

⁽¹⁾Based on unaudited financial statements.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2004

	-\$-	<u>Market</u> -%-	<u>Book</u> -%-
<u>Membership and Benefits Accounts</u>			
Interest	15,307,149	1.8	1.9
Dividends	7,730,648	0.9	1.0
Rental and Other Income, less Depreciation	401,540	0.0	0.0
Realized Gains	30,212,040	3.6	3.7
Securities Lending (Net)	187,452	0.0	0.0
Increase in Unrealized Gains	58,580,173	7.0	--
Custodial and Investment Expenses	(3,207,956)	(0.4)	(0.4)
	<u>109,211,046</u>	<u>12.9</u>	<u>6.2</u>
<u>COLA I Account</u>			
Interest	426,606	1.5	1.5
Dividends	214,290	0.7	0.8
Rental and Other Income, less Depreciation	11,143	0.0	0.0
Realized Gains	835,329	2.9	3.0
Securities Lending (Net)	5,206	0.0	0.0
Increase in Unrealized Gains	1,938,888	6.7	--
Custodial and Investment Expenses	(88,883)	(0.3)	(0.3)
	<u>3,342,579</u>	<u>11.5</u>	<u>5.0</u>
<u>COLA II Account</u>			
Interest	2,425,152	1.5	1.6
Dividends	1,202,312	0.7	0.8
Rental and Other Income, less Depreciation	62,622	0.0	0.0
Realized Gains	4,697,575	2.9	3.0
Securities Lending (Net)	29,191	0.0	0.0
Increase in Unrealized Gains	10,562,489	6.6	--
Custodial and Investment Expenses	(498,971)	(0.3)	(0.3)
	<u>18,480,370</u>	<u>11.4</u>	<u>5.1</u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Accounting Information
As of October 1, 2004

	<u>October 1, 2004</u>	<u>October 1, 2003</u>
I. <u>Present Value of Vested Accrued Benefits</u>	-\$-	-\$-
A. Service Retirements and Beneficiaries	574,935,994	434,062,955
B. Disability Retirements	36,223,791	36,955,417
C. Vested Terminated Members	4,922,742	2,943,754
D. Active Members	<u>351,757,589</u>	<u>391,556,458</u>
E. Total	967,840,116	865,518,584
II. <u>Present Value of Non-Vested Accrued Benefits</u>	<u>14,211,787</u>	<u>16,668,674</u>
III. <u>Present Value of Accrued Benefits</u>	982,051,903	882,187,258

The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.

V. Statement of Changes in Accrued Benefits

	-\$-
A. Present Value of Accrued Benefits at Beginning of Year	<u>882,187,258</u>
B. Increase (Decrease) During the Year Attributable to:	
1. Benefits Accumulated	76,000,294
2. Benefits Paid and Contributions Refunded	(53,551,030)
3. Plan Amendment	0
4. Assumption Changes	11,120,971
5. Increase Due to Decrease in Discount Period	<u>66,294,410</u>
6. Net Increase	99,864,645
C. Present Value of Accrued Benefits at End of Year	982,051,903

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Comparison of Funding Progress
(\$000)

<u>I. Assets</u>	<u>10/01/2004</u>	<u>10/01/2003</u>	<u>10/01/2002</u>
	-\$-	-\$-	-\$-
A. Book Value	866,132	811,680	808,431
B. Market Value	957,896	844,864	753,229
<u>II. Liabilities</u>			
A. Retired and Vested	616,083	473,962	433,462
B. Active			
Employee Contributions	118,102	115,003	113,613
Other Vested	233,655	276,553	254,145
Non-Vested Accrued	<u>14,212</u>	<u>16,669</u>	<u>16,276</u>
C. Total Accrued	982,052	882,187	817,496
<u>III. Ratios</u>	%	%	%
IA/IIC	88.2	92.0	98.9
IB/IIC	97.5	95.8	92.1

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Member Statistics

I. Active Members

<u>Number of</u>	<u>Date</u>		
	<u>10/01/2004</u>	<u>10/01/2003</u>	<u>10/01/2002</u>
Males	1,261	1,397	1,453
Females	207	225	232
Total	1,468	1,622	1,685

Averages

Current Age	39.6	40.1	39.6
Past Service	13.6	14.3	13.9
Credited Past Service	13.6	14.1	13.7
Annual Earnings	\$60,253	\$60,987	\$57,492

II. Inactive Members

A. Retirees and Beneficiaries

Number	1,424	1,256	1,197
Average Annual Benefit	\$38,222	\$33,446	\$31,812
Average Age	63.3	64.6	64.6

B. Disabled

Number	215	222	231
Average Annual Benefit	\$18,140	\$17,758	\$17,288
Average Age	64.6	64	63.7

C. Vested Terminated

Number	29	17	17
Average Deferred Benefit	\$21,461	\$17,965	\$17,670
Average Age	44.6	47.3	46.2

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Age-Service Distribution

Age	Completed Years of Service									Total	Earnings	
	<u>0-1</u>	<u>2-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35+</u>		Total	Avg.
15-24	11	15	-	-	-	-	-	-	-	26	956,172	36,776
25-29	20	64	62	-	-	-	-	-	-	146	6,738,563	46,155
30-34	14	53	123	59	2	-	-	-	-	251	12,483,908	49,737
35-39	3	25	92	98	81	3	-	-	-	302	16,878,483	55,889
40-44	3	6	32	60	152	115	-	-	-	368	24,546,650	66,703
45-49	1	2	13	17	64	142	26	2	-	267	19,277,643	72,201
50-54	-	1	2	4	16	35	20	15	-	93	7,248,078	77,936
55-59	-	-	-	-	3	7	1	1	-	12	855,236	71,270
60-64	-	-	-	-	3	-	-	-	-	3	167,777	55,926
65+	-	-	-	-	-	-	-	-	-	-	--	--
TOTAL	52	166	324	238	321	302	47	18	0	1468	89,152,510	60,731

Average Age: 39.6

Average Service: 13.6

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Reconciliation of Participant Counts

	<u>Actives</u>	<u>Retirees & Beneficiaries</u>	<u>Disableds</u>	<u>Vested Terminated</u>
10/01/2003	1,622	1,256	222	17
Changes due to:				
Retirement	-190	+190		
Withdrawal	-19			+6
Disability	-1		+1	
Death	-1	-27	-8	
New Beneficiary		+11		
New Hires	+57			
Data Changes		-6		6
10/01/2004	<u>1,468</u>	<u>1,424</u>	<u>215</u>	<u>29</u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Principal System Provisions

(Based on Ordinance No. 10002, as Amended
by Ordinances Nos. 112351 and 11944, and Resolution 657)

Effective Date: January 1, 1940, as restated effective May 23, 1985, and amended through September 30, 2004.

Fiscal Year: October 1 - September 30.

Membership: Police officers and fire fighters.

Covered Compensation: An employee's base salary, including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation shall not include overtime pay; payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay; premium pay for holidays worked; the value of any employment benefits or non-monetary entitlements; or any other form of remuneration.

Contributions: Members: 7% of Compensation, effective 10/01/99.
City: Balance, as actuarially determined.

Creditable Service: Service credited under Retirement System; military service (maximum of four years) during wartime for which Member makes contributions; maternity leave (maximum of 180 days for each leave) for which Member makes contributions; up to 5 years, without member contributions, if member was an employee before period of military service.

Average Final Compensation: Average Compensation during the highest year of Creditable Service.

Normal Service Age: Age 50.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Principal System Provisions
(Continued)

Service Retirement: 3.0% of Average Final Compensation for each of the first fifteen years of Creditable Service plus 3.5% of Average Final Compensation for each year of Creditable Service after the fifteenth year; maximum of 100% for those with less than 100% under prior rules on 9/30/98.

Early Service Retirement: After 20 years of Creditable Service. Benefits are based on Average Final Compensation and Creditable Service at retirement date. Actuarial equivalence for early commencement.

Rule of 64 Retirement: Service retirement on the basis of combined age and Creditable Service equaling 64 or more.

Disability: Ordinary Disability: After 10 or more years of Creditable Service, and not eligible for service retirement. Not incurred as accident in performance of duties. 90% of benefit rate times Average Final Compensation times Creditable Service, with a minimum benefit of 30% of Average Final Compensation; 10 years' certain and life normal form.

Accidental Disability: Incurred as accident in performance of duties. 66 2/3% of Average Final Compensation, or 66 2/3% of Final Compensation, whichever is greater. 40% joint & survivor normal form, with a minimum of 10 years' certain and life.

Deferred Retirement Option Plan: Members who are eligible for Service Retirement or Rule of 64 Retirement after September 1998 may elect self-directed Deferred Retirement Option Plan, for a maximum of 4 years. An actuarially equivalent Back DROP option (maximum of 4 years) may be elected prior to DROP entry; combined years of DROP may not exceed 4.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Principal System Provisions
(Continued)

Death:

Ordinary Death: (a) Between 3 and 10 years of Creditable Service, and death not accidentally incurred in performance of duties: Lump sum benefit equal to 50% of Compensation received in year preceding death. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferred period or 10 years' certain period. (c) If eligible for Service, Early Service, or Rule of 64 retirement, considered to have retired on the date of death. Surviving spouse would receive 40% of the member's monthly retirement allowance.

Accidental Death: Incurred in performance of duties. (a) Pension of 50% of Average Final compensation to spouse until death or remarriage. If there is no spouse, or if spouse dies or remarries before youngest child is 18, payable until attainment of age 18. If no spouse or no children under 18, benefit is payable to dependent parents. (b) After 10 years of Creditable Service and before eligibility for Early Service or Rule of 64 Retirement, accrued benefit, deferred to earlier of member's 50th birthday or Rule of 64 eligibility, payable for 10 years. Beneficiary does not have to survive deferral period or 10 years' certain period.

Employment Termination:

After 10 years of Creditable Service, based on Creditable Service and Average Final Compensation at termination date. If Member contributions are withdrawn, benefit is forfeited. Benefits are deferred to Normal Retirement Age.

Optional Allowances:

Normal form is joint and 40% contingent survivor, with a minimum of 10 years' certain and life. Option 1 is cash refund annuity, based on present value at retirement. Option 2 is joint and 100% survivor. Option 3 is joint and 50% contingent survivor. Option 4 is open option. Option 5 is determined by Board due to incapacity of Member. Option 6 is withdrawal of member contributions with credited interest; monthly benefit is 1/2 of normal level.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Principal System Provisions
(Continued)

Transfer of Compensated
Leave Balances:

Accumulated leave balances may be transferred into System immediately prior to retirement to purchase additional Creditable Service, on an actuarially equivalent basis.

Transfer of 457 Balances:

457 balances may be transferred into System at any time prior to retirement to purchase additional Service for multiplier purposes.

Changes Since Prior
Valuation:

Transfer of 457 balances.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Actuarial Basis

Valuation Date: October 1, 2004 for Fiscal Year beginning October 1, 2005.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: Average of ratios of market to book values as of current and four most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Interest Discount/
Investment Return: 7.75%, compounded annually.
Inflation: 4.0%, compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

<u>Age</u>	<u>Male</u>	<u>Female</u>
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Actuarial Basis
(Continued)

<u>Age</u>	<u>Disability</u>	<u>Turnover</u>		<u>Salary Increase*</u>
		<u><5</u>	<u>5+</u>	
20	.00085	.0240	.0192	.088
21	.00095	.0240	.0192	.086
22	.00105	.0240	.0192	.083
23	.00110	.0240	.0192	.081
24	.00125	.0240	.0192	.078
25	.00130	.0240	.0192	.075
26	.00140	.0240	.0192	.073
27	.00150	.0240	.0192	.071
28	.00160	.0240	.0192	.068
29	.00170	.0240	.0192	.066
30	.00180	.0240	.0192	.065
31	.00200	.0240	.0192	.064
32	.00220	.0240	.0192	.064
33	.00245	.0240	.0192	.063
34	.00265	.0240	.0192	.062
35	.00285	.0240	.0192	.061
36	.00305	.0228	.0182	.061
37	.00325	.0216	.0173	.060
38	.00345	.0204	.0163	.060
39	.00370	.0192	.0154	.059
40	.00390	.0180	.0144	.058
41	.00470	.0168	.0134	.058
42	.00555	.0156	.0125	.057
43	.00635	.0144	.0115	.057
44	.00720	.0132	.0106	.057
45	.00800	.0120	.0096	.056
46	.00880	.0096	.0077	.056
47	.00965	.0072	.0057	.056
48	.01045	.0048	.0038	.056
49	.01130	.0024	.0019	.055
50	.01210	.0000	.0000	.055

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Actuarial Basis
(Continued)

<u>Age</u>	<u>Disability</u>	<u>Turnover</u>		<u>Salary Increase*</u>
		<u><5</u>	<u>5+</u>	
51	.01295	.0000	.0000	.053
52	.01375	.0000	.0000	.051
53	.01455	.0000	.0000	.050
54	.01540	.0000	.0000	.048
55	.01620	.0000	.0000	.047
56	.01785	.0000	.0000	.046
57	.01870	.0000	.0000	.044
58	.01950	.0000	.0000	.043
59	.02030	.0000	.0000	.041
60	.00000	.0000	.0000	.040
61	.00000	.0000	.0000	.040
62	.00000	.0000	.0000	.040
63	.00000	.0000	.0000	.040
64	.00000	.0000	.0000	.040
65	.00000	.0000	.0000	.040

* A 7% additional increase applies in the final year of Creditable Service, and a 5% additional increase applies after 22 years.

Retirement: After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

<u>Years of Service</u>	<u>%</u>
<u>After R64, 20 Years</u>	
0-4	10
5-9	25
10+	100

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	None; the investment return assumption of 7.75% is net of investment expenses.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Compensated Absence Balance Transfers:	No liabilities or costs are included for the provision to transfer compensated absence balances into FIPO to purchase additional creditable service, based on our understanding that assets will be transferred immediately prior to retirement to cover 100% of the liability for the additional service.
Adjustments from Valuation Date:	One year's interest is added to the calculated deposit to reflect ordinance provision.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes Since Prior Valuation:	Membership data provided included 9/30/2004 rate of pay as well as actual pay for the 2003/2004 Plan Year. Procedures were changed to use the actual pay provided as last year's pay instead of using the current rate as next year's pay.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Information Under Florida Statutes

I. Comparison of Salary Increases

<u>Year Ending</u>	<u>Actual</u>	<u>Assumed</u>
	-%-	-%-
9/30/2004	10.20	4.00
9/30/2003	5.38	4.00
9/30/2002	2.43	2.00
9/30/2001	4.79	2.00
9/30/2000	7.12	2.00
9/30/1999	0.52	2.75
9/30/1998	(1.35)	2.75
9/30/1997	(1.07)	2.75
9/30/1996	0.76	2.75
9/30/1995	5.50	2.75
9/30/1994	2.86	3.00
9/30/1993	6.37	6.80
9/30/1992	3.48	6.80
9/30/1991	2.65	6.80
9/30/1990	2.79	7.00
9/30/1989	8.64	7.00
9/30/1988	6.05	7.00
9/30/1987	7.45	7.50
9/30/1986	7.49	7.50
9/30/1985	14.28	7.50
9/30/1984	11.53	7.50

II. Comparison of Investment Returns

<u>Year Ending</u>	<u>Actual MV</u>	<u>Actual AAV(1)</u>	<u>Assumed</u>
-%-	-%-	-%-	-%-
9/30/2004	12.9	4.29	7.75
9/30/2003	15.7	3.26	7.75
9/30/2002	(5.5)	(3.93)	7.75
9/30/2001	(10.6)	(1.29)	7.75
9/30/2000	12.7	16.01	7.75
9/30/1999	13.8	13.40	7.75
9/30/1998	6.9	19.45	7.75
9/30/1997	28.3	26.34	8.00
9/30/1996	13.2	11.27	8.00
9/30/1995	21.0	12.86	7.75
9/30/1994	(1.7)	5.18	7.75
9/30/1993	15.8	13.73	7.75
9/30/1992	9.9	12.48	7.75
9/30/1991	25.9	20.93	7.75
9/30/1990	0.4	1.89	7.50
9/30/1989	N.A.	16.09	7.50
9/30/1988	N.A.	0.08	7.50
9/30/1987	N.A.	22.64	7.00
9/30/1986	N.A.	21.66	7.00

(1) Based on mean actuarial asset values for periods ending 9/30.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Information Under Florida Statutes
(Continued)

III. Comparison of Payroll Growth

<u>Year Ending</u>	<u>Actual</u>	<u>Assumed</u>
	<u>-%-</u>	<u>-%-</u>
9/30/2004	(9.9)	N.A.
9/30/2003	2.1	N.A.
9/30/2002	8.1	N.A.
9/30/2001	6.3	N.A.
9/30/2000	8.5	N.A.
9/30/1999	4.6	N.A.
9/30/1998	6.8	N.A.
9/30/1997	(4.5)	N.A.
9/30/1996	1.9	N.A.
9/30/1995	(1.9)	N.A.
9/30/1994	1.1	N.A.
9/30/1993	7.5	N.A.
9/30/1992	2.1	N.A.
9/30/1991	(7.6)	5.00
9/30/1990	(0.8)	5.00
9/30/1989	9.5	5.00
9/30/1988	3.4	5.00
9/30/1987	5.9	5.00
9/30/1986	5.8	5.00
9/30/1985	7.8	5.00
9/30/1984	9.7	5.00

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2004 and 2003

Pension benefit obligation:	<u>\$(Millions)</u>	
	<u>Sept. 30, 2004</u>	<u>Sept. 30, 2003</u>
	-\$-	-\$-
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	616.1	474.0
- Current employees - Accumulated employee contributions including interest	118.1	115.0
Employer - financed vested	233.7	276.6
Employer - financed nonvested	<u>158.3</u>	<u>135.3</u>
Total pension benefit obligation	1,126.2	1,000.9
Net assets available for benefits (market value)	<u>957.9</u>	<u>844.9</u>
Unfunded pension benefit obligation	168.3	156.0

The pension benefit obligation was determined as part of actuarial valuations at September 30, 2003 and September 30, 2002. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.00 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0 percent to 4.8 percent per year, attributable to seniority/merit.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Disclosure Information Under GASB 5 and 25
(Excluding COLA Fund)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the aggregate actuarial cost method. This cost method does not provide for an unfunded actuarial accrued liability.

Contributions totaling \$57,374,153 (\$32,959,003 employer and \$24,415,150 employee) were made for the year ending September 30, 2004. These contributions consisted of (a) \$39,720,829 normal cost, (b) \$0 amortization of the unfunded actuarial accrued liability, (c) \$0 noninvestment expenses, and (d) \$17,653,324 for Section 457 Service buybacks.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension obligation as of the beginning of the preceding year.

III. Analysis of Funding Progress (\$ Millions)

Fiscal Year	(1) Net Assets Available for Benefits (\$)	(2) Pension Benefit Obligation (\$)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) (\$)	(5) Annual Covered Payroll (\$)	(4)/(5) (%)
1987	309.1	335.7	92	26.6	63.3	42
1988	307.7	357.9	86	50.2	65.4	77
1989	364.2	385.9	94	21.7	71.6	30
1990	364.7	394.6	92	29.9	71.1	42
1991	455.3	450.0	101	(5.3)	71.4	(7)
1992	492.0	458.1	107	(33.9)	67.1	(50)
1993	550.6	488.2	113	(62.4)	72.0	(87)
1994	516.4	522.9	99	6.5	72.9	9
1995	616.5	583.1	106	(33.4)	71.5	(47)
1996	674.7	620.7	109	(54.0)	72.9	(74)
1997	835.3	702.1	119	(133.2)	69.6	(191)
1998	857.7	774.5	111	(83.2)	74.3	(112)
1999	932.8	820.2	114	(112.6)	77.7	(145)
2000	994.6	823.1	121	(171.5)	84.3	(203)
2001	828.9	884.7	94	55.8	89.7	62
2002	753.2	960.1	78	206.2	96.9	213
2003	844.9	1000.9	84	156.0	98.9	158
2004	957.9	1126.2	85	168.3	89.2	189

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(Excluding COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source			
	Employee Contributions	Employer Contributions	Investment Income	Total
	(\$)	(\$)	(\$)	(\$)
1987	5,385,969	14,200,675	48,891,929	68,478,573
1988	5,516,972	11,515,831	19,011,633	36,044,436
1989	5,989,692	11,157,203	33,064,932	50,211,827
1990	6,303,644	9,579,771	37,046,457	52,929,872
1991	6,474,938	8,959,044	46,689,710	62,123,692
1992	6,115,655	10,029,747	44,569,353	60,714,755
1993	6,455,623	10,442,881	50,309,468	67,207,972
1994	7,435,034	9,296,175	36,915,202	53,646,411
1995	8,318,833	10,880,346	38,919,229	58,118,408
1996	7,852,469	16,547,235	55,421,603	79,821,307
1997	7,664,034	14,377,032	83,180,597	105,221,663
1998	7,692,571	14,155,472	96,007,011	117,855,054
1999	8,556,140	10,376,473	66,039,984	84,972,597
2000	6,257,588	5,400,784	129,752,337	141,410,709
2001	6,336,918	5,481,599	17,717,791	29,536,308
2002	6,721,236	5,400,784	(27,704,711)	(15,582,691)
2003	7,193,936	15,024,366	30,466,098	52,684,400
2004	24,415,150	32,959,003	53,963,150	111,337,303

Fiscal Year	Expenses by Type			
	Benefits	Administrative Expenses	Refunds	Total
	(\$)	(\$)	(\$)	(\$)
1987	12,655,732	522,090	556,895	13,734,717
1988	13,556,449	443,765	650,068	14,650,282
1989	14,179,715	493,209	371,459	15,044,383
1990	15,572,994	568,072	659,176	16,800,242
1991	16,764,637	973,982	555,661	18,294,280
1992	22,345,166	1,137,047	751,088	24,233,301
1993	22,735,888	1,314,925	672,376	24,723,189
1994	23,787,091	1,420,693	510,074	25,717,858
1995	25,846,564	1,567,841	703,269	28,117,674
1996	29,506,924	1,870,188	822,497	32,199,609
1997	33,841,809	2,079,183	1,225,239	37,146,231
1998	35,593,108	2,543,855	391,524	38,537,297
1999	36,900,501	2,689,079	258,383	39,847,963
2000	41,237,423	2,710,752	258,804	44,206,979
2001	41,386,774	2,933,939	481,746	44,802,459
2002	42,766,860	2,825,903	364,256	45,957,019
2003	46,083,206	2,922,537	429,225	49,434,968
2004	53,249,450	3,334,460	301,580	56,885,490

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(Excluding COLA Fund)

V. Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u> (\$)	<u>Percentage Contributed</u> (%)	<u>Net Pension Obligation</u> (\$)
1994	9,296,175	100	0
1995	10,880,346	100	0
1996	16,547,235	100	0
1997	14,377,032	100	0
1998	14,155,472	100	0
1999	10,376,473	100	0
2000	5,400,784	100	0
2001	4,003,892	100	0
2002	1,051,629	100	0
2003	18,163,588	100	0
2004	36,341,515	100	0
2005	50,635,213		

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(COLA Fund)

(Based on 01/01/2004 \$920 table; not updated)

I. COLA Increases by Duration Since Retirement (Including 2004 Increment)

<u>Years Retired</u>	<u>No.</u>	<u>FIPO Benefits</u> -\$-	<u>COLA Benefits</u> -\$-	<u>%</u>
0 - 5	212	926,694	2,562	0.3
5-10	302	1,208,193	55,375	4.6
10-15	233	768,422	109,420	14.2
15-20	173	408,451	125,275	30.7
20-25	173	218,962	159,271	72.7
25-30	217	198,895	221,301	111.3
30-35	107	62,013	112,767	181.8
35-40	42	20,888	55,624	266.3
40-45	11	5,452	16,408	300.9
45-50	3	1,490	4,955	332.5
50+	2	835	2,797	334.9
Total	1,475	3,820,295	865,755	22.7

II. COLA Increases by Attained Age (2004 Table)

<u>Age</u>	<u>No.</u>	<u>FIPO Benefits</u> -\$-	<u>COLA Benefits</u> -\$-	<u>%</u>
<45	29	74,406	1,295	1.7
45-50	77	286,631	249	0.1
50-54	195	775,530	22,746	2.9
55-59	254	965,594	60,134	6.2
60-64	211	670,507	92,971	13.9
65-69	179	402,410	111,298	27.7
70-74	214	335,425	205,385	61.2
75-79	193	210,734	213,192	101.2
80-84	85	69,547	103,919	149.4
85-89	31	25,896	45,136	174.3
>90	7	3,615	9,430	260.9
Total	1,475	3,820,295	865,755	22.7

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(COLA Fund)

(Based on 01/01/2004 \$920 table; not updated)

III. COLA Increases vs. CPI (including 2004 Increment)

<u>Years Retired</u>	<u>No.</u>	<u>COLA</u> <u>-%-</u>	<u>CPI</u> <u>-%-</u>	<u>COLA/CPI</u> <u>-%-</u>
0-5	212	0.3	2.8	9.8
5-10	302	4.6	15.2	30.1
10-15	233	14.2	30.7	46.4
15-20	173	30.7	59.5	51.6
20-25	173	72.7	93.2	78.0
25-30	217	111.3	185.4	60.0
30-35	107	181.8	303.5	59.9
35-40	42	266.3	428.9	62.1
40-45	11	300.9	504.6	59.6
45-50	3	332.5	555.9	59.8
50+	2	334.9	592.9	56.5
Total	1475	22.7	41.4	54.8

IV. Consumer Price Index (CPI-U)

<u>Year</u>	<u>December Index</u>	<u>Annual</u> <u>-%-</u>	<u>Year</u>	<u>December Index</u>	<u>Annual</u> <u>-%-</u>
1956	27.6	2.9	1981	94.0	8.9
1957	28.4	3.0	1982	97.6	3.9
1958	28.9	1.8	1983	101.3	3.8
1959	29.4	1.5	1984	105.3	4.0
1960	29.8	1.5	1985	109.3	3.8
1961	30.0	0.7	1986	110.5	1.1
1962	30.4	1.2	1987	115.4	4.4
1963	30.9	1.6	1988	120.5	4.4
1964	31.2	1.2	1989	126.1	4.6
1965	31.8	1.9	1990	133.8	6.2
1966	32.9	3.4	1991	137.9	3.0
1967	33.9	3.0	1992	141.9	2.9
1968	35.5	4.7	1993	145.8	2.7
1969	37.7	6.1	1994	149.7	2.7
1970	39.8	5.5	1995	153.5	2.5
1971	41.1	3.4	1996	158.6	3.3
1972	42.5	3.4	1997	161.3	1.7
1973	46.2	8.7	1998	163.9	1.6
1974	51.9	12.2	1999	168.3	2.7
1975	55.5	7.0	2000	174.0	3.4
1976	58.2	4.8	2001	176.7	1.6
1977	62.1	6.8	2002	180.9	2.4
1978	67.7	9.0	2003	185.0 *	2.3
1979	76.7	13.3			
1980	86.3	12.4			

* October 2003

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)**

I. Summary of Assets Available for Benefits at October 1, 2004

	-\$-
A. COLA Accounts	
1. COLA I Account (Exhibit 3) at 9/30/2004	32,255,552
2. COLA II Account (Exhibit 3) at 9/30/2004	178,092,134
B. Transfers of Excess Investment Income	
1. \$0 due on 1/1/2005	0
2. \$13,147,517 due on 1/1/2006	11,976,286
C. Minimum City Contributions ⁽¹⁾ \$3,774,623 beginning 1/1/2005, payable for 10 years discounted	
	27,091,094
D. Additional City Contribution due 1/1/2006	
	0
E. Assets Available for COLA Benefits	
	249,415,066

II. COLA Fund Liabilities for Benefits at 10/1/2004

	Including 457 Service	Excluding 457 Service
A. Present Value of Existing COLA Benefits for Inactives	-\$-	-\$-
1. Frozen COLA I benefits	2,301,952	2,301,952
2. COLA II benefits	143,125,133	143,125,133
3. Total Inactive COLA benefits	145,427,085	145,427,085
B. Present Value of Projected COLA Benefits for Current Actives		
1. Reserve for current actives	37,339,562	34,993,131
2 Reserve for future actives (15% of B1)	5,600,934	5,248,970
3 Total	42,940,496	40,242,101
C. Total Liability Allocated (A3+B4)	188,367,581	185,669,186
D. Contingency Reserve [20% of I(E)-I(B)(2)]	47,487,756	47,487,756
E. Unallocated Reserve ⁽²⁾	13,559,729	16,258,124
F. Total Liability for COLA Benefits	249,415,066	249,415,066

Notes: (1) $(1/1.0775)^{0.25} \ddot{a}_{\overline{11}|} = 7.1771654$
(2) For \$920 Table

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)**

III. Derivation of Increase in Table as of January 1, 2005

	Including <u>457 Service</u> -\$-	Excluding <u>457 Service</u> -\$-
A. Liability based on current \$920 table		
1. Inactive COLA II Benefits	143,125,133	143,125,133
2. Present Value of Projected COLA benefits for current actives	37,339,562	34,993,131
3. Reserve for future actives [15% of (2)]	<u>5,600,934</u>	<u>5,248,970</u>
4. Total COLA II Liability	186,065,629	183,367,234
B. Assets available to increase table		
1. Total assets available for COLA Benefits	249,415,066	249,415,066
2. Total Liability Allocated (current \$920 table)	188,367,581	185,669,186
3. Contingency Reserve II(D)	<u>47,487,756</u>	<u>47,487,756</u>
4. Available Assets [(1)-(2)-(3)]	13,559,729	16,258,124
5. \$13,147,517 due on 1/1/2006, discounted	<u>11,976,286</u>	<u>11,976,286</u>
6. Net Available Assets [(4)-(5)]	1,583,443	4,281,838
7. Increase ratio [(B6)/(A4)]	0.00851	0.02335
8. Table increase [\$920x(7)]	7	21
9. New table amount [\$920+(8)]	927	941
10. Actual new table amount	<u>N/A</u>	<u>941</u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)**

Cumulative Experience Position Net of Asset Transfers

I. <u>Calculation of Expected Unfunded Actuarial Accrued Liability at 10/1/2004</u>	-\$-
A. Expected Unfunded Actuarial Accrued Liability at 10/1/2003	304,734,366
B. Entry Age Normal Cost for 2003/2004 Year Paid or Payable by Employer	24,094,147
C. Interest on (A) and (B)	25,484,210
D. Contributions for 2003/2004 Year Paid or Payable by Employer (Required)	36,341,515
E. Interest on (D)	<u>2,816,467</u>
F. Expected Unfunded Actuarial Accrued Liability at 9/30/2004	315,154,741
G. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	0
H. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	<u>0</u>
I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2004	315,154,741
II. <u>Determination of Net Cumulative Experience Position at 10/1/2004</u>	
A. Expected Unfunded Actuarial Liability as of September 30, 2004	315,154,741
B. Entry Age Reserve - Actives	536,690,870
- Inactives	<u>616,082,527</u>
- Total	1,152,773,397
C. Actuarial Asset Value (Net of Future Transfers)	894,601,110
D. Actual Unfunded Actuarial Liability (B)-(C)	<u>258,172,287</u>
E. Cumulative Experience Gain (Loss) (A)-(D)	56,982,454
III. <u>Future Transfers of Excess Investment Income at 10/1/2004</u>	
A. \$0 due on 1/1/2005, discounted	0
B. \$13,147,517 due on 1/1/2006, discounted	11,976,286
C. Total Future Transfers at 10/1/2004 (A)+(B)	<u>11,976,286</u>

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)**

Summary of Principal COLA Provisions

Effective Date: January 1, 1994, amended January 1, 1995.

Eligibility: All inactive members in Miami Fire Fighters' and Police Officers' Retirement Trust.

Prior COLA: Benefits granted through 1993 continue to be paid, in addition to benefits to be granted in the future.

Available Assets: Existing COLA assets as of January 1, 1995; beginning with the 1991/92 fiscal year, a percentage of excess investment return on FIPO assets (75% of first 2.5%, 50% of next 2.5%, 25% of next 2.5%), subject to a minimum City contribution of \$2.5 million, increasing 4% annually.

Allocated Assets: Current COLA assets as of September 30, 2003, plus present value of \$2.5 million minimum guarantee for 11 years. The 4% future annual increases is not pre-allocated. A contingency reserve of 20% has been established for adverse experience.

COLA Benefits:

In addition to prior COLA, benefits are based on attached table, with \$920 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The \$920 amount is reduced by 5% for each year of retirement less than 22 and each year of creditable service less than 25 and increased similarly for years of retirement greater than 22 and years of creditable service greater than 25.

Benefits are based on the FIPO option elected. Tabular amounts are adjusted, based on the FIPO adjustments at the time of FIPO benefit commencement, for options other than Option 8 (Joint & 40%). Surviving spouses receive the percentage of the table amount determined under the FIPO election.

Service-incurred and accidental disabilities and deaths receive benefits based on the greater of 25 years or actual creditable service.

Changes from Prior Valuation: None.

Miami Firefighters' and Police Officers' Retirement Trust
 2005 Monthly Retirement Supplements (941 Table)

	Completed Years of Retirement (after age 46)																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
10	0	0	0	24	35	47	59	71	82	94	106	118	129	141	153	165	176	188	200	212	223	235	247	259	271
11	0	0	0	28	42	56	71	85	99	113	127	141	155	169	183	198	212	226	240	254	268	282	296	311	325
12	0	0	0	33	49	66	82	99	115	132	148	165	181	198	214	231	247	263	280	296	313	329	346	362	379
13	0	0	0	38	56	75	94	113	132	151	169	188	207	226	245	263	282	301	320	339	358	376	395	414	433
14	0	0	0	42	64	85	106	127	148	169	191	212	233	254	275	296	318	339	360	381	402	423	445	466	487
15	0	0	0	47	71	94	118	141	165	188	212	235	259	282	306	329	353	376	400	423	447	471	494	518	541
16	0	0	0	52	78	104	129	155	181	207	233	259	285	311	336	362	388	414	440	466	492	518	543	569	595
17	0	0	0	56	85	113	141	169	198	226	254	282	311	339	367	395	423	452	480	508	536	565	593	621	649
18	0	0	0	61	92	122	153	183	214	245	275	306	336	367	398	428	459	489	520	550	581	612	642	673	703
19	0	0	0	66	99	132	165	198	231	263	296	329	362	395	428	461	494	527	560	593	626	659	692	725	758
20	0	0	0	71	106	141	176	212	247	282	318	353	388	423	459	494	529	565	600	635	670	706	741	776	812
21	0	0	0	75	113	151	188	226	263	301	339	376	414	452	489	527	565	602	640	678	715	753	790	828	866
22	0	0	0	80	120	160	200	240	280	320	360	400	440	480	520	560	600	640	680	720	760	800	840	880	920
23	0	0	0	85	127	169	212	254	296	339	381	423	466	508	550	593	635	678	720	762	805	847	889	932	974
24	0	0	0	89	134	179	223	268	313	358	402	447	492	536	581	626	670	715	760	805	849	894	939	983	1028
25	0	0	0	94	141	188	235	282	329	376	423	471	518	565	612	659	706	753	800	847	894	941	988	1035	1082
26	0	0	0	99	148	198	247	296	346	395	445	494	543	593	642	692	741	790	840	889	939	988	1037	1087	1136
27	0	0	0	104	155	207	259	311	362	414	466	518	569	621	673	725	776	828	880	932	983	1035	1087	1139	1190
28	0	0	0	108	162	216	271	325	379	433	487	541	595	649	703	758	812	866	920	974	1028	1082	1136	1190	1244
29	0	0	0	113	169	226	282	339	395	452	508	565	621	678	734	790	847	903	960	1016	1073	1129	1186	1242	1299
30	0	0	0	118	176	235	294	353	412	470	529	588	647	706	765	823	882	941	1000	1059	1117	1176	1235	1294	1353
31	0	0	0	122	183	245	306	367	428	489	550	612	673	734	795	856	917	979	1040	1101	1162	1223	1284	1346	1407
32	0	0	0	127	191	254	318	381	445	508	572	635	699	762	826	889	953	1016	1080	1143	1207	1270	1334	1397	1461
33	0	0	0	132	198	263	329	395	461	527	593	659	725	790	856	922	988	1054	1120	1186	1252	1317	1383	1449	1515
34	0	0	0	136	205	273	341	409	478	546	614	682	750	819	887	955	1023	1092	1160	1228	1296	1364	1433	1501	1569
35	0	0	0	141	212	282	353	423	494	565	635	706	776	847	917	988	1059	1129	1200	1270	1341	1412	1482	1553	1623
36	0	0	0	146	219	292	365	438	510	583	656	729	802	875	948	1021	1094	1167	1240	1313	1386	1459	1531	1604	1677
37	0	0	0	151	226	301	376	452	527	602	678	753	828	903	979	1054	1129	1204	1280	1355	1430	1506	1581	1656	1731
38	0	0	0	155	233	311	388	466	543	621	699	776	854	932	1009	1087	1164	1242	1320	1397	1475	1553	1630	1708	1786
39	0	0	0	160	240	320	400	480	560	640	720	800	880	960	1040	1120	1200	1280	1360	1440	1520	1600	1680	1760	1840
40	0	0	0	165	247	329	412	494	576	659	741	823	906	988	1070	1153	1235	1317	1400	1482	1564	1647	1729	1811	1894
41	0	0	0	169	254	339	423	508	593	678	762	847	932	1016	1101	1186	1270	1355	1440	1524	1609	1694	1778	1863	1948
42	0	0	0	174	261	348	435	522	609	696	783	870	957	1045	1132	1219	1306	1393	1480	1567	1654	1741	1828	1915	2002
43	0	0	0	179	268	358	447	536	626	715	805	894	983	1073	1162	1252	1341	1430	1520	1609	1699	1788	1877	1967	2056
44	0	0	0	183	275	367	459	550	642	734	826	917	1009	1101	1193	1284	1376	1468	1560	1651	1743	1835	1927	2018	2110
45	0	0	0	188	282	376	470	565	659	753	847	941	1035	1129	1223	1317	1412	1506	1600	1694	1788	1882	1976	2070	2164
46	0	0	0	193	289	386	482	579	675	772	868	965	1061	1157	1254	1350	1447	1543	1640	1736	1833	1929	2026	2122	2218
47	0	0	0	198	296	395	494	593	692	790	889	988	1087	1186	1284	1383	1482	1581	1680	1778	1877	1976	2075	2174	2273
48	0	0	0	202	303	405	506	607	708	809	910	1012	1113	1214	1315	1416	1517	1619	1720	1821	1922	2023	2124	2225	2327
49	0	0	0	207	311	414	518	621	725	828	932	1035	1139	1242	1346	1449	1553	1656	1760	1863	1967	2070	2174	2277	2381
50	0	0	0	212	318	423	529	635	741	847	953	1059	1164	1270	1376	1482	1588	1694	1800	1906	2011	2117	2223	2329	2435

Miami Firefighters' and Police Officers' Retirement Trust
 2005 Monthly Retirement Supplements (941 Table)

	Completed Years of Retirement (after age 46)																									
	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	
10	282	294	306	318	329	341	353	365	376	388	400	412	423	435	447	459	470	482	494	506	518	529	541	553	565	
11	339	353	367	381	395	409	423	438	452	466	480	494	508	522	536	550	565	579	593	607	621	635	649	663	678	
12	395	412	428	445	461	478	494	510	527	543	560	576	593	609	626	642	659	675	692	708	725	741	758	774	790	
13	452	471	489	508	527	546	565	583	602	621	640	659	678	696	715	734	753	772	790	809	828	847	866	885	903	
14	508	529	550	572	593	614	635	656	678	699	720	741	762	783	805	826	847	868	889	910	932	953	974	995	1016	
15	565	588	612	635	659	682	706	729	753	776	800	823	847	870	894	917	941	965	988	1012	1035	1059	1082	1106	1129	
16	621	647	673	699	725	750	776	802	828	854	880	906	932	957	983	1009	1035	1061	1087	1113	1139	1164	1190	1216	1242	
17	678	706	734	762	790	819	847	875	903	932	960	988	1016	1045	1073	1101	1129	1157	1186	1214	1242	1270	1299	1327	1355	
18	734	765	795	826	856	887	917	948	979	1009	1040	1070	1101	1132	1162	1193	1223	1254	1284	1315	1346	1376	1407	1437	1468	
19	790	823	856	889	922	955	988	1021	1054	1087	1120	1153	1186	1219	1252	1284	1317	1350	1383	1416	1449	1482	1515	1548	1581	
20	847	882	917	953	988	1023	1059	1094	1129	1164	1200	1235	1270	1306	1341	1376	1412	1447	1482	1517	1553	1588	1623	1659	1694	
21	903	941	979	1016	1054	1092	1129	1167	1204	1242	1280	1317	1355	1393	1430	1468	1506	1543	1581	1619	1656	1694	1731	1769	1807	
22	960	1000	1040	1080	1120	1160	1200	1240	1280	1320	1360	1400	1440	1480	1520	1560	1600	1640	1680	1720	1760	1800	1840	1880	1920	
23	1016	1059	1101	1143	1186	1228	1270	1313	1355	1397	1440	1482	1524	1567	1609	1651	1694	1736	1778	1821	1863	1906	1948	1990	2033	
24	1073	1117	1162	1207	1252	1296	1341	1386	1430	1475	1520	1564	1609	1654	1699	1743	1788	1833	1877	1922	1967	2011	2056	2101	2145	
25	1129	1176	1223	1270	1317	1364	1412	1459	1506	1553	1600	1647	1694	1741	1788	1835	1882	1929	1976	2023	2070	2117	2164	2211	2258	
26	1186	1235	1284	1334	1383	1433	1482	1531	1581	1630	1680	1729	1778	1828	1877	1927	1976	2026	2075	2124	2174	2223	2273	2322	2371	
27	1242	1294	1346	1397	1449	1501	1553	1604	1656	1708	1760	1811	1863	1915	1967	2018	2070	2122	2174	2225	2277	2329	2381	2432	2484	
28	1299	1353	1407	1461	1515	1569	1623	1677	1731	1786	1840	1894	1948	2002	2056	2110	2164	2218	2273	2327	2381	2435	2489	2543	2597	
29	1355	1412	1468	1524	1581	1637	1694	1750	1807	1863	1920	1976	2033	2089	2145	2202	2258	2315	2371	2428	2484	2541	2597	2654	2710	
30	1412	1470	1529	1588	1647	1706	1764	1823	1882	1941	2000	2058	2117	2176	2235	2294	2353	2411	2470	2529	2588	2647	2705	2764	2823	
31	1468	1529	1590	1651	1713	1774	1835	1896	1957	2018	2080	2141	2202	2263	2324	2385	2447	2508	2569	2630	2691	2752	2814	2875	2936	
32	1524	1588	1651	1715	1778	1844	1910	1976	2042	2108	2174	2240	2305	2371	2437	2503	2569	2635	2701	2767	2832	2898	2964	3030	3096	
33	1581	1647	1713	1778	1844	1910	1978	2047	2115	2183	2251	2320	2388	2456	2524	2592	2661	2729	2797	2865	2934	3002	3070	3138	3206	
34	1637	1706	1774	1842	1910	1978	2047	2117	2188	2258	2329	2400	2470	2541	2611	2682	2752	2823	2894	2964	3035	3105	3176	3246	3317	
35	1694	1764	1835	1906	1976	2047	2117	2188	2258	2334	2409	2484	2560	2635	2710	2785	2861	2936	3011	3086	3162	3237	3312	3388	3463	
36	1750	1823	1896	1969	2042	2115	2188	2261	2334	2409	2484	2560	2635	2710	2785	2861	2936	3011	3086	3162	3237	3312	3388	3463	3538	
37	1807	1882	1957	2033	2108	2183	2258	2334	2409	2484	2562	2640	2717	2795	2872	2950	3028	3105	3183	3261	3338	3416	3493	3571	3649	
38	1863	1941	2018	2096	2174	2251	2329	2407	2484	2562	2640	2719	2799	2879	2959	3039	3119	3199	3279	3359	3439	3519	3599	3679	3759	
39	1920	2000	2080	2160	2240	2320	2400	2480	2560	2640	2719	2799	2882	2964	3046	3129	3211	3294	3376	3458	3541	3623	3705	3788	3870	
40	1976	2058	2141	2223	2305	2388	2470	2552	2635	2717	2799	2882	2964	3049	3134	3218	3303	3388	3472	3557	3642	3726	3811	3896	3980	
41	2033	2117	2202	2287	2371	2456	2541	2625	2710	2795	2879	2964	3049	3134	3218	3303	3388	3472	3557	3642	3726	3811	3896	3980	4065	
42	2089	2176	2263	2350	2437	2524	2611	2698	2785	2872	2959	3046	3134	3221	3308	3395	3482	3569	3656	3743	3830	3917	4004	4091	4178	
43	2145	2235	2324	2414	2503	2592	2682	2771	2861	2950	3039	3129	3218	3308	3397	3486	3576	3665	3755	3844	3933	4023	4112	4202	4291	
44	2202	2294	2385	2477	2569	2661	2752	2844	2936	3028	3119	3211	3303	3395	3486	3578	3670	3762	3853	3945	4037	4129	4220	4312	4404	
45	2258	2353	2447	2541	2635	2729	2823	2917	3011	3105	3199	3294	3388	3482	3576	3670	3764	3858	3952	4046	4140	4235	4329	4423	4517	
46	2315	2411	2508	2604	2701	2797	2894	2990	3086	3183	3279	3376	3472	3569	3665	3762	3858	3955	4051	4147	4244	4340	4437	4533	4630	
47	2371	2470	2569	2668	2767	2865	2964	3063	3162	3261	3359	3458	3557	3656	3755	3853	3952	4051	4150	4249	4347	4446	4545	4644	4743	
48	2428	2529	2630	2731	2832	2934	3035	3136	3237	3338	3439	3541	3642	3743	3844	3945	4046	4147	4249	4350	4451	4552	4653	4754	4856	
49	2484	2588	2691	2795	2898	3002	3105	3209	3312	3416	3519	3623	3726	3830	3933	4037	4140	4244	4347	4451	4554	4658	4761	4865	4968	
50	2541	2647	2752	2858	2964	3070	3176	3282	3388	3493	3599	3705	3811	3917	4023	4129	4235	4340	4446	4552	4658	4764	4870	4976	5081	

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2005.

Valuation Method: Accrued Benefit Cost Method, based on benefits granted to date.

Asset Valuation Method: Market Value, plus present value of future minimum City contributions.

Actuarial Assumptions:

Investment Return: 7.75% compounded annually.

Mortality: 1994 Group Annuity Mortality Table, producing following specimen rates:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.0507%	0.0284%
30	0.0801%	0.0351%
40	0.1072%	0.0709%
50	0.2579%	0.1428%
60	0.7976%	0.4439%
70	2.3730%	1.3730%

Disabled Mortality: In accordance with Pension Benefit Guaranty Corporation non-OASDI basis, producing following specimen rates:

<u>Age</u>	<u>Male</u>	<u>Female</u>
30	0.13%	0.11%
40	0.31%	0.19%
50	0.83%	0.51%
60	2.05%	1.30%
70	4.85%	3.21%

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)**

Summary of Actuarial Basis
(Continued)

Age	Disability	Turnover	
		<5	5+
20	0.00085	0.0240	0.0192
21	0.00095	0.0240	0.0192
22	0.00105	0.0240	0.0192
23	0.00110	0.0240	0.0192
24	0.00125	0.0240	0.0192
25	0.00130	0.0240	0.0192
26	0.00140	0.0240	0.0192
27	0.00150	0.0240	0.0192
28	0.00160	0.0240	0.0192
29	0.00170	0.0240	0.0192
30	0.00180	0.0240	0.0192
31	0.00200	0.0240	0.0192
32	0.00220	0.0240	0.0192
33	0.00245	0.0240	0.0192
34	0.00265	0.0240	0.0192
35	0.00285	0.0240	0.0192
36	0.00305	0.0228	0.0182
37	0.00325	0.0216	0.0173
38	0.00345	0.0204	0.0163
39	0.00370	0.0192	0.0154
40	0.00390	0.0180	0.0144
41	0.00470	0.0168	0.0134
42	0.00555	0.0156	0.0125
43	0.00635	0.0144	0.0115
44	0.00720	0.0132	0.0106
45	0.00800	0.0120	0.0096
46	0.00880	0.0096	0.0077
47	0.00965	0.0072	0.0057
48	0.01045	0.0048	0.0038
49	0.01130	0.0024	0.0019
50	0.01210	0.0000	0.0000

- After eligibility for Rule of 64 Retirement.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST
(COLA Fund)**

Summary of Actuarial Basis
(Continued)

<u>Age</u>	<u>Disability</u>	<u>Turnover</u>	
		<u><5</u>	<u>5+</u>
51	0.01295	0.0000	0.0000
52	0.01375	0.0000	0.0000
53	0.01455	0.0000	0.0000
54	0.01540	0.0000	0.0000
55	0.01620	0.0000	0.0000
56	0.01785	0.0000	0.0000
57	0.01870	0.0000	0.0000
58	0.01950	0.0000	0.0000
59	0.02030	0.0000	0.0000
60	0.00000	0.0000	0.0000
61	0.00000	0.0000	0.0000
62	0.00000	0.0000	0.0000
63	0.00000	0.0000	0.0000
64	0.00000	0.0000	0.0000
65	0.00000	0.0000	0.0000

Retirement: After eligibility for Rule of 64 Retirement, the following decrements apply, based on service:

<u>Years of Service</u>	<u>%</u>
<u>After R64, 20 Years</u>	
0-4	10
5-9	25
10+	100

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

(COLA Fund)

Summary of Actuarial Basis
(Continued)

Type of Disability:	100% of the disabilities are expected to be accidental disabilities.
Recovery:	No probabilities of recovery are used.
Type of Death:	100% of the assumed deaths are expected to be ordinary deaths.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employees are assumed to be married.
Investment Expenses:	Not provided for.
Contingency Reserve:	20% of assets available for COLA benefits.
Withdrawal of Employee Contributions:	It is assumed that employees do not withdraw their contribution balances upon employment termination or retirement.
Adjustments from Valuation Date:	Liabilities are discounted for 3 months at the Investment Return assumption.
Sources of Data:	Asset data is from unaudited financial statements. Membership data was furnished by Administrator.
Changes from Prior Year Valuation:	None.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2004 \$920 table)

I. Funding Status and Progress as of September 30, 2004 and 2003

Pension benefit obligation:	<u>\$(Millions)</u>	
	<u>2004</u>	<u>2003</u>
- Retirees and beneficiaries currently receiving prior COLA benefits	2.3	2.5
- Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits	143.1	124.5
- Current Employees Accumulated employee contributions including interest	5.8	6.1
Employer - financed vested	0.0	0.0
Employer - financed non-vested	<u>34.5</u>	<u>32.0</u>
- Total pension benefit obligation	185.7	165.1
Net assets available for benefits	<u>210.3</u>	<u>194.8</u>
Unfunded pension benefit (obligation)/asset	24.7	29.7

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2005 and January 1, 2004, based on data and asset information at September 30, 2004 and September 30, 2003. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) post retirement COLA benefits based on the table in effect at January 1, 2004 and January 1, 2003.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2004 \$920 table)

II. Contributions Required and Contributions Made

The funding policy provides for annual employer contributions for 21 years from January 1, 1994. The amount of the contribution was \$2.5 million, beginning January 1, 1994, increasing 4% per year each year thereafter, and reduced (but not below zero) by any excess investment income transfer due on the same date.

The excess investment income transfer consists of a portion of gains due to investment return exceeding the lesser of 7.75 percent and the 7.75 percent assumption. There is no excess investment income transfer scheduled for January 1, 2005. Instead, City contributions of \$3,848,635 will become due on January 1, 2005. As of January 1, 2006 a \$13,147,517 transfer of excess investment income is scheduled. No City contribution to the COLA Fund will be required on January 1, 2006.

III. Analysis of funding Progress (\$ Millions)

Fiscal Year	(1) Net Assets Available for Benefits* (\$)	(2) Pension Benefit Obligation** (\$)	(3) Percent Funded (%)	(4) Unfunded PBO (2)-(1) (\$)	(5) Annual Covered Payroll (\$)	(4)/(5) (%)
1993	40.8	32.5	126	(8.3)	72.0	(12)
1994	42.6	51.5	83	8.9	72.9	12
1995	63.8	52.0	123	(11.8)	71.5	(17)
1996	83.9	65.7	128	(18.1)	72.9	(25)
1997	117.7	70.8	166	(46.9)	69.6	(67)
1998	144.2	90.9	159	(53.3)	74.3	(72)
1999	180.7	116.3	155	(64.4)	77.7	(83)
2000	220.5	137.0	161	(83.5)	84.3	(99)
2001	195.0	158.4	123	(36.6)	89.7	(41)
2002	174.1	164.5	106	(9.6)	96.9	(10)
2003	194.8	165.1	118	(29.7)	98.9	(30)
2004	210.3	185.7	113	(24.7)	89.2	(28)

* Excluding future City minimum contributions.

** Excluding new increment, contingency reserves, and reserves for future actives.

**CITY OF MIAMI
FIRE FIGHTERS' AND POLICE OFFICERS'
RETIREMENT TRUST**

Disclosure Information Under GASB 5
(COLA Fund)

IV. Revenues and Expenses

Fiscal Year	Revenues by Source			
	Employee Contributions	Employer Contributions	Investment Income	Total
	(\$)	(\$)	(\$)	(\$)
1992	1,422,192	0	1,031,806	2,453,998
1993	1,493,735	0	1,151,821	2,645,556
1994	474,233	9,481,546	1,313,750	11,269,529
1995	506	16,818,431	3,754,787	20,573,724
1996	0	2,622,149	3,795,508	6,417,657
1997	4,226	12,736,609	7,724,214	20,465,049
1998	1,094	14,344,834	10,325,730	24,671,658
1999	11,792	17,020,337	9,278,121	26,310,250
2000	293	23,437,048	18,932,095	42,369,436
2001	0	28,380,385	6,709,796	35,090,181
2002	0	32,080,031	571,271	32,651,302
2003	0	3,558,280	6,649,841	10,208,121
2004	0	3,700,611	9,923,222	13,623,833

Fiscal Year	Expenses by Type			
	Benefits	Administrative Expenses	Refunds	Total
	(\$)	(\$)	(\$)	(\$)
1992	628,793	20,956	78,054	727,803
1993	665,938	27,288	84,945	778,171
1994	1,657,947	7,430	72,595	1,737,972
1995	2,706,830	0	101,814	2,808,644
1996	3,051,315	0	84,143	3,135,458
1997	3,676,801	0	124,925	3,801,726
1998	4,695,927	0	30,136	4,726,063
1999	5,765,042	295,708	17,974	6,078,724
2000	7,016,378	334,588	13,932	7,364,898
2001	8,225,910	445,723	16,796	8,688,429
2002	8,943,616	437,703	11,101	9,392,420
2003	9,332,318	590,842	9,806	9,932,966
2004	9,916,255	609,251	6,313	10,531,819