

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

October 1, 2008 Actuarial Report

**For the Fiscal and Plan Year
October 1, 2009
through
September 30, 2010**

Prepared By:

**STANLEY, HOLCOMBE & ASSOCIATES, INC.
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June 16, 2009

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Stanley,
Holcombe
& Associates, Inc.

June 16, 2009

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

October 1, 2008 Actuarial Report


Dear Board Members:


Enclosed is our report on the actuarial valuation of the City of Miami Fire Fighters' and Police Officers' Retirement Trust as of October 1, 2008, for the fiscal year beginning October 1, 2009.

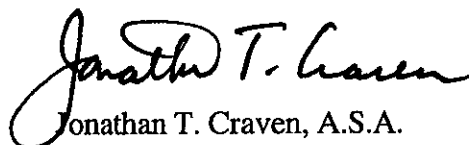
The report is based upon the terms of Ordinance No. 10002 and the Amended Final Judgment in the matter of Gates v. City of Miami. It is based on the Draft Actuarial Report dated February 26, 2009. It does not reflect any recommendations from the Triennial Experience Study for the period October 1, 2005 through September 30, 2008, dated February 25, 2009; any changes due to the Experience Study will be reflected in the October 1, 2009 Actuarial Report. This report also does not reflect any changes due to current collective bargaining activities.

The City contribution requirement is \$55,095,791, which is 42.59% of payroll.

Respectfully submitted,


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


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


Jonathan T. Craven, A.S.A.
Vice President and Consulting Actuary

RLS/FC/JTC/di
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Enclosures (20)

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

OCTOBER 1, 2008 ACTUARIAL REPORT

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

OCTOBER 1, 2008 ACTUARIAL REPORT

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

Comparative Summary of Principal Valuation Results - Regular Fund

| | Actuarial Valuation | |
|---|----------------------|----------------------|
| | Prepared as of | |
| | <u>10/1/2008</u> | <u>10/1/2007</u> |
| A. <u>Participant Data (Ex.7)</u> | | |
| Active Members | 1,633 | 1,463 |
| Total Annual Payroll | \$129,369,531 | \$103,630,392 |
| Retired Members and Beneficiaries | 1,643 | 1,633 |
| Total Annualized Benefits | \$73,118,582 | \$71,192,990 |
| Disabled Members | 204 | 209 |
| Total Annualized Benefits | \$3,990,880 | \$4,030,315 |
| Terminated Vested Members | 23 | 22 |
| Total Annualized Benefits | \$466,760 | \$509,737 |
| B. <u>Assets</u> | -\$- | -\$- |
| Actuarial Value (Ex. 2A) | 1,219,600,827 | 1,208,812,855 |
| Market Value (Ex. 4) | 1,018,935,217 | 1,268,869,871 |
| C. <u>Liabilities (Excl. COLA)</u> | | |
| Present Value of Benefits (Ex. 1) | | |
| Active Members - | | |
| Retirement | 968,874,865 | 790,061,237 |
| Vesting | 18,499,353 | 14,689,867 |
| Disability | 35,377,390 | 26,893,457 |
| Death | 10,166,026 | 7,879,803 |
| Return of Contributions | 1,872,976 | 1,484,884 |
| Total | <u>1,052,790,610</u> | <u>841,009,248</u> |
| Inactive Members - | | |
| Retired and Beneficiaries | 763,064,711 | 749,480,106 |
| Disabled | 35,509,391 | 36,399,191 |
| Terminated Vested | 3,738,442 | 4,102,510 |
| Total | <u>802,312,544</u> | <u>789,981,807</u> |
| Total | <u>1,855,103,154</u> | <u>1,630,991,055</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)

| | Actuarial Valuation | |
|--|---------------------------------|---------------------------------|
| | Prepared as of | |
| | <u>10/1/2008</u> | <u>10/1/2007</u> |
| D. <u>Actuarial Present Value of Accrued Benefits</u> (Exhibit 5) | -\$- | -\$- |
| Vested Accrued Benefits | | |
| Inactive Members and Beneficiaries | 802,312,544 | 789,981,807 |
| Active Members | <u>425,678,479</u> | <u>320,980,395</u> |
| Total | 1,227,991,023 | 1,110,962,202 |
| Non-Vested Accrued Benefits | <u>28,798,596</u> | <u>19,175,039</u> |
| Total | 1,256,789,619 | 1,130,137,241 |
| E. <u>Pension Cost</u> (Exhibit 1) | | |
| Normal Cost | 64,151,658 | 44,247,522 |
| Payment to Amortize Unfunded Liability | N/A | N/A |
| Expected Plan Sponsor Contribution | 55,095,791 | 36,993,395 |
| As % of Payroll | 42.59% | 35.70% |
| Expected Member Contribution | 9,055,867 | 7,254,127 |
| As % of Payroll | 7.00% | 7.00% |
| F. <u>Past Contributions</u> | Year Ending <u>9/30/2007</u> | Year Ending <u>9/30/2006</u> |
| | -\$- | -\$- |
| Required Plan Sponsor Contribution | 36,040,251 | 40,542,078 |
| Required Member Contributions | 9,719,896 | 8,415,985 |
| Actual Contributions | | |
| Plan Sponsor | 36,040,251 | 40,542,078 |
| Members | 9,719,896 | 8,415,985 |
| 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) | 1,360,580,427 | 1,051,016,461 |
| Present Value Future Contributions (at attained age) | 91,751,594 | 70,875,954 |

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

Comparative Summary of Principal Valuation Results – COLA Fund

| | Actuarial Valuation | |
|--|---------------------|--------------------|
| | Prepared as of | |
| | <u>10/1/2008</u> | <u>10/1/2007</u> |
| A. <u>Participant Data</u> | | |
| Active Members | | |
| Total Annual Payroll | | |
| Retired Members and Beneficiaries | 1,643 | 1,632 |
| Total Annualized Benefits | \$14,166,305 | \$11,649,748 |
| Disabled Members | 204 | 209 |
| Total Annualized Benefits | \$2,864,125 | \$2,481,250 |
| Table | \$1,312 | \$1,139 |
| B. <u>Assets</u> | -\$- | -\$- |
| Actuarial Value (Ex. 13) | 325,271,988 | 386,167,734 |
| Market Value (Ex. 13) | 305,815,025 | 369,024,734 |
| C. <u>Liabilities (COLA Only)</u> | | |
| Present Value of Benefits (Ex. 13) | | |
| Active Members - | | |
| Reserve for Current Actives | 44,121,197 | 40,382,837 |
| Reserve for Contribution Refunds | N/A | N/A |
| Reserve for Future Actives | <u>6,618,180</u> | <u>6,057,425</u> |
| Total (excl. 457 Service) | 50,739,377 | 46,440,263 |
| Inactive Members - | | |
| Frozen COLA I Benefits | 1,753,400 | 1,912,567 |
| COLA II Benefits | <u>226,911,479</u> | <u>194,528,452</u> |
| Total | 228,664,879 | 196,441,019 |
| Total | <u>279,404,256</u> | <u>242,881,282</u> |

Comparative Summary of Total Assets - Combined

| | | |
|----------------------|----------------------|----------------------|
| Market Value (Ex. 4) | <u>1,324,750,242</u> | <u>1,601,096,886</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, 2009 for the City of Miami Fire Fighters' and Police Officers' Retirement Trust. This is the twenty-fifth annual actuarial report prepared by Stanley, Holcombe & Associates, Inc. This report is intended to reflect the provisions and requirements of Ordinance No. 10002, as amended through September 30, 2008.

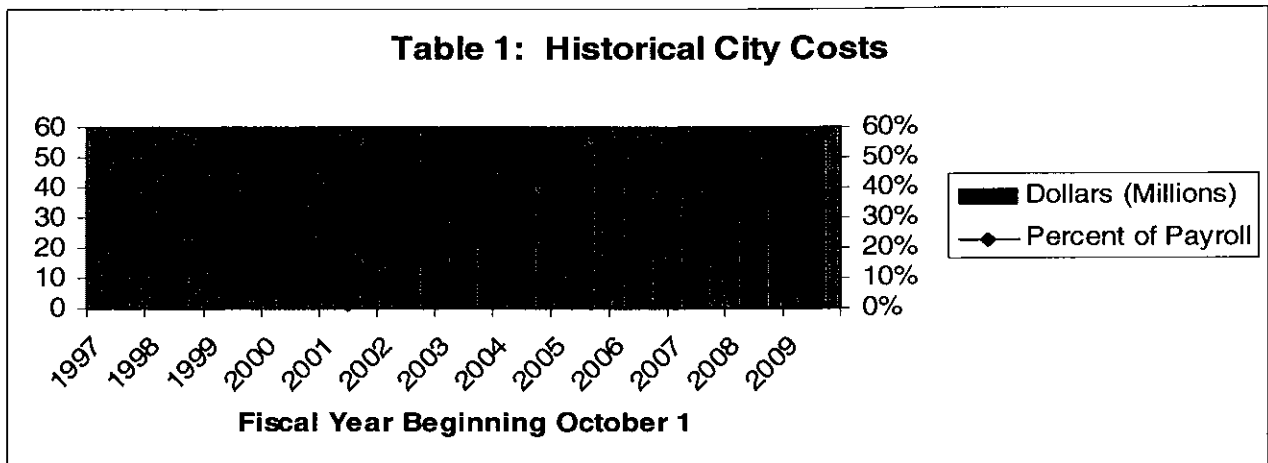
Comparison of Deposit Requirements

The City contribution requirements, and the results calculated for the 2009/2010 fiscal year, are as follows:

| | <u>2009/2010</u> | <u>2008/2009</u> | <u>2007/2008</u> |
|-------------------|------------------|------------------|------------------|
| | -\$- | -\$- | -\$- |
| Past Service Cost | N/A | N/A | N/A |
| Normal Cost | 55,095,791 | 36,993,395 | 36,040,251 |
| Payment Timing | <u>0</u> | <u>0</u> | <u>0</u> |
| | 55,095,791 | 36,993,395 | 36,040,251 |

The 2009/2010 deposit amount of \$55,095,791 is approximately \$18 million more than the \$36,993,395 for the prior year.

As can be seen from Table 1, the decreases in City costs in recent years have reversed due to poor asset performance and larger pay increases than anticipated by the actuarial assumptions.



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 of Cost Changes from October 1, 2007 to October 1, 2008 Valuations

| | <u>Normal Cost</u> | |
|---|--------------------|--------------|
| | -\$- | -%- |
| 2007/2008 Normal Cost | 36,993,395 | 35.70 |
| 2008/2009 Normal Cost Expected (for continuing participants) | 37,173,379 | 35.92 |
| <u>Element of Experience</u> | | |
| Salary Increases | +9,312,413 | +4.38 |
| Turnover | +291,842 | +0.10 |
| Mortality | +580,120 | +0.56 |
| Retirement | +1,256,325 | -0.06 |
| New Participants | +829,519 | -2.56 |
| Disability | -63,490 | -0.16 |
| Investment Return | +5,083,133 | +3.93 |
| Contribution Lag | -200,088 | -0.19 |
| Other, Data | <u>+832,638</u> | <u>+0.67</u> |
| Total | +17,922,412 | +6.67 |
| 2008/2009 Normal Cost | 55,095,791 | 42.59 |

Following is a more detailed description of the elements of experience.

Salary Increases - During the period October 1, 2007 through September 30, 2008, covered payroll for the continuing actives increased more than expected, resulting in an increase of \$9,312,413 in the Normal Cost. Covered payroll for continuing active participants at September 30, 2008 increased 18.20% compared to an expected 7.17%.

Mortality - For active members there were two deaths, as compared to 2 expected; for inactive members there were 30 deaths, as compared to 46 expected. This increased the normal cost by \$580,120.

Disability - During the past year there were no disabilities, as compared to 4 expected. This decreased the normal cost by \$63,490.

Turnover - From October 1, 2007 to September 30, 2008, there were 15 employee terminations, as compared to 18 predicted by the actuarial assumptions. This increased the normal cost by \$291,842. Following is a comparison of the expected and actual turnover rates for the past nine years:

| <u>Age</u> | <u>1999/2002</u> | | <u>2002/2005</u> | | <u>2005/2006</u> | | <u>2006/2007</u> | | <u>2007/2008</u> | |
|------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | <u>Exp.</u> | <u>Act.</u> | <u>Exp.</u> | <u>Act.</u> | <u>Exp.</u> | <u>Act.</u> | <u>Exp.</u> | <u>Act.</u> | <u>Exp.</u> | <u>Act.</u> |
| 20-24 | 3.7 | 3 | 1.3 | 0 | 0.7 | 1 | 1.2 | 2 | 1.3 | 1 |
| 25-29 | 12.3 | 11 | 9.8 | 12 | 2.8 | 1 | 3.2 | 8 | 3.0 | 3 |
| 30-34 | 17.9 | 21 | 15.7 | 26 | 4.5 | 3 | 4.6 | 13 | 4.4 | 3 |
| 35-39 | 20.2 | 13 | 15.7 | 10 | 5.1 | 5 | 5.2 | 3 | 5.0 | 5 |
| 40+ | <u>13.8</u> | <u>19</u> | <u>13.5</u> | <u>18</u> | <u>3.9</u> | <u>2</u> | <u>3.8</u> | <u>3</u> | <u>3.8</u> | <u>3</u> |
| | 67.9 | 67 | 56.0 | 66 | 17.0 | 12 | 18.0 | 29 | 17.5 | 15 |

Retirement - There were 23 retirements during the period (10 firefighters, 13 police), as compared to about 59 expected. This resulted in a \$1,256,325 increase in the Normal Cost. This was the second year of experience under the retirement decrements adopted 10/1/06. These decrements are service based with separate rates for firefighters and police officers. Note that retirees electing DROP are included among the actual retirees for the last nine years. Actual retirement benefits were also boosted by increased pay levels and retroactive payments due to the new labor agreements.

Following is a comparison of the expected and actual retirements during the past year:

Table 4 – Expected and Actual Retirements by Duration

| Service* | Firefighters | | | Police Officers | | | Combined | | |
|----------|--------------|-------------|---------|-----------------|-------------|---------|-------------|-------------|---------|
| | Expected | Actual | A/E | Expected | Actual | A/E | Expected | Actual | A/E |
| 0 | 1.10 | 1.00 | 90.90% | 4.20 | 8.00 | 190.48% | 5.30 | 9.00 | 169.81% |
| 1 | 1.35 | 1.00 | 74.07% | 3.80 | 1.00 | 26.32% | 5.15 | 2.00 | 38.83% |
| 2 | 1.35 | 1.00 | 74.07% | 2.60 | 1.00 | 38.46% | 3.95 | 2.00 | 50.63% |
| 3 | 0.60 | 0.00 | 00.00% | 4.20 | 0.00 | 00.00% | 4.80 | 0.00 | 00.00% |
| 4 | 3.25 | 1.00 | 30.77% | 0.40 | 0.00 | 00.00% | 3.65 | 1.00 | 27.40% |
| 5 | 4.00 | 0.00 | 00.00% | 5.50 | 0.00 | 00.00% | 9.50 | 0.00 | 00.00% |
| 6 | 7.25 | 2.00 | 27.59% | 4.50 | 1.00 | 22.22% | 11.75 | 3.00 | 25.53% |
| 7 | 2.25 | 2.00 | 88.89% | 1.75 | 1.00 | 57.14% | 4.00 | 3.00 | 75.00% |
| 8 | 0.50 | 1.00 | 200.00% | 0.50 | 0.00 | 00.00% | 1.00 | 1.00 | 100.00% |
| 9 | 0.75 | 1.00 | 133.00% | 0.25 | 0.00 | 00.00% | 1.00 | 1.00 | 100.00% |
| 10+ | <u>7.75</u> | <u>0.00</u> | 00.00% | <u>1.00</u> | <u>1.00</u> | 100.00% | <u>7.75</u> | <u>1.00</u> | 12.90% |
| Total | 30.15 | 10.00 | 33.17% | 28.70 | 13.00 | 45.30% | 58.85 | 23.00 | 39.08% |

*After attainment of Rule of 64 and 20 years

Investment Return - The rate of return for the year ending September 30, 2008 was (14.3%) on mean market value, as shown in Exhibit 4 and 3.65% on actuarial asset value (Exhibit 2A). As shown in Exhibit 2C, there will not be a COLA transfer as of January 1, 2010, resulting in a City minimum contribution of \$4,682,453 due to the COLA fund as of that date.

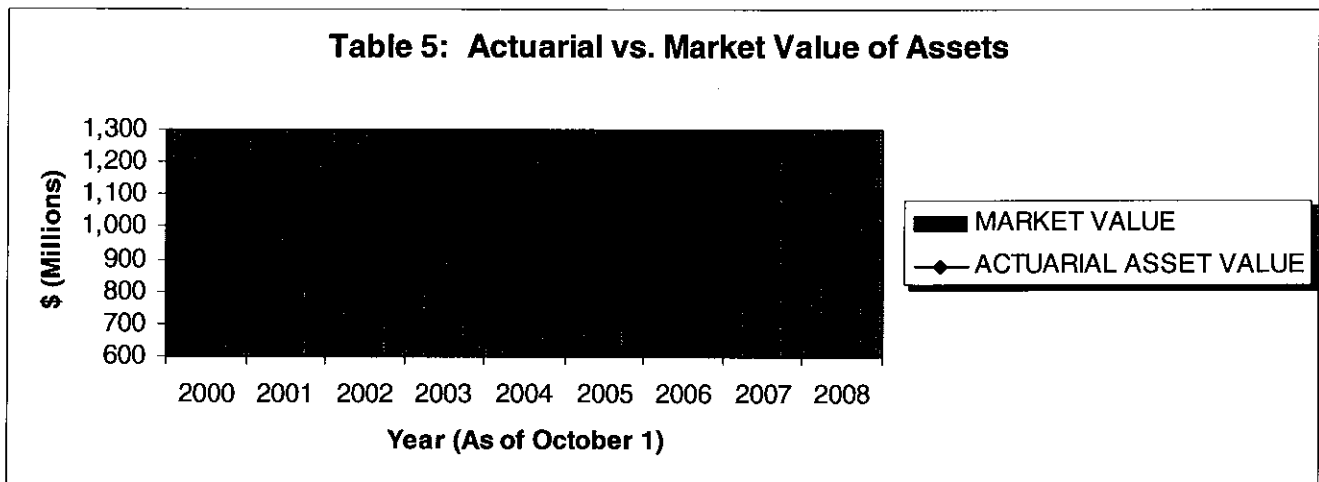
New Participants – During the year there were 188 new participants, who decreased the City contribution requirement for the Fund by 2.56%. Last year, 71 new participants decreased the rate by 0.53%.

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, 2008 was (14.3%), as compared to the 7.75% assumption.

The asset valuation method results in an actuarial asset value of \$1,219.6 million as of October 1, 2008 (Exhibit 2A), as compared to the market value of \$1,058.6 million.

Table 5 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. The actuarial asset value line reflects the 20% Write-Up Method from September 30, 2005.



For COLA transfer purposes, the actuarial asset valuation method utilizes a 3-year moving average (Exhibit 2B). Under this method, the rate of return for the year ending September 30, 2008 was 1.78%. This results in no asset transfer from the Regular Fund to the COLA Fund on January 1, 2010 (Exhibit 2C).

Expected Ongoing Cost Levels

System costs have varied dramatically over the past several years, due almost exclusively to asset performance. Since the City’s contribution requirement is the primary variable, it has been significantly impacted.

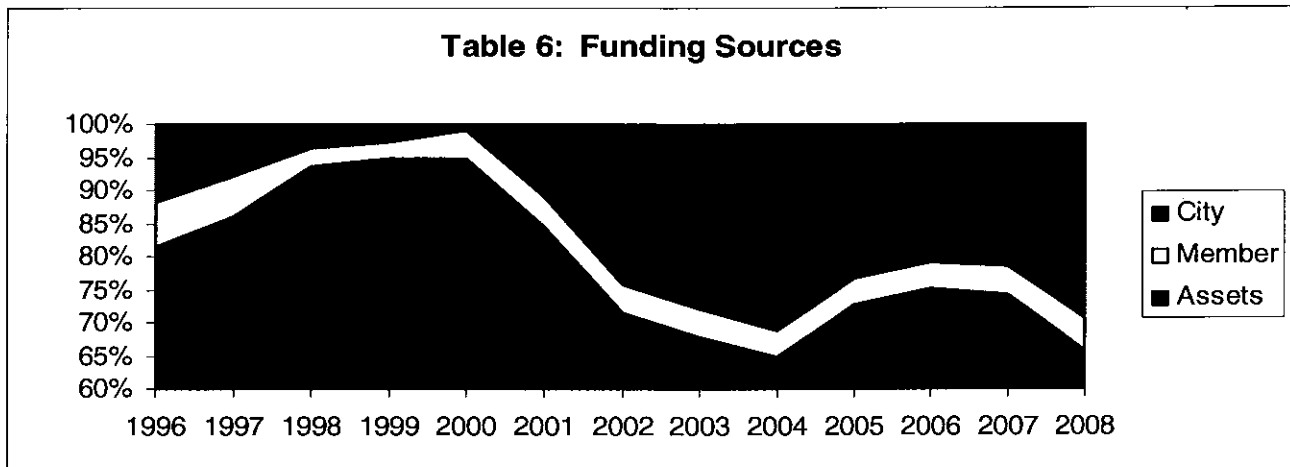
Nevertheless, it is important to distinguish between individual annual costs (which may be somewhat erratic) and expected ongoing annual costs. The following table compares the City contribution requirement as a percentage of payroll to the theoretical entry age normal City contribution percentages:

| <u>Valuation Date</u> | <u>Contribution %</u> | <u>EAN %</u> |
|-------------------------|-----------------------|--------------|
| 10/1/2008 | 43 | 21 |
| 10/1/2007 | 36 | 22 |
| 10/1/2006 | 40 | 23 |
| 10/1/2005 (Revised AAV) | 44 | 23 |
| 10/1/2005 (Prior AAV) | 60 | 23 |
| 10/1/2004 | 57 | 23 |
| 10/1/2003 | 46 | 21 |
| 10/1/2002 | 45 | 17 |
| 10/1/2001 | 20 | 19 |
| 10/1/2000 | 1 | 16 |
| 10/1/1999 | 5 | 17 |

As will be noted, contribution requirements in the two 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 2001-2005 period the contribution requirement (under the prior actuarial asset valuation method) had increased dramatically, due to erosion of assets and the delayed effect of asset smoothing.

Sources of Benefit Funding

Table 6 compares the sources of benefit funding for the past 12 years. The present value of benefits is equal to 100% in 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, 2008, the actuarial value of assets equals 66% of the present value of benefits, the present value of employee contributions equals 5%, and the present value of future normal costs equal 29% 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, 2008 is \$1,018,935,217, as compared to the value of accrued benefits of \$1,256,789,619 for a ratio of 81.1%. The ratio as of October 1, 2007 was 112.3%.

A ratio in excess of 100% typically is one indication of a well-funded program.

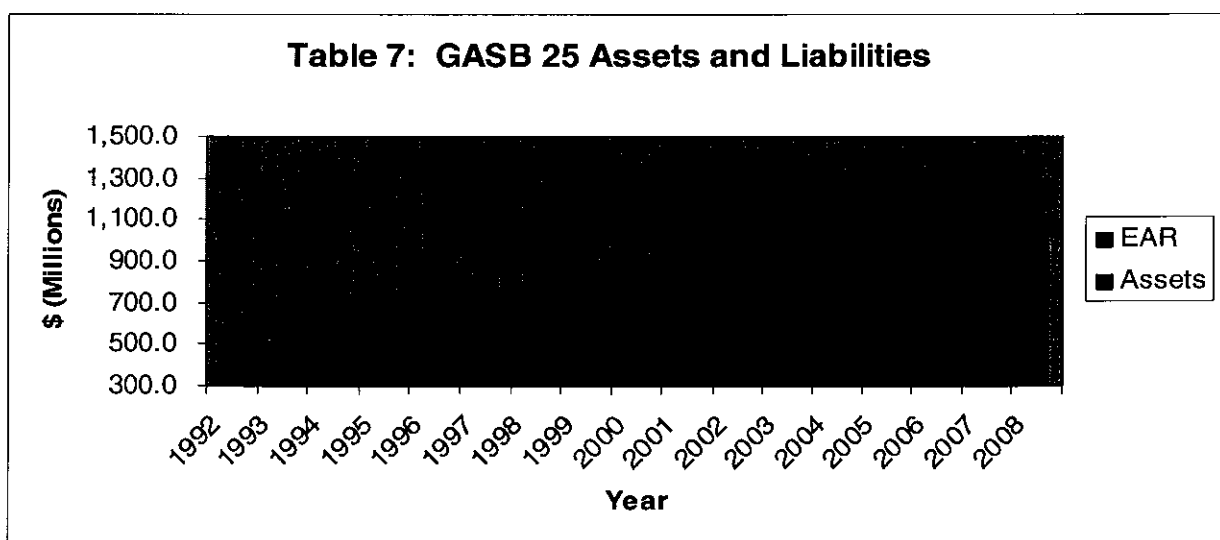
Governmental Accounting Standards

GASB issued Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers 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.

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 this report, the Schedule of Funding Progress is prepared using the Entry Age Normal Actuarial Accrued Liability, which is one of the acceptable measures under GASB 25. This Schedule is shown in Exhibit 11, Section III.

As of October 1, 2008 the entry age reserve is \$1,452.5 million. This compares to assets of \$1,018.9 million, for a funded ratio of 70%. Last year the funded ratio was 96%. These amounts, together with other disclosures, are contained in Exhibit 11 and illustrated in the following Table 7:



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 GASB 25.

These calculations are made for GASB 25. 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.

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 information provided as of 10/1/2008. The calculations reflect the approach adopted with the Amended Final Judgment 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 \$1,312 table as of 1/1/2009), 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 61% 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 cumulative experience gain decreased to \$69,203,355, from \$170,699,853 last year (Exhibit 14).

COLA Transfer Calculations

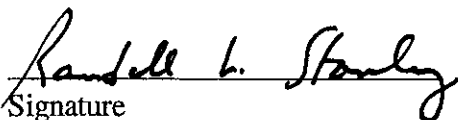
Exhibit 2C shows the transfer calculations as of this valuation. As will be noted, the excess return transfer as of January 1, 2010 is scheduled to be \$0. Therefore, there will be a City contribution of \$4,682,453 to the COLA fund as of January 1, 2010.

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, 2008 for the Retirement Fund and for 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 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.


Signature

Enrolled Actuary No. 08-602


Date

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

City Contribution Requirement for 2009/2010 Fiscal Year

| | <u>2009/2010</u> | <u>2008/2009</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 | 986,874,865 | 790,061,237 |
| b. Disability | 35,377,390 | 26,893,457 |
| c. Death | 10,166,026 | 7,879,803 |
| d. Turnover | 18,499,353 | 14,689,867 |
| e. Return of Contributions | <u>1,872,976</u> | <u>1,484,884</u> |
| f. Total | 1,052,790,610 | 841,009,248 |
| 2. <u>Retired Members and Beneficiaries</u> | | |
| a. Service Retirements + Beneficiaries | 763,064,711 | 749,480,106 |
| b. Disability Retirements | 35,509,391 | 36,399,191 |
| c. Terminated Vested Members | <u>3,738,442</u> | <u>4,102,510</u> |
| d. Total | 802,312,544 | 789,981,807 |
| 3. Total | <u>1,855,103,154</u> | <u>1,630,991,055</u> |

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

City Contribution Requirement for 2009/2010 Fiscal Year

| | <u>2009/2010</u> | <u>2008/2009</u> |
|---|--------------------------|--------------------------|
| | -\$- | -\$- |
| II. <u>Normal Cost (Cont'd)</u> | | |
| A. Total Present Value of Future Benefits | 1,855,103,154 | 1,630,991,055 |
| B. Present Value of Future Member Contributions ⁽¹⁾ | 91,751,594 | 70,875,954 |
| C. Actuarial Asset Value | 1,219,600,827 | 1,208,812,855 |
| D. Unfunded Actuarial Accrued Liability | <u>0</u> | <u>0</u> |
| E. Present Value of Future Normal Costs (A-B-C-D) | 543,750,733 | 351,302,246 |
| F. Present Value of Future Payrolls | 1,360,580,427 | 1,051,016,461 |
| G. Current Payroll for those under Expected Retirement Age | 127,945,646 | 102,715,386 |
| H. Current Normal Cost - Payable 10/1/2009 [(E)x(G) / (F)] (1.0775) | 55,095,791 | 36,993,395 |
| I. Covered Payroll | 129,369,531 | 103,630,392 |
| J. Normal Cost as Percentage of Payroll (H)/ (I) | 42.59% | 35.70% |
| III. <u>Quarterly City Contribution Schedule</u> | | |
| A. Past Service Cost | 0 | 0 |
| B. Normal Cost | 55,095,791 | 36,993,395 |
| C. Payment Timing | <u>0</u> | <u>0</u> |
| D. Total | <u>55,095,791</u> | <u>36,993,395</u> |

⁽¹⁾7% of Covered Payroll

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

Actuarial Asset Value – 20% Write Up Method

| | |
|--|-----------------------------|
| I. <u>Determination of Actuarial Asset Value as of October 1, 2008</u> | -\$- |
| A. Actuarial Value of Assets as of 10/01/2007 | 1,208,812,855 |
| B. City Contributions | 36,040,251 |
| C. Member Contribution | 9,719,896 |
| D. Benefits Paid | 77,794,816 |
| E. Contributions Refunded | 664,235 |
| F. Expected Return * | <u>93,653,278</u> |
| G. Expected Actuarial Value of Assets (A+B+C-D-E+F) | 1,269,767,229 |
| H. Market Value of Assets | 1,058,584,760 |
| I. Present Value of 01/01/09 COLA Transfer | 39,649,543 |
| J. Present Value of 01/01/10 COLA Transfer | 0 |
| K. Difference (H-I-J-G) | (250,832,012) |
| L. 20% of Difference | (50,166,402) |
| M. Preliminary Actuarial Asset Value (G+L) | 1,219,600,827 |
| N. Maximum Actuarial Asset Value (120% of H-I-J) | 1,222,722,260 |
| O. Minimum Actuarial Asset Value (80% of H-I-J) | 815,148,174 |
| P. Actuarial Asset Value at 10/1/2008 | 1,219,600,827 |
| Q. Contribution Surplus Account Balance | 0 |
| R. Final Actuarial Value at 10/01/2008 (P – Q) | <u>1,219,600,827</u> |
| II. <u>Rate of Return on Actuarial Asset Value</u> | -\$- |
| A. Actuarial Asset Value at 10/01/2007 | 1,208,812,855 |
| B. Contributions | |
| 1. City (Including amount from Contribution Surplus Account) | 36,040,251 |
| 2. Members | <u>9,719,896</u> |
| 3. Total | 45,760,147 |
| C. Benefits and Refunds | 78,459,051 |
| D. Contribution Surplus | 0 |
| E. Actuarial Asset Value at 10/01/2008 | 1,219,600,827 |
| F. Net Return on Investment [E+D+C-B-A] | 43,486,876 |
| G. Rate of Return (II F/I F) (.0775) | 3.65% |

*[1,208,812,855 + 36,040,251 + (9,719,896) (2.5/4) – (77,794,816 + 664,235) (13/24)] (.0775)

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

I. Development of Actuarial Asset Value (3 Years, for COLA Transfer Purposes)

| | <u>9/30/2008</u> | <u>9/30/2007</u> | <u>9/30/2006</u> |
|--|------------------|------------------|------------------|
| | -\$- | -\$- | -\$- |
| A. Book Value | 1,031,726,793 | 1,014,745,156 | 953,417,616 |
| B. Market Value | 1,018,935,217 | 1,268,869,871 | 1,147,871,078 |
| C. B/A | 0.9876018 | 1.2504320 | 1.2039541 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| D. $1/3 \sum (C)$ | | 1.1473293 | |
| E. Adjusted Market Value at 9/30/2008 D x \$1,031,726,793 | | 1,183,730,379 | |
| F. Contribution Surplus at 9/30/2008 | | | 0 |
| G. 1. 80% of Market Value | | 815,148,174 | |
| 2. 120% of Market Value | | 1,222,722,260 | |
| H. Preliminary Actuarial Asset Value | | 1,183,730,379 | |
| I. Present Value of 1/1/2010 COLA Transfer, discounted at 7.75% | | | 0 |
| J. Actuarial Asset Value (H-I) | | 1,183,730,379 | |

II. Rate of Return on Actuarial Asset Value

| | |
|---|-------------------|
| A. Actuarial Asset Value at 10/01/2007 | 1,195,437,766 |
| B. Contributions | |
| 1. City | 36,040,251 |
| 2. Members | 9,719,896 |
| 3. Total | <u>45,760,147</u> |
| C. Benefits and Refunds | 78,459,051 |
| D. Present Value of 1/1/2010 COLA Transfer | 0 |
| E. Contribution Surplus | 0 |
| F. Actuarial Asset Value at 10/01/2008 | 1,183,730,379 |
| G. Net Return on Investment [F+E+D+C-B-A] | 20,991,517 |
| H. Rate of Return [2 x G/ (A+F-G)] | 1.78% |

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

Calculation of Excess Investment Return
On Membership and Benefits Accounts for 2007/2008 Fiscal Year
2010 COLA Transfer

| | | | |
|-------------|--|-----------------------------------|----------------------|
| I. | Net Actual Return on Actuarial Asset Value | | -\$- |
| | A. Preliminary Actuarial Asset Value as of 10/1/2008 | | 1,183,730,379 |
| | B. Benefits Paid During Plan Year | | 77,794,816 |
| | C. Contributions Refunded During Plan Year | | 664,235 |
| | D. City Contributions During Plan Year (Required) | | 36,040,251 |
| | E. Member Contributions During Plan Year | | 9,719,896 |
| | F. Actuarial Asset Value as of 10/1/2007 | | <u>1,195,437,766</u> |
| | G. Total Actual Return During Plan year (A)+(B)+(C)-(D)-(E)-(F) | | 20,991,517 |
| II. | Net Expected Return on Actuarial Asset Value | | |
| | A. Actuarial Asset Value as of 10/1/2007 | | 1,195,437,766 |
| | B. Benefits Paid During Plan Year | | 77,794,816 |
| | C. Contributions Refunded During Plan Year | | 664,235 |
| | D. City Contributions During Plan Year | | 36,040,251 |
| | E. Member Contributions During Plan Year | | 9,719,896 |
| | F. Expected Rate of Return | | 7.75% |
| | G. Expected Return During Plan Year | | 92,616,708 * |
| | H. Base Amount for Expected Return (G)/.0775 | | 1,195,054,297 |
| | I. Excess Return on Assets (I(G) - II(G)) | | (71,625,191) |
| | J. Excess Return as % of II(H) | | (5.993468)% ** |
| III. | Amount to be Transferred to COLA Fund | | |
| | A. | <u>Excess Return</u> | <u>COLA Transfer</u> |
| | | % | % |
| | | \$ | -\$- |
| | First | 2.5 | 75 |
| | | 0 | 0 |
| | Next | 2.5 | 50 |
| | | 0 | 0 |
| | Next | 2.5 | 25 |
| | | 0 | 0 |
| | Remainder | 0 | <u>0</u> |
| | B. | | <u><u>0</u></u> |
| | | Total Transfer Amount at 1/1/2010 | |

*Assumes Uniform Quarterly Contributions and Monthly Benefits
 $[(1,195,437,766) + 36,040,251 + (9,719,896) (2.5/4) - (77,794,816 + 664,235) (13/24)](.0775) =$

92,616,708

**Before 1/1/2009 COLA transfer.

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

Summary of Asset Transactions for Year Ending September 30, 2008 *

| | <u>Membership and Benefits Accounts</u> | <u>COLA I Account</u> | <u>COLA II Account</u> |
|--|---|---------------------------|----------------------------|
| | -\$- | -\$- | -\$- |
| A. Market Value as of October 1, 2007 | 1,300,941,309 | 43,340,379 | 256,815,198 |
| B. Book Value as of October 1, 2007 | 1,046,816,594 | 34,881,988 | 206,694,659 |
| C. Income During Year | | | |
| 1. City Contributions | 36,040,251 | | |
| 2. Member Contributions | 9,719,896 | | |
| 3. Other Member Contributions | 0 | | |
| 4. Interest | 21,565,998 | 543,147 | 3,402,962 |
| 5. Dividends | 10,011,736 | 311,121 | 1,963,665 |
| 6. Net Realized Gains (Losses) | 56,524,917 | 1,431,614 | 9,045,549 |
| 7. Securities Lending Income | 1,315,960 | 35,566 | 224,544 |
| 8. Rental and Other Income | 743,141 | 20,143 | 127,031 |
| 9. COLA Transfer at January 1, 2008 | <u>(27,433,674)</u> | <u>--</u> | <u>27,433,674</u> |
| | 108,488,225 | 2,341,591 | 42,197,425 |
| D. Disbursements During Years | | | |
| 1. Benefit Payments | 77,794,816 | 306,275 | 15,359,900 |
| 2. Contribution Refunds | 664,235 | 14,154 | |
| 3. Custodial and Investment Expenses | 5,068,052 | 135,704 | 838,590 |
| 4. Other Expense | | | |
| 5. Securities Lending Fees | 365,965 | 9,854 | 62,138 |
| 6. Building Depreciation | <u>35,414</u> | <u>983</u> | <u>6,330</u> |
| | 83,928,482 | 466,970 | 16,266,958 |
| E. Book Value as of 9/30/2008 (B)+(C)-(D) | 1,071,376,337 | 36,756,609 | 232,625,126 |
| F. Net Change in Unrealized Gains (Losses) | (266,916,292) | (8,897,243) | (52,897,940) |
| G. Market Value as of 9/30/2008 (A)+(C)-(D)+(F) | 1,058,584,760 | 36,317,757 | 229,847,725 |
| H. January 1, 2009 Allocation to COLA II (discounted) | <u>(39,649,543)</u> | <u>N/A</u> | <u>39,649,543</u> |
| I. Net Market Value as of 9/30/2008 | 1,018,935,217 | 36,317,757 | 269,497,268 |

*Based on unaudited financial statements.

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

Distribution of Assets as of September 30, 2008⁽¹⁾

Membership and Benefits and Cost-of-Living Adjustment Accounts

| <u>Description</u> | <u>Market</u> | <u>Book</u> |
|---|----------------------|----------------------|
| | -\$- | -\$- |
| Bills, Bonds, Notes | 410,403,085 | 405,807,991 |
| Domestic Stocks | 646,768,909 | 642,285,782 |
| International Stocks | 73,933,123 | 101,402,776 |
| Private Equity | 19,441,992 | 20,236,927 |
| Money Market Funds and Time Deposits | 10,923,338 | 11,451,111 |
| Mutual Funds | 115,146,492 | 108,883,146 |
| Real Estate ⁽²⁾ | 2,170,816 | 2,170,816 |
| Securities Lending Adjustment | <u>(2,600,201)</u> | <u>(43,166)</u> |
| A: Sub-Total | 1,276,187,554 | 1,292,195,383 |
| B: Cash | 61,306,867 | 61,306,867 |
| Receivables: | | |
| City Contributions | | |
| Accounts Receivable | 1,726 | 1,726 |
| Member Contributions | | |
| Accrued Interest | 2,577,213 | 2,577,213 |
| Accrued Dividend | 1,065,271 | 1,065,271 |
| Securities Proceeds | <u>6,792,383</u> | <u>6,792,383</u> |
| C: Sub-Total | 10,436,593 | 10,436,593 |
| Payables: | | |
| Budget Advance | (444,346) | (444,346) |
| Transfer | (314,334) | (314,334) |
| Tax Withheld | 15 | 15 |
| Accounts Payable | 254,824 | 254,824 |
| Securities Purchased | <u>23,684,613</u> | <u>23,684,613</u> |
| D: Sub-Total | 23,180,772 | 23,180,772 |
| E. Total (A+B+C-D) | 1,324,750,242 | 1,340,758,071 |
| Accounts: | | |
| COLA I Account | 36,317,757 | 36,756,609 |
| COLA II Account | 229,847,725 | 232,625,126 |
| COLA II Transfer (1/1/2009) | 39,649,543 | 39,649,543 |
| F: Membership & Benefits Account | 1,018,935,217 | 1,031,726,793 |

⁽¹⁾Based on unaudited financial statements.

⁽²⁾Carried at depreciated cost for Book Value and at appraised value for Market Value.

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

Investment Results

Yield on Mean Values for 12-Month Period Ending 9/30/2008

| | -\$- | <u>Market</u> -%- | <u>Book</u> -%- |
|--|------------------|----------------------|--------------------|
| <u>Membership and Benefits Accounts*</u> | | | |
| Interest | 21,565,998 | 1.7 | 2.1 |
| Dividends | 10,011,736 | 0.8 | 1.0 |
| Rental and Other Income, less Depreciation | 707,727 | 0.1 | 0.1 |
| Realized Gains | 56,524,917 | 4.4 | 5.5 |
| Securities Lending (Net) | 984,483 | 0.1 | 0.1 |
| Increase in Unrealized Gains | (266,916,292) | (21.0) | -- |
| Custodial and Investment Expenses | (5,068,051) | (0.4) | (0.5) |
| Real Estate Adjustment to Appraised Value | <u>0</u> | <u>0.0</u> | <u>--</u> |
| | (182,189,482) | (14.3) | 8.3 |
| <u>COLA I Account</u> | | | |
| Interest | 543,147 | 1.3 | 1.5 |
| Dividends | 311,121 | 0.7 | 0.9 |
| Rental and Other Income, less Depreciation | 19,160 | 0.0 | 0.1 |
| Realized Gains | 1,431,614 | 3.3 | 4.1 |
| Securities Lending (Net) | 26,890 | 0.1 | 0.1 |
| Increase in Unrealized Gains | (8,897,243) | (20.5) | -- |
| Custodial and Investment Expenses | <u>(135,704)</u> | <u>(0.3)</u> | <u>(0.4)</u> |
| | (6,701,015) | (15.4) | 6.3 |
| <u>COLA II Account</u> | | | |
| Interest | 3,402,962 | 1.3 | 1.6 |
| Dividends | 1,963,665 | 0.8 | 0.9 |
| Rental and Other Income, less Depreciation | 120,701 | 0.0 | 0.1 |
| Realized Gains | 9,045,549 | 3.4 | 4.2 |
| Securities Lending (Net) | 169,905 | 0.1 | 0.1 |
| Increase in Unrealized Gains | (52,887,940) | (20.1) | -- |
| Custodial and Investment Expenses | <u>(838,590)</u> | <u>(0.3)</u> | <u>(0.4)</u> |
| | (39,023,748) | (14.8) | 6.5 |

*Before 1/1/2009 COLA transfer

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

Summary of Accounting Information
As of October 1, 2008

| | <u>October 1, 2008</u> | <u>October 1, 2007</u> |
|---|------------------------|------------------------|
| | -\$- | -\$- |
| I. <u>Present Value of Vested Accrued Benefits</u> | | |
| A. Service Retirements and Beneficiaries | 763,064,711 | 749,480,106 |
| B. Disability Retirements | 35,509,391 | 36,399,191 |
| C. Vested Terminated Members | 3,738,442 | 4,102,510 |
| D. Active Members | <u>425,678,479</u> | <u>320,980,395</u> |
| E. Total | 1,227,991,023 | 1,110,962,202 |
| II. <u>Present Value of Non-Vested Accrued Benefits</u> | 28,798,596 | 19,175,039 |
| III. <u>Present Value of Accrued Benefits</u> | 1,256,789,619 | 1,130,137,241 |
| IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, <u>Accounting and Reporting by Defined Benefit Pension Plans</u> . | | |
| V. <u>Statement of Changes in Accrued Benefits</u> | | |
| A. Present Value of Accrued Benefits at Beginning of Year | | 1,130,137,241 |
| B. Increase (Decrease) During the Year Attributable to: | | |
| 1. Benefits Accumulated | | 83,527,023 |
| 2. Benefits Paid and Contributions Refunded | | (78,459,051) |
| 3. Plan Amendment | | 0 |
| 4. Assumption/Method Changes* | | 37,039,058 |
| 5. Increase Due to Decrease in Discount Period | | <u>84,545,348</u> |
| 6. Net Increase | | 126,652,378 |
| C. Present Value of Accrued Benefits at End of Year | | 1,256,789,619 |

* Programming refinement to recognize buyback service purchase as past service instead of spread over total working lifetime.

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

Comparison of Funding Progress
(\$000)

| I. <u>Assets</u> | <u>10/1/2008</u> | <u>10/1/2007</u> | <u>10/1/2006</u> |
|------------------------|------------------|------------------|------------------|
| | -\$- | -\$- | -\$- |
| A. Book Value | 1,031,727 | 1,014,745 | 953,418 |
| B. Market Value | 1,018,935 | 1,268,870 | 1,147,871 |
| II. <u>Liabilities</u> | | | |
| A. Retired and Vested | 802,313 | 789,982 | 747,329 |
| B. Active | | | |
| Employee Contributions | 133,288 | 124,729 | 116,287 |
| Other Vested | 292,390 | 196,251 | 215,238 |
| Non-Vested Accrued | <u>28,799</u> | <u>19,175</u> | <u>17,985</u> |
| C. Total Accrued | 1,256,790 | 1,130,137 | 1,096,839 |
| III. <u>Ratios</u> | % | % | % |
| IA/IIC | 82.1 | 89.8 | 86.9 |
| IB/IIC | 81.1 | 112.3 | 104.7 |

Note: Item II amounts are present values of accrued benefits.

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

Member Statistics

| | | | | |
|-----|-------------------------------|------------------|------------------|------------------|
| I. | <u>Active Members</u> | | | |
| | <u>Number of</u> | <u>10/1/2008</u> | <u>10/1/2007</u> | <u>10/1/2006</u> |
| | Males | 1,391 | 1,247 | 1,268 |
| | Females | <u>242</u> | <u>216</u> | <u>217</u> |
| | Total | 1,633 | 1,463 | 1,485 |
| | <u>Averages</u> | | | |
| | Current Age | 38.4 | 38.9 | 38.7 |
| | Past Service | 11.8 | 12.6 | 12.4 |
| | Credited Past Service | 11.8 | 12.6 | 12.4 |
| | Annual Earnings | \$79,222 | \$70,834 | \$60,851 |
| II. | <u>Inactive Members</u> | | | |
| | A. Retirees and Beneficiaries | | | |
| | Number | 1,643 | 1,633 | 1,570 |
| | Average Annual Benefit | \$44,503 | \$43,596 | \$42,579 |
| | Average Age | 64.2 | 63.6 | 63.3 |
| | B. Disabled | | | |
| | Number | 204 | 209 | 209 |
| | Average Annual Benefit | \$19,563 | \$19,284 | \$19,005 |
| | Average Age | 67.2 | 66.5 | 65.6 |
| | C. Vested Terminated | | | |
| | Number | 23 | 22 | 22 |
| | Average Deferred Benefit | \$20,294 | \$23,170 | \$21,502 |
| | Average Age | 44.2 | 44.3 | 44.5 |

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

Age-Service Distribution

| <u>Age</u> | <u>Completed Years of Service</u> | | | | | | | | | <u>Earnings</u> | | |
|--------------|-----------------------------------|------------|------------|--------------|--------------|--------------|--------------|--------------|------------|-----------------|-----------------------------|-------------------------------|
| | <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> | <u>Total</u> | <u>Total</u> <u>-\$-</u> | <u>Average</u> <u>-\$-</u> |
| 15-24 | 56 | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 112 | 5,836,701 | 52,113 |
| 25-29 | 66 | 128 | 29 | 0 | 0 | 0 | 0 | 0 | 0 | 223 | 12,580,549 | 56,415 |
| 30-34 | 42 | 70 | 100 | 47 | 0 | 0 | 0 | 0 | 0 | 259 | 17,630,577 | 68,072 |
| 35-39 | 13 | 54 | 75 | 111 | 52 | 0 | 0 | 0 | 0 | 305 | 22,546,682 | 73,924 |
| 40-44 | 8 | 11 | 38 | 61 | 117 | 60 | 1 | 0 | 0 | 296 | 25,596,493 | 86,475 |
| 45-49 | 1 | 6 | 5 | 27 | 70 | 113 | 52 | 0 | 0 | 274 | 27,710,616 | 101,134 |
| 50-54 | 0 | 3 | 2 | 13 | 14 | 37 | 53 | 8 | 0 | 130 | 14,052,397 | 108,095 |
| 55-59 | 1 | 0 | 1 | 1 | 3 | 6 | 12 | 2 | 4 | 30 | 3,068,160 | 102,272 |
| 60-64 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 3 | 266,154 | 88,718 |
| 65+ | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1</u> | <u>81,202</u> | <u>81,202</u> |
| Total | 187 | 328 | 250 | 260 | 257 | 217 | 120 | 10 | 4 | 1,633 | 129,369,531 | 79,222 |

Average Age: 38.9

Average Service: 12.6

**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> |
|-----------------|----------------|---|------------------|------------------------------|
| 10/1/2007 | 1,463 | 1,633 | 209 | 22 |
| Changes due to: | | | | |
| Retirement | -23 | +25 | | -2 |
| Withdrawal | -15 | | | +3 |
| Disability | | | | |
| Death | -2 | -25 | -5 | |
| New Beneficiary | | +11 | | |
| New Hires | +188 | | | |
| Data Changes | +22 | -1 | | |
| | ----- | ----- | ----- | ----- |
| 10/1/2008 | 1,633 | 1,643 | 204 | 23 |

**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, 2008.

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 of Firefighters may be transferred into System at retirement to purchase additional Service for multiplier purposes.

Changes Since Prior
Valuation:

None.

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

Summary of Actuarial Basis

Valuation Date: October 1, 2008 for Fiscal Year beginning October 1, 2009.

Valuation Method: Aggregate Cost Method.

Asset Valuation Method: 20% Write-Up Method: Expected value is based on the Interest Discount/Investment Return rate applied to the actuarial asset value as of previous valuation date and cash flow during the year. 20% of the difference between the Expected Value and the Market Value (net of pending transfers to the COLA Fund) is added to the Expected Value.

The result cannot be greater than 120% of market value or less than 80% of market value (net of pending COLA transfers).

Actuarial Assumptions:

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

Inflation: 3.5%, compounded annually.

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

| <u>Age</u> | <u>Male</u> | <u>Female</u> |
|------------|-------------|---------------|
| 20 | .0507% | .0284% |
| 30 | .0801% | .0351% |
| 40 | .1072% | .0709% |
| 50 | .2579% | .1428% |
| 60 | .7976% | .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><5</u> | <u>5+</u> |
| 31 | .00200 | .0240 | .0192 |
| 32 | .00220 | .0240 | .0192 |
| 33 | .00245 | .0240 | .0192 |
| 34 | .00265 | .0240 | .0192 |
| 35 | .00285 | .0240 | .0192 |
| 36 | .00305 | .0228 | .0182 |
| 37 | .00325 | .0216 | .0173 |
| 38 | .00345 | .0204 | .0163 |
| 39 | .00370 | .0192 | .0154 |
| 40 | .00390 | .0180 | .0144 |
| 41 | .00470 | .0168 | .0134 |
| 42 | .00555 | .0156 | .0125 |
| 43 | .00635 | .0144 | .0115 |
| 44 | .00720 | .0132 | .0106 |
| 45 | .00800 | .0120 | .0096 |
| 46 | .00880 | .0096 | .0077 |
| 47 | .00965 | .0072 | .0057 |
| 48 | .01045 | .0048 | .0038 |
| 49 | .01130 | .0024 | .0019 |
| 50 | .01210 | .0000 | .0000 |
| 51 | .01295 | .0000 | .0000 |
| 52 | .01375 | .0000 | .0000 |
| 53 | .01455 | .0000 | .0000 |
| 54 | .01540 | .0000 | .0000 |
| 55 | .01620 | .0000 | .0000 |
| 56 | .01785 | .0000 | .0000 |
| 57 | .01870 | .0000 | .0000 |
| 58 | .01950 | .0000 | .0000 |
| 59 | .02030 | .0000 | .0000 |
| 60 | .00000 | .0000 | .0000 |

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

Summary of Actuarial Basis
(Continued)

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

| <u>Years of Service</u> | <u>Police %</u> | <u>Fire %</u> |
|-------------------------|-----------------|---------------|
| <20 | 0 | 0 |
| 20-24 | 20 | 5 |
| 25-29 | 25 | 25 |
| 30-31 | 50 | 25 |
| 32 | 100 | 100 |

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

Salary Merit Scale

| <u>Service</u> | <u>Police</u> | <u>Fire</u> |
|----------------|---------------|-------------|
| 0 | .0500 | .0500 |
| 1 | .0500 | .0500 |
| 2 | .0500 | .0500 |
| 3 | .0500 | .0500 |
| 4 | .0500 | .0500 |
| 5 | .0500 | .0500 |
| 6 | .0500 | .0500 |
| 7 | .0250 | .0500 |
| 8 | .0500 | .0500 |
| 9 | .0500 | .0500 |
| 10 | .0100 | .0000 |
| 11 | .0100 | .0000 |
| 12 | .0100 | .0000 |
| 13 | .0100 | .0000 |
| 14 | .0100 | .0000 |
| 15 | .0125 | .0250 |
| 16 | .0125 | .0250 |
| 17 | .0100 | .0100 |
| 18 | .0100 | .0100 |
| 19 | .0100 | .0100 |
| 20 | .0100 | .0100 |
| 21 | .0100 | .0100 |
| 22 + | .0000 | .0000 |

Salary Merit Scale is combined with 3.5% inflation and 1.5% for promotions and other increases. There is also a 7.0% increase at retirement.

**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 and includes an appraised value for the real estate to be used for Market Value. Membership data was furnished by Administrator. Member compensation used is final bi-weekly pay in the year, annualized. |
| Changes Since Prior Valuation: | None. |

**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> |
|--------------------|---------------|----------------|
| <u>-%-</u> | <u>-%-</u> | <u>-%-</u> |
| 9/30/08 | 18.20 | 7.17 |
| 9/30/07 | 18.19* | 5.81 |
| 9/30/06 | 2.84 | 5.79 |
| 9/30/05 | 8.15 | 5.77 |
| 9/30/04 | 10.20 | 5.78 |
| 9/30/03 | 5.38 | 4.00 |
| 9/30/02 | 2.43 | 2.00 |
| 9/30/01 | 4.79 | 2.00 |
| 9/30/00 | 7.12 | 2.00 |
| 9/30/99 | 0.52 | 2.75 |
| 9/30/98 | (1.35) | 2.75 |
| 9/30/97 | (1.07) | 2.75 |
| 9/30/96 | 0.76 | 2.75 |
| 9/30/95 | 5.50 | 2.75 |
| 9/30/94 | 2.86 | 3.00 |
| 9/30/93 | 6.37 | 6.80 |
| 9/30/92 | 3.48 | 6.80 |
| 9/30/91 | 2.65 | 6.80 |
| 9/30/90 | 2.79 | 7.00 |
| 9/30/89 | 8.64 | 7.00 |
| 9/30/88 | 6.05 | 7.00 |
| 9/30/87 | 7.45 | 7.50 |
| 9/30/86 | 7.49 | 7.50 |
| 9/30/85 | 14.28 | 7.50 |
| 9/30/84 | 11.53 | 7.50 |

* Including impact of change in valuation pay definition.

II. Comparison of Investment Returns

| <u>Year Ending</u> | <u>Actual MV</u> | <u>Actual AAV**</u> | <u>Assumed</u> |
|--------------------|------------------|---------------------|----------------|
| <u>-%-</u> | <u>-%-</u> | <u>-%-</u> | <u>-%-</u> |
| 9/30/08 | (14.3) | 3.65 | 7.75 |
| 9/30/07 | 14.2 | 8.27 | 7.75 |
| 9/30/06 | 9.1 | 7.57 | 7.75 |
| 9/30/05 (Revised) | 15.6 | 7.83 | 7.75 |
| 9/30/05 (Prior) | 15.6 | 8.43 | 7.75 |
| 9/30/04 | 12.9 | 4.29 | 7.75 |
| 9/30/03 | 15.7 | 3.26 | 7.75 |
| 9/30/02 | (5.5) | (3.93) | 7.75 |
| 9/30/01 | (10.6) | (1.29) | 7.75 |
| 9/30/00 | 12.7 | 16.01 | 7.75 |
| 9/30/99 | 13.8 | 13.40 | 7.75 |
| 9/30/98 | 6.9 | 19.45 | 7.75 |
| 9/30/97 | 28.3 | 26.34 | 8.00 |
| 9/30/96 | 13.2 | 11.27 | 8.00 |
| 9/30/95 | 21.0 | 12.86 | 7.75 |
| 9/30/94 | (1.7) | 5.18 | 7.75 |
| 9/30/93 | 15.8 | 13.73 | 7.75 |
| 9/30/92 | 9.9 | 12.48 | 7.75 |
| 9/30/91 | 25.9 | 20.93 | 7.75 |
| 9/30/90 | 0.4 | 1.89 | 7.50 |
| 9/30/89 | N.A. | 16.09 | 7.50 |
| 9/30/88 | N.A. | 0.08 | 7.50 |
| 9/30/87 | N.A. | 22.64 | 7.00 |
| 9/30/86 | N.A. | 21.66 | 7.00 |

** Based on mean actuarial asset values for periods ending 9/30. Rates of return on AAV prior to 9/30/05 are based on prior asset valuation methods, with COLA transfers treated as cash flow.

**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> -%- |
|--------------------|----------------------|-----------------------|
| 9/30/08 | 24.8 | N.A. |
| 9/30/07 | 14.7 | N.A. |
| 9/30/06 | (1.3) | N.A. |
| 9/30/05 | 2.6 | N.A. |
| 9/30/04 | (9.9) | N.A. |
| 9/30/03 | 2.1 | N.A. |
| 9/30/02 | 8.1 | N.A. |
| 9/30/01 | 6.3 | N.A. |
| 9/30/00 | 8.5 | N.A. |
| 9/30/99 | 4.6 | N.A. |
| 9/30/98 | 6.8 | N.A. |
| 9/30/97 | (4.5) | N.A. |
| 9/30/96 | 1.9 | N.A. |
| 9/30/95 | (1.9) | N.A. |
| 9/30/94 | 1.1 | N.A. |
| 9/30/93 | 7.5 | N.A. |
| 9/30/92 | 2.1 | N.A. |
| 9/30/91 | (7.6) | 5.00 |
| 9/30/90 | (0.8) | 5.00 |
| 9/30/89 | 9.5 | 5.00 |
| 9/30/88 | 3.4 | 5.00 |
| 9/30/87 | 5.9 | 5.00 |
| 9/30/86 | 5.8 | 5.00 |
| 9/30/85 | 7.8 | 5.00 |
| 9/30/84 | 9.7 | 5.00 |

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

Disclosure Information Under GASB 25
(Excluding COLA Fund)

I. Funding Status and Progress as of September 30, 2008 and 2007

| Entry Age Accrued Liability: | <u>\$(Millions)</u> | |
|---|-----------------------|-----------------------|
| | <u>Sept. 30, 2008</u> | <u>Sept. 30, 2007</u> |
| | -\$- | -\$- |
| - Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | 802.3 | 790.0 |
| - Current employees - Accumulated employee contributions including interest | 133.3 | 124.7 |
| Employer - financed vested | 292.4 | 196.3 |
| Employer - financed nonvested | <u>224.5</u> | <u>207.4</u> |
| Total Actuarial Accrued Liability | 1,452.5 | 1,318.4 |
| Net assets available for benefits (market value) | <u>1,018.9</u> | <u>1,268.9</u> |
| Unfunded Actuarial Accrued Liability | 433.6 | 49.5 |

The actuarial accrued liability was determined as part of actuarial valuations at September 30, 2008 and September 30, 2007. 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 3.50 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0 percent to 5.0 percent per year, attributable to seniority/merit and (d) 1.5% for promotions and other increases.

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

Disclosure Information Under GASB 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 \$45,760,147 (\$36,040,251 employer and \$19,719,896 employee) were made for the year ending September 30, 2008. These contributions consisted of (a) \$45,760,147 normal cost, (b) \$0 amortization of the unfunded actuarial accrued liability, and (c) \$0 noninvestment expenses.

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) Entry Age Reserve (\$) | (3) Percent Funded (%) | (4) Unfunded EAR (2)-(1) (\$) | (5) Annual Covered Payroll (\$) | (4)/(5) (%) |
|----------------|---|--|---------------------------------|---|---|----------------|
| 1992 | 492.0 | 483.7 | 102 | (8.3) | 67.1 | (12) |
| 1993 | 550.6 | 513.4 | 107 | (37.2) | 72.0 | (52) |
| 1994 | 516.4 | 587.5 | 88 | 71.1 | 72.9 | 98 |
| 1995 | 616.5 | 614.4 | 100 | (2.1) | 71.5 | (3) |
| 1996 | 674.7 | 650.0 | 104 | (24.7) | 72.9 | (34) |
| 1997 | 835.3 | 727.1 | 115 | (108.2) | 69.6 | (155) |
| 1998 | 857.7 | 800.7 | 107 | (57.0) | 74.3 | (77) |
| 1999 | 932.8 | 843.2 | 111 | (89.6) | 77.7 | (115) |
| 2000 | 994.6 | 863.4 | 115 | (131.2) | 84.3 | (156) |
| 2001 | 828.9 | 932.7 | 89 | 103.8 | 89.7 | 116 |
| 2002 | 753.2 | 999.8 | 75 | 246.6 | 96.9 | 254 |
| 2003 | 844.9 | 1,067.9 | 79 | 223.0 | 98.9 | 225 |
| 2004 | 957.9 | 1,152.8 | 83 | 194.9 | 89.2 | 218 |
| 2005 | 1,091.9 | 1,221.6 | 89 | 129.7 | 91.5 | 142 |
| 2006 | 1,147.9 | 1,260.5 | 91 | 112.6 | 90.4 | 125 |
| 2007 | 1,268.9 | 1,318.4 | 96 | 49.5 | 103.6 | 48 |
| 2008 | 1,018.9 | 1,452.5 | 70 | 433.6 | 129.4 | 335 |

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

(Excluding COLA Fund)

IV. Revenues and Expenses

| <u>Fiscal Year</u> (\$) | <u>Revenues by Source</u> | | | |
|--------------------------------|---|---|--------------------------------------|--------------|
| | <u>Employee Contributions</u> (\$) | <u>Employer Contributions</u> (\$) | <u>Investment Income</u> (\$) | <u>Total</u> |
| 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 |
| 2005 | 18,607,681 | 45,545,130 | 71,904,910 | 136,057,721 |
| 2006 | 7,698,594 | 50,635,213 | 71,669,124 | 130,002,931 |
| 2007 | 14,702,629 | 40,542,078 | 82,937,630 | 138,182,337 |
| 2008 | 9,719,896 | 36,040,251 | 62,728,078 | 108,488,225 |

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

(Excluding COLA Fund)

IV. Revenues and Expenses (Continued)

| Fiscal Year | Expenses by Type | | | |
|----------------|-------------------------|--|------------------------|----------------------|
| | <u>Benefits</u> (\$) | <u>Administrative Expenses</u> (\$) | <u>Refunds</u> (\$) | <u>Total</u> (\$) |
| 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 |
| 2005 | 66,518,783 | 3,865,995 | 257,859 | 70,642,637 |
| 2006 | 69,825,105 | 4,687,601 | 573,228 | 75,085,934 |
| 2007 | 72,378,966 | 5,143,290 | 307,545 | 77,829,801 |
| 2008 | 77,794,816 | 5,469,431 | 664,235 | 83,928,482 |

**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 | 45,545,130 | 100 | 0 |
| 2006 | 50,635,213 | 100 | 0 |
| 2007 | 40,542,078 | 100 | 0 |
| 2008 | 36,040,251 | 100 | 0 |
| 2009 | 36,993,395 | | |

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

(COLA Fund)

I. COLA Increases by Duration Since Retirement

| <u>Years Retired</u> | <u>No.</u> | <u>FIPO Benefits</u> | <u>COLA Benefits</u> | <u>%</u> |
|----------------------|--------------|----------------------|----------------------|-------------|
| | | <u>-\$-</u> | <u>-\$-</u> | |
| 0 - 5 | 430 | 2,556,014 | 3,975 | 0.2 |
| 5 -10 | 233 | 1,102,586 | 46,602 | 4.2 |
| 10-15 | 298 | 1,190,401 | 174,008 | 14.6 |
| 15-20 | 231 | 754,871 | 230,156 | 30.5 |
| 20-25 | 170 | 385,266 | 220,871 | 57.3 |
| 25-30 | 162 | 201,153 | 253,020 | 125.8 |
| 30-35 | 197 | 168,398 | 316,541 | 188.0 |
| 35-40 | 80 | 44,042 | 129,947 | 295.1 |
| 40-45 | 34 | 18,104 | 71,391 | 394.3 |
| 45-50 | 7 | 3,639 | 17,414 | 478.6 |
| 50+ | 5 | 1,313 | 5,971 | 454.8 |
| Total | <u>1,847</u> | <u>6,425,789</u> | <u>1,469,896</u> | <u>22.9</u> |

II. COLA Increases by Attained Age (2009 Table)

| <u>Age</u> | <u>No.</u> | <u>FIPO Benefits</u> | <u>COLA Benefits</u> | <u>%</u> |
|------------|--------------|----------------------|----------------------|-------------|
| | | <u>-\$-</u> | <u>-\$-</u> | |
| <45 | 13 | 47,987 | 1,147 | 2.4 |
| 45-50 | 171 | 866,196 | 2,076 | 0.2 |
| 50-54 | 254 | 1,335,754 | 21,471 | 1.6 |
| 55-59 | 296 | 1,459,506 | 85,392 | 5.9 |
| 60-64 | 277 | 1,102,932 | 162,303 | 14.7 |
| 65-69 | 218 | 677,520 | 199,316 | 29.4 |
| 70-74 | 169 | 380,626 | 198,880 | 52.3 |
| 75-79 | 203 | 311,678 | 336,188 | 107.9 |
| 80-84 | 161 | 174,387 | 291,366 | 167.1 |
| 85-89 | 62 | 50,281 | 120,139 | 238.9 |
| >90 | 23 | 18,923 | 51,618 | 272.8 |
| Total | <u>1,847</u> | <u>6,425,789</u> | <u>1,469,896</u> | <u>22.9</u> |

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

III. COLA Increases vs. CPI)

| <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 | 430 | 0.2 | 5.8 | 2.7 |
| 5 -10 | 233 | 4.2 | 17.7 | 23.9 |
| 10-15 | 298 | 14.6 | 34.1 | 42.9 |
| 15-20 | 231 | 30.5 | 52.0 | 58.6 |
| 20-25 | 170 | 57.3 | 85.5 | 67.1 |
| 25-30 | 162 | 125.8 | 124.4 | 101.1 |
| 30-35 | 197 | 188.0 | 232.0 | 81.0 |
| 35-40 | 80 | 295.1 | 367.6 | 80.3 |
| 40-45 | 34 | 394.3 | 516.6 | 76.3 |
| 45-50 | 7 | 478.6 | 603.7 | 79.3 |
| 50+ | 5 | 454.8 | 833.4 | 54.6 |
| Total | <u>1,847</u> | <u>22.9</u> | <u>37.4</u> | <u>61.2</u> |

IV. Consumer Price Index (CPI-U)

| <u>Year</u> | <u>December Index</u> | <u>Annual %</u> | <u>Year</u> | <u>December Index</u> | <u>Annual %</u> |
|-------------|-----------------------|-----------------|-------------|-----------------------|-----------------|
| 1956 | 27.600 | 2.9 | 1981 | 94.000 | 8.9 |
| 1957 | 28.400 | 3.0 | 1982 | 97.600 | 3.9 |
| 1958 | 28.900 | 1.8 | 1983 | 101.300 | 3.8 |
| 1959 | 29.400 | 1.5 | 1984 | 105.300 | 4.0 |
| 1960 | 29.800 | 1.5 | 1985 | 109.300 | 3.8 |
| 1961 | 30.000 | 0.7 | 1986 | 110.500 | 1.1 |
| 1962 | 30.400 | 1.2 | 1987 | 115.400 | 4.4 |
| 1963 | 30.900 | 1.6 | 1988 | 120.500 | 4.4 |
| 1964 | 31.200 | 1.2 | 1989 | 126.100 | 4.6 |
| 1965 | 31.800 | 1.9 | 1990 | 133.800 | 6.2 |
| 1966 | 32.900 | 3.4 | 1991 | 137.900 | 3.0 |
| 1967 | 33.900 | 3.0 | 1992 | 141.900 | 2.9 |
| 1968 | 35.500 | 4.7 | 1993 | 145.800 | 2.7 |
| 1969 | 37.700 | 6.1 | 1994 | 149.700 | 2.7 |
| 1970 | 39.800 | 5.5 | 1995 | 153.500 | 2.5 |
| 1971 | 41.100 | 3.4 | 1996 | 158.600 | 3.3 |
| 1972 | 42.500 | 3.4 | 1997 | 161.300 | 1.7 |
| 1973 | 46.200 | 8.7 | 1998 | 163.900 | 1.6 |
| 1974 | 51.900 | 12.2 | 1999 | 168.300 | 2.7 |
| 1975 | 55.500 | 7.0 | 2000 | 174.000 | 3.4 |
| 1976 | 58.200 | 4.8 | 2001 | 176.700 | 1.6 |
| 1977 | 62.100 | 6.8 | 2002 | 180.900 | 2.4 |
| 1978 | 67.700 | 9.0 | 2003 | 184.300 | 1.9 |
| 1979 | 76.700 | 13.3 | 2004 | 190.300 | 3.3 |
| 1980 | 86.300 | 12.4 | 2005 | 196.800 | 3.4 |
| | | | 2006 | 201.800 | 2.5 |
| | | | 2007 | 210.036 | 4.1 |
| | | | 2008 | 210.228 | 0.1 |

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

| | | |
|-----|---|---------------------|
| I. | <u>Summary of Assets Available for Benefits at October 1, 2008</u> | -\$- |
| A. | COLA Accounts (Exhibit 2) | |
| | 1. COLA I Account at 9/30/2008 | 36,317,757 |
| | 2. COLA II Account at 9/30/2008 | 229,847,725 |
| B. | Transfers of Excess Investment Income | |
| | 1. \$40,396,385 due on 1/1/2010 | 39,649,543 |
| | 2. \$0 due on 1/1/2010 | 0 |
| C. | Minimum City Contributions ⁽¹⁾ \$4,869,751 beginning 1/1/2011, payable for 4 years, discounted | 14,774,510 |
| D. | City Contribution due 1/1/2010 | <u>4,682,453</u> |
| E. | Assets Available for COLA Benefits | 325,271,988 |
| II. | <u>COLA Fund Liabilities for Benefits at 10/1/2008</u> ⁽³⁾ | |
| A. | Present Value of Existing COLA Benefits for inactive | |
| | 1. Frozen COLA I benefits | 1,753,400 |
| | 2. COLA II benefits | 226,911,479 |
| | 3. Total inactive COLA benefits | <u>228,664,879</u> |
| B. | Present Value of Projected COLA Benefits for Current Actives | |
| | 1. Reserve for current actives | 44,121,197 |
| | 2. Reserve for future actives (15% of B1) | 6,618,180 |
| | 3. Total | <u>50,739,377</u> |
| C. | Total Liability Allocated (A3+B4) | 279,404,256 |
| D. | Contingency Reserve [20% of I(E)-I(B)(2)] | 65,054,398 |
| E. | Unallocated Reserve ⁽²⁾ | <u>(19,186,666)</u> |
| F. | Total Liability for COLA Benefits | 325,271,988 |

Notes: (1) $(1/1.0775)^{2.25} \cdot \frac{1}{41} = 3.0339355$

(2) For \$1,312 Table, (II(D)+II(E)) = \$45,867,732

(3) Service for COLA excludes 457 buyback service.

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

III. Derivation of Increase in Table as of January 1, 2009

| | | |
|-----|---|--------------------|
| | | -\$- |
| A. | Liability based on current \$1,312 table | |
| 1. | Inactive COLA II Benefits | 226,911,479 |
| 2. | Present Value of Projected COLA benefits for current actives | 44,121,197 |
| 3. | Reserve for future actives [15% of (2)] | <u>6,618,180</u> |
| 4. | Total | <u>277,650,856</u> |
| B. | Assets available to increase table | |
| 1. | Total assets available for COLA Benefits | 325,271,988 |
| 2. | Total Liability Allocated (current \$1,312 table) | 279,404,256 |
| 3. | Contingency Reserve II(D) | <u>65,054,398</u> |
| 4. | Available Assets [(1)-(2)-(3)] | (19,186,666) |
| 5. | \$0 due on 1/1/2010, discounted | <u>0</u> |
| 6. | Net Available Assets [(4)-(5)] | (19,186,666) |
| 7. | Increase ratio [(B6)/ (A4)] | 0 |
| 8. | Table increase [\$1,312x (7)] | 0 |
| 9. | New table amount [\$1,312+ (8)] | 1,312 |
| 10. | Actual new table amount | 1,312 |

**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 10/1/2008</u> | |
| | -\$- |
| A. Expected Unfunded Actuarial Accrued Liability at 10/1/2007 | 280,269,403 |
| B. Entry Age Normal Cost for 2007/2008 Year Paid or Payable by Employer | 29,446,681 |
| C. Interest on (A) and (B) | 24,002,997 |
| D. Contributions for 2007/2008 Year Paid or Payable by Employer (Required) | 36,040,215 |
| E. Interest on (D) | <u>2,793,119</u> |
| F. Expected Unfunded Actuarial Accrued Liability at 9/30/2008 | 294,885,711 |
| G. Additional Unfunded Actuarial Accrued Liability due to Method Changes | 7,172,976 |
| H. Additional Unfunded Actuarial Accrued Liability due to Assumption Changes | <u>0</u> |
| I. Final Expected Unfunded Actuarial Accrued Liability at 9/30/2008 | 302,058,687 |
| II. <u>Determination of Net Cumulative Experience Position at 10/1/2008(Preliminary)</u> | |
| A. Expected Unfunded Actuarial Liability as of September 30, 2008 | 302,058,687 |
| B. Entry Age Reserve - Actives | 650,143,615 |
| - Inactives | <u>802,312,544</u> |
| - Total | 1,452,456,159 |
| C. Actuarial Asset Value | 1,219,600,827 |
| D. Actual Unfunded Actuarial Liability (B)-(C) | <u>232,855,332</u> |
| E. Cumulative Experience Gain (Loss) (A)-(D) | 69,203,355 |
| III. <u>Future Transfers of Excess Investment Income at 10/1/2008</u> | |
| A. \$40,396,385 due on 1/1/2009, discounted | 39,649,543 |
| B. \$0 due on 1/1/2010, discounted | <u>0</u> |
| C. Total Future Transfers at 10/1/2008 (A)+(B) | 39,649,543 |

**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, 2008, plus present value of \$2.5 million minimum guarantee. The 4% future annual increases is not pre-allocated. A contingency reserve of 14% has been established for adverse experience.

COLA Benefits: In addition to prior COLA, benefits are based on attached table, with \$1,312 monthly benefit for 25 years of creditable service and 22 completed years of retirement (after age 46). The \$1,312 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 Year Valuation: None.

Miami Firefighters' and Police Officers' Retirement Trust
 2009 Monthly Retirement Supplements (\$1312 Table)

| | Completed Years of Retirement (after age 45) | | | | | | | | | | | | | | | | | | | | | | | | |
|----|--|---|---|-----|-----|-----|-----|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | 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 | 33 | 49 | 66 | 82 | 98 | 115 | 131 | 148 | 164 | 180 | 197 | 213 | 230 | 246 | 262 | 279 | 295 | 312 | 328 | 344 | 361 | 377 |
| 11 | 0 | 0 | 0 | 39 | 59 | 79 | 98 | 118 | 138 | 157 | 177 | 197 | 216 | 236 | 256 | 276 | 295 | 315 | 335 | 354 | 374 | 394 | 413 | 433 | 453 |
| 12 | 0 | 0 | 0 | 46 | 69 | 92 | 115 | 138 | 161 | 184 | 207 | 230 | 253 | 276 | 298 | 321 | 344 | 367 | 390 | 413 | 436 | 459 | 482 | 505 | 528 |
| 13 | 0 | 0 | 0 | 52 | 79 | 105 | 131 | 157 | 184 | 210 | 236 | 262 | 289 | 315 | 341 | 367 | 394 | 420 | 446 | 472 | 499 | 525 | 551 | 577 | 604 |
| 14 | 0 | 0 | 0 | 59 | 89 | 118 | 148 | 177 | 207 | 236 | 266 | 295 | 325 | 354 | 384 | 413 | 443 | 472 | 502 | 531 | 561 | 590 | 620 | 649 | 679 |
| 15 | 0 | 0 | 0 | 66 | 98 | 131 | 164 | 197 | 230 | 262 | 295 | 328 | 361 | 394 | 426 | 459 | 492 | 525 | 558 | 590 | 623 | 656 | 689 | 722 | 754 |
| 16 | 0 | 0 | 0 | 72 | 108 | 144 | 180 | 216 | 253 | 289 | 325 | 361 | 397 | 433 | 469 | 505 | 541 | 577 | 613 | 649 | 686 | 722 | 758 | 794 | 830 |
| 17 | 0 | 0 | 0 | 79 | 118 | 157 | 197 | 236 | 276 | 315 | 354 | 394 | 433 | 472 | 512 | 551 | 590 | 630 | 669 | 708 | 748 | 787 | 827 | 866 | 905 |
| 18 | 0 | 0 | 0 | 85 | 128 | 171 | 213 | 256 | 298 | 341 | 384 | 426 | 469 | 512 | 554 | 597 | 640 | 682 | 725 | 768 | 810 | 853 | 895 | 938 | 981 |
| 19 | 0 | 0 | 0 | 92 | 138 | 184 | 230 | 276 | 321 | 367 | 413 | 459 | 505 | 551 | 597 | 643 | 689 | 735 | 781 | 827 | 872 | 918 | 964 | 1010 | 1056 |
| 20 | 0 | 0 | 0 | 98 | 148 | 197 | 246 | 295 | 344 | 394 | 443 | 492 | 541 | 590 | 640 | 689 | 738 | 787 | 836 | 886 | 935 | 984 | 1033 | 1082 | 1132 |
| 21 | 0 | 0 | 0 | 105 | 157 | 210 | 262 | 315 | 367 | 420 | 472 | 525 | 577 | 630 | 682 | 735 | 787 | 840 | 892 | 945 | 997 | 1050 | 1102 | 1155 | 1207 |
| 22 | 0 | 0 | 0 | 112 | 167 | 223 | 279 | 335 | 390 | 446 | 502 | 558 | 613 | 669 | 725 | 781 | 836 | 892 | 948 | 1004 | 1059 | 1115 | 1171 | 1227 | 1282 |
| 23 | 0 | 0 | 0 | 118 | 177 | 236 | 295 | 354 | 413 | 472 | 531 | 590 | 649 | 708 | 768 | 827 | 886 | 945 | 1004 | 1063 | 1122 | 1181 | 1240 | 1299 | 1358 |
| 24 | 0 | 0 | 0 | 125 | 187 | 249 | 312 | 374 | 436 | 499 | 561 | 623 | 686 | 748 | 810 | 872 | 935 | 997 | 1059 | 1122 | 1184 | 1246 | 1309 | 1371 | 1433 |
| 25 | 0 | 0 | 0 | 131 | 197 | 262 | 328 | 394 | 459 | 525 | 590 | 656 | 722 | 787 | 853 | 918 | 984 | 1050 | 1115 | 1181 | 1246 | 1312 | 1378 | 1443 | 1509 |
| 26 | 0 | 0 | 0 | 138 | 207 | 276 | 344 | 413 | 482 | 551 | 620 | 689 | 758 | 827 | 895 | 964 | 1033 | 1102 | 1171 | 1240 | 1309 | 1378 | 1446 | 1515 | 1584 |
| 27 | 0 | 0 | 0 | 144 | 216 | 289 | 361 | 433 | 505 | 577 | 649 | 722 | 794 | 866 | 938 | 1010 | 1082 | 1155 | 1227 | 1299 | 1371 | 1443 | 1515 | 1588 | 1660 |
| 28 | 0 | 0 | 0 | 151 | 226 | 302 | 377 | 453 | 528 | 604 | 679 | 754 | 830 | 905 | 981 | 1056 | 1132 | 1207 | 1282 | 1358 | 1433 | 1509 | 1584 | 1660 | 1735 |
| 29 | 0 | 0 | 0 | 157 | 236 | 315 | 394 | 472 | 551 | 630 | 708 | 787 | 866 | 945 | 1023 | 1102 | 1181 | 1260 | 1338 | 1417 | 1496 | 1574 | 1653 | 1732 | 1811 |
| 30 | 0 | 0 | 0 | 164 | 246 | 328 | 410 | 492 | 574 | 656 | 738 | 820 | 902 | 984 | 1066 | 1148 | 1230 | 1312 | 1394 | 1476 | 1558 | 1640 | 1722 | 1804 | 1886 |
| 31 | 0 | 0 | 0 | 171 | 256 | 341 | 426 | 512 | 597 | 682 | 768 | 853 | 938 | 1023 | 1109 | 1194 | 1279 | 1364 | 1450 | 1535 | 1620 | 1706 | 1791 | 1876 | 1961 |
| 32 | 0 | 0 | 0 | 177 | 266 | 354 | 443 | 531 | 620 | 708 | 797 | 886 | 974 | 1063 | 1151 | 1240 | 1328 | 1417 | 1506 | 1594 | 1683 | 1771 | 1860 | 1948 | 2037 |
| 33 | 0 | 0 | 0 | 184 | 276 | 367 | 459 | 551 | 643 | 735 | 827 | 918 | 1010 | 1102 | 1194 | 1286 | 1378 | 1469 | 1561 | 1653 | 1745 | 1837 | 1929 | 2020 | 2112 |
| 34 | 0 | 0 | 0 | 190 | 285 | 380 | 476 | 571 | 666 | 761 | 856 | 951 | 1046 | 1141 | 1237 | 1332 | 1427 | 1522 | 1617 | 1712 | 1807 | 1902 | 1998 | 2093 | 2188 |
| 35 | 0 | 0 | 0 | 197 | 295 | 394 | 492 | 590 | 689 | 787 | 886 | 984 | 1082 | 1181 | 1279 | 1378 | 1476 | 1574 | 1673 | 1771 | 1870 | 1968 | 2066 | 2165 | 2263 |
| 36 | 0 | 0 | 0 | 203 | 305 | 407 | 508 | 610 | 712 | 813 | 915 | 1017 | 1118 | 1220 | 1322 | 1424 | 1525 | 1627 | 1729 | 1830 | 1932 | 2034 | 2135 | 2237 | 2339 |
| 37 | 0 | 0 | 0 | 210 | 315 | 420 | 525 | 630 | 735 | 840 | 945 | 1050 | 1155 | 1260 | 1364 | 1469 | 1574 | 1679 | 1784 | 1889 | 1994 | 2099 | 2204 | 2309 | 2414 |
| 38 | 0 | 0 | 0 | 216 | 325 | 433 | 541 | 649 | 758 | 866 | 974 | 1082 | 1191 | 1299 | 1407 | 1515 | 1624 | 1732 | 1840 | 1948 | 2057 | 2165 | 2273 | 2381 | 2490 |
| 39 | 0 | 0 | 0 | 223 | 335 | 446 | 558 | 669 | 781 | 892 | 1004 | 1115 | 1227 | 1338 | 1450 | 1561 | 1673 | 1784 | 1896 | 2007 | 2119 | 2230 | 2342 | 2453 | 2565 |
| 40 | 0 | 0 | 0 | 230 | 344 | 459 | 574 | 689 | 804 | 918 | 1033 | 1148 | 1263 | 1378 | 1492 | 1607 | 1722 | 1837 | 1952 | 2066 | 2181 | 2296 | 2411 | 2526 | 2640 |
| 41 | 0 | 0 | 0 | 236 | 354 | 472 | 590 | 708 | 827 | 945 | 1063 | 1181 | 1299 | 1417 | 1535 | 1653 | 1771 | 1889 | 2007 | 2125 | 2244 | 2362 | 2480 | 2598 | 2716 |
| 42 | 0 | 0 | 0 | 243 | 364 | 485 | 607 | 728 | 850 | 971 | 1092 | 1214 | 1335 | 1456 | 1578 | 1699 | 1820 | 1942 | 2063 | 2184 | 2306 | 2427 | 2549 | 2670 | 2791 |
| 43 | 0 | 0 | 0 | 249 | 374 | 499 | 623 | 748 | 872 | 997 | 1122 | 1246 | 1371 | 1496 | 1620 | 1745 | 1870 | 1994 | 2119 | 2244 | 2368 | 2493 | 2617 | 2742 | 2867 |
| 44 | 0 | 0 | 0 | 256 | 384 | 512 | 640 | 768 | 896 | 1023 | 1151 | 1279 | 1407 | 1535 | 1663 | 1791 | 1919 | 2047 | 2175 | 2303 | 2430 | 2558 | 2686 | 2814 | 2942 |
| 45 | 0 | 0 | 0 | 262 | 394 | 525 | 656 | 787 | 918 | 1050 | 1181 | 1312 | 1443 | 1574 | 1706 | 1837 | 1968 | 2099 | 2230 | 2362 | 2493 | 2624 | 2755 | 2886 | 3018 |
| 46 | 0 | 0 | 0 | 269 | 403 | 538 | 672 | 807 | 941 | 1076 | 1210 | 1345 | 1479 | 1614 | 1748 | 1883 | 2017 | 2152 | 2286 | 2421 | 2555 | 2690 | 2824 | 2959 | 3093 |
| 47 | 0 | 0 | 0 | 276 | 413 | 551 | 689 | 827 | 964 | 1102 | 1240 | 1378 | 1515 | 1653 | 1791 | 1929 | 2066 | 2204 | 2342 | 2480 | 2617 | 2755 | 2893 | 3031 | 3168 |
| 48 | 0 | 0 | 0 | 282 | 423 | 564 | 705 | 846 | 987 | 1128 | 1269 | 1410 | 1551 | 1692 | 1834 | 1975 | 2116 | 2257 | 2398 | 2539 | 2680 | 2821 | 2962 | 3103 | 3244 |
| 49 | 0 | 0 | 0 | 289 | 433 | 577 | 722 | 866 | 1010 | 1155 | 1299 | 1443 | 1588 | 1732 | 1876 | 2020 | 2165 | 2309 | 2453 | 2598 | 2742 | 2886 | 3031 | 3175 | 3319 |
| 50 | 0 | 0 | 0 | 295 | 443 | 590 | 738 | 886 | 1033 | 1181 | 1328 | 1476 | 1624 | 1771 | 1919 | 2066 | 2214 | 2362 | 2509 | 2657 | 2804 | 2952 | 3100 | 3247 | 3395 |

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

(COLA Fund)

Summary of Actuarial Basis

Valuation Date: January 1, 2009.

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 | .0507% | .0284% |
| 30 | .0801% | .0351% |
| 40 | .1072% | .0709% |
| 50 | .2579% | .1428% |
| 60 | .7976% | .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)

| <u>Age</u> | <u>Disability</u> | <u>Turnover</u> | |
|------------|-------------------|-----------------|-----------|
| | | <u><5</u> | <u>5+</u> |
| 20 | .00085 | .0240 | .0192 |
| 21 | .00095 | .0240 | .0192 |
| 22 | .00105 | .0240 | .0192 |
| 23 | .00110 | .0240 | .0192 |
| 24 | .00125 | .0240 | .0192 |
| 25 | .00130 | .0240 | .0192 |
| 26 | .00140 | .0240 | .0192 |
| 27 | .00150 | .0240 | .0192 |
| 28 | .00160 | .0240 | .0192 |
| 29 | .00170 | .0240 | .0192 |
| 30 | .00180 | .0240 | .0192 |
| 31 | .00200 | .0240 | .0192 |
| 32 | .00220 | .0240 | .0192 |
| 33 | .00245 | .0240 | .0192 |
| 34 | .00265 | .0240 | .0192 |
| 35 | .00285 | .0240 | .0192 |
| 36 | .00305 | .0228 | .0182 |
| 37 | .00325 | .0216 | .0173 |
| 38 | .00345 | .0204 | .0163 |
| 39 | .00370 | .0192 | .0154 |
| 40 | .00390 | .0180 | .0144 |
| 41 | .00470 | .0168 | .0134 |
| 42 | .00555 | .0156 | .0125 |
| 43 | .00635 | .0144 | .0115 |
| 44 | .00720 | .0132 | .0106 |
| 45 | .00800 | .0120 | .0096 |
| 46 | .00880 | .0096 | .0077 |
| 47 | .00965 | .0072 | .0057 |
| 48 | .01045 | .0048 | .0038 |
| 49 | .01130 | .0024 | .0019 |
| 50 | .01210 | .0000 | .0000 |

**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 | .01295 | .0000 | .0000 |
| 52 | .01375 | .0000 | .0000 |
| 53 | .01455 | .0000 | .0000 |
| 54 | .01540 | .0000 | .0000 |
| 55 | .01620 | .0000 | .0000 |
| 56 | .01785 | .0000 | .0000 |
| 57 | .01870 | .0000 | .0000 |
| 58 | .01950 | .0000 | .0000 |
| 59 | .02030 | .0000 | .0000 |
| 60 | .00000 | .0000 | .0000 |
| 61 | .00000 | .0000 | .0000 |
| 62 | .00000 | .0000 | .0000 |
| 63 | .00000 | .0000 | .0000 |
| 64 | .00000 | .0000 | .0000 |
| 65 | .00000 | .0000 | .0000 |

Retirement: If eligible for Rule of 64 Retirement, the following decrements apply, based on service:

| <u>Years of Service</u> | <u>Police %</u> | <u>Fire %</u> |
|-------------------------|-----------------|---------------|
| <20 | 0 | 0 |
| 20-24 | 20 | 5 |
| 25-29 | 25 | 25 |
| 30-31 | 50 | 25 |
| 32 | 100 | 100 |

There is no explicit assumption on the percentage of retirements expected to enter the DROP. No distinction is necessary, since funding is calculated to expected retirement or expected DROP entry.

**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. |
| 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 01/01/2009 \$1,312 Table)

I. Funding Status and Progress as of September 30, 2008 and 2007

| Pension benefit obligation: | <u>\$(Millions)</u> | |
|--|---------------------|--------------|
| | <u>2008</u> | <u>2007</u> |
| - Retirees and beneficiaries currently receiving prior COLA benefits | 1.8 | 1.9 |
| - Retirees and beneficiaries receiving COLA tabular benefits (beginning January 1) and terminated employees not yet receiving tabular benefits | 226.9 | 194.5 |
| - Current Employees Accumulated employee contributions including interest | 2.4 | 2.6 |
| Employer - financed vested | 0.0 | 0.0 |
| Employer - financed non-vested | <u>48.3</u> | <u>43.9</u> |
| - Total pension benefit obligation | 279.4 | 242.9 |
| Net assets available for benefits | <u>305.8</u> | <u>300.2</u> |
| Unfunded pension benefit (obligation)/asset | 26.4 | 57.3 |

The pension benefit obligations were determined as part of actuarial valuations at January 1, 2009 and January 1, 2008, based on data and asset information at September 30, 2008 and September 30, 2007. 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, 2008 and January 1, 2007.

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

Disclosure Information Under GASB 5
(COLA Fund)
(Based on 01/01/2007 \$1,139 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 7.75 percent assumption. The \$40,396,385 amount to be transferred on January 1, 2009 is due to excess investment income during the year ended September 30, 2007, and therefore already is part of the Retirement Trust.

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) |
| 2005 | 231.6 | 195.0 | 119 | (36.6) | 91.5 | (40) |
| 2006 | 249.0 | 216.8 | 115 | (32.2) | 90.4 | (36) |
| 2007 | 300.2 | 242.9 | 124 | (57.3) | 103.6 | (55) |
| 2008 | 305.8 | 279.4 | 109 | (26.4) | 129.4 | (20) |

* 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

| <u>Fiscal Year</u> | <u>Revenues by Source</u> | | | <u>Total</u> (\$) |
|------------------------|---|---|--------------------------------------|----------------------|
| | <u>Employee Contributions</u> (\$) | <u>Employer Contributions</u> (\$) | <u>Investment Income</u> (\$) | |
| 1987 | 1,246,688 | 298,682 | 871,969 | 2,417,339 |
| 1988 | 1,272,000 | 0 | 393,935 | 1,665,935 |
| 1989 | 1,381,407 | 0 | 686,477 | 2,067,884 |
| 1990 | 1,457,451 | 0 | 694,749 | 2,152,200 |
| 1991 | 1,505,015 | 0 | 1,024,972 | 2,529,987 |
| 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 |
| 2005 | 0 | 3,848,635 | 12,516,741 | 16,365,377 |
| 2006 | 0 | 0 | 25,340,983 | 25,340,983 |
| 2007 | 0 | 0 | 47,781,293 | 47,781,293 |
| 2008 | 0 | 0 | 44,539,016 | 44,539,016 |

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

Disclosure Information Under GASB 5
(COLA Fund)
(Continued)

IV. Revenues and Expenses (Continued)

| <u>Fiscal Year</u> | <u>Expenses by Type</u> | | | |
|------------------------|-------------------------|--|------------------------|----------------------|
| | <u>Benefits</u> (\$) | <u>Administrative Expenses</u> (\$) | <u>Refunds</u> (\$) | <u>Total</u> (\$) |
| 1987 | 183,548 | 7,301 | 36,679 | 227,528 |
| 1988 | 321,908 | 387 | 68,950 | 391,245 |
| 1989 | 430,185 | 0 | 46,021 | 476,206 |
| 1990 | 534,058 | 0 | 85,067 | 619,125 |
| 1991 | 578,758 | 0 | 76,730 | 655,488 |
| 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 |
| 2005 | 10,614,510 | 672,938 | 1,182 | 11,288,630 |
| 2006 | 11,760,071 | 807,594 | 1,934 | 12,569,599 |
| 2007 | 13,304,749 | 944,477 | 388 | 14,249,614 |
| 2008 | 15,666,175 | 1,053,599 | 14,154 | 16,733,928 |