




LOPFI

Twenty Ninth Comprehensive Annual Financial Report Fiscal Year Ended December 31, 2011

**620 West Third Street, Suite 200
Little Rock, AR 72201
(501) 682-1745
*www.lopfi-prb.com***





**Twenty Ninth Comprehensive Annual
Financial Report
Fiscal Year Ended
December 31, 2011**

**620 West Third Street, Suite 200
Little Rock, AR 72201
(501) 682-1745
*www.lopfi-prb.com***

Prepared by:
**Arkansas Local Police and Fire Retirement System
David B. Clark, Executive Director
Robert A. Bartholmey, Chief Financial Officer**

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The graphic features the text "Introductory Section" in a large, bold, black sans-serif font. The text is centered within a light gray rounded rectangular border. Behind the text is a stylized, light gray silhouette of two human profiles facing each other, with their heads tilted upwards. The background of the entire page is white.

Introductory Section

BOARD OF TRUSTEES



JOANNE H. BUSH
Chairman, Employer Trustee
Lake Village
Term Expires Jan. 1, 2014



MIKE GASKILL
Employer Trustee
Paragould
Term Expires Jan. 1, 2015



TIMOTHY WEBB
Police Employee Trustee
Searcy
Term Expires Jan. 1, 2014



TERRY HENSON
Fire Employee Trustee
Little Rock
Term Expires Jan. 1, 2012



DAN CURTNER
Retired Fire Employee Trustee
Forrest City
Term Expires Jan. 1, 2012



DONNA ADKINS
Retired Police Trustee
Hot Springs
Term Expires Jan. 1, 2012



BEV LAMBERT
Public Trustee
Little Rock
Term Expires Jan. 1, 2015

Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arkansas Local Police and Fire Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Enen

Executive Director

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

Letter of Transmittal

May 29, 2012

Board of Trustees
Arkansas Local Police and Fire Retirement System
620 W. 3rd, Suite 200
Little Rock, AR 72201-2223

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Dear Trustees:

I am pleased to provide to you the Comprehensive Annual Financial Report (CAFR) of the Arkansas Local Police and Fire Retirement System (LOPFI) for the year ended December 31, 2011. This CAFR recognizes LOPFI's 29th year of administering retirement benefits for the covered police officers and firefighters.

LOPFI was created by the 1981 General Assembly for the specific purpose of establishing a statewide defined benefit retirement system for police officers and firefighters of political subdivisions in the State of Arkansas. LOPFI's benefit structure is governed by State law and Board policy. A seven member Board of Trustees appoints an Executive Director to administer the system consistent with law and Board policy.

The disclosure of the financial condition of the retirement system is provided in this CAFR and is a central function of the system's management. The system employs internal controls in order to provide confidence that the system's assets are safe from misuse, theft and/or loss and that appropriate accounting data is compiled. Internal controls are meant to provide a reasonable, not absolute, assertion that the safeguarding of system assets is present and that the financial records used in the preparation of the financial statements and maintaining the accountability of the assets are valid. The concept behind internal controls recognizes that the cost of a control should not exceed the expected benefits. Further, the determination of the costs and benefits of a control require estimates performed by management. LOPFI's internal controls are continually reviewed in an effort to detect and correct potential errors before they occur. System management believes these internal controls demonstrate that the financial statements, supporting schedules, and statistical tables are presented in an accurate, clear and concise manner. As such, the reader is afforded the opportunity to gain an understanding of the financial activities of the retirement system.

Summary of Financial Information

The following schedule is a summary of the system's additions and deductions for the years ended December 31, 2011 and December 31, 2010.

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Additions	\$ 92,181,617	\$ 169,071,691
Deductions	46,290,630	41,059,329
Net Change	\$ 45,890,987	\$ 128,012,362

The change in Additions was due to a flat year in terms of investment performance. Deductions maintained their expected increase given the age of the retirement system, which means more members have attained eligibility for retirement and decided to exercise that right. Further information regarding the financial condition can be located in the Management's Discussion and Analysis beginning on page 18 in the Financial Section of this report.

A primary funding objective for LOPFI is to meet each and every benefit promise through investment earnings and contributions that remain approximately level as a percent of member payroll over decades of time. The Schedule of Funding Progress beginning on page 30 of this report shows the system continues to meet this objective. As of December 31, 2011, the funded ratio for the entire portfolio was 65%, which remained unchanged from the previous year. Further details on the funded condition of LOPFI can be found in the Actuarial Section of this report.

Investment Results

The retirement system's portfolio ended the 2011-year with a -0.42% return. The system was positioned solidly in positive territory mid-year with a one-year return of nearly 24%. However, the disastrous debt ceiling talks at the federal level coupled with Europe's debt woes erased the investment gains. In fact, the third quarter of 2011 was one of the worst performing quarters for the investment markets in more than a decade. The year-end result could very well have been much worse had the portfolio not been thoroughly diversified. The goal of the system's investments is to attain an 8% return each year. And to that end, from 1983 through 2011, LOPFI has averaged a 9.70% return. The chief purpose of the investments is to ensure assets are always available to pay the accrued benefits for the retired lifetime of each covered police officer and firefighter. The Investment Section of this report offers greater details regarding the system's investments.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to LOPFI for its comprehensive annual financial report for the fiscal year ended December

31, 2010. This was the ninth consecutive year that LOPFI has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Conclusion

The development of this CAFR was the product of the combined efforts of system staff and advisors. The purpose of the report is to provide confidence in the plan's management and consistent with previous years, LOPFI received an unqualified opinion from an independent auditor regarding its financial statements, which are a part of this CAFR. The auditor's opinion can be located on page 17 of this report.

Each year LOPFI's CAFR is made available to Legislative Audit, Legislative Council and all participating employer groups. The uncomplicated design is intended to provide a report that is understandable as well as being a meaningful resource.

LOPFI is administered by a solid team with a united goal of providing first-rate service to the covered police officers, firefighters, and their employers. Our team fully recognizes that each covered police officer and firefighter is an essential part of the citizenry of Arkansas and as such, merits a retirement system that will provide a livable benefit for their retired lifetime. LOPFI provides that type of benefit structure for the career oriented members.

LOPFI encourages each active and retired participant as well as the participating employer groups to share your thoughts on how our service to you may be improved. Please feel free to touch base with any staff member to provide your feedback.

Respectfully,



David B. Clark
Executive Director

Administrative Organization

STAFF

David B. Clark
Executive Director

Robert A. Bartholemey
Chief Financial Officer

ACTUARY

*Gabriel, Roeder, Smith and Company
David Hoffman and Mita Drazilov
Southfield, Michigan*

DATA PROCESSING

*Tegrit Technologies
Livonia, Michigan*

INVESTMENT MONITOR

*Thistle Asset Consulting Group
John McCann
Boynton Beach, Florida*

AUDITOR

*William T. Kinneman, CPA
Little Rock, Arkansas*

INVESTMENT CONSULTANT

*Stephens, Inc.
Larry Middleton
Little Rock, Arkansas*

LEGAL COUNSEL

*Eichenbaum Liles, P.A.
Richard L. Ramsay
Little Rock, Arkansas*

INVESTMENT MANAGEMENT

- *300 North Capital
Pasadena, California*
- *Aberdeen Asset Management
Philadelphia, Pennsylvania*
- *Advent Capital Management
New York, New York*
- *Barrow, Hanley, Mewhinney & Strauss
Dallas, Texas*
- *Black Rock Fund Advisors (EAFE)
San Francisco, California*
- *Candlewood Credit Value Fund
New York, New York*
- *Chickasaw Capital Management
Memphis, Tennessee*
- *Citigroup Private Equity
New York, New York*
- *Dodge & Cox
Braintree, Massachusetts*
- *Fisher Investments
Woodside, California*
- *Garcia, Hamilton, Jackson & Associates
Houston, Texas*
- *Global Currents Investments
Wilmington, Delaware*
- *Goldman Sachs
New York, New York*
- *JP Morgan Investment Management, Inc.
(Real Estate & Infrastructure)
New York, New York*
- *KKR Mezzanine Partners
San Francisco, California*
- *Macquarie Infrastructure Partners, Inc.
New York, New York*
- *Neuberger Berman Private Equity
Dallas, Texas*
- *Pacific Investment Management Company
(PIMCO) (International Bond &
Distressed Debt)
Newport Beach, California*
- *State Street Global Advisors
Boston, Massachusetts*
- *Wellington Management Company
Boston, Massachusetts*
- *Western Asset Management Company
(WAMCO) Pasadena, California*

*Information regarding Investment Managers and Consultants can be
found in the Investment Section beginning on page 35.*

Summary of LOPFI Plan Provisions

PURPOSE

The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide retirement plan for police officers and firefighters of political subdivisions of the State of Arkansas. It is a non-profit entity established under the authority of Act 364 of 1981, and bears a fiduciary obligation to the political subdivisions and their employees, who are its participants.

ADMINISTRATION

The general administration and the responsibility for the proper operation of the system is vested in a seven member Board of Trustees. All Trustees are appointed by the Governor. The normal term of office for a Trustee is four years. Four of the appointed Trustees are employee representatives: an active firefighter and an active police officer and a retired firefighter and a retired police officer are selected from lists submitted by the Joint Committee on Public Retirement and Social Security Programs. Two members are employer trustees, who represent the political subdivisions of the state. They are not members of the System, but their political subdivisions must have covered employees in the System. The employer trustees are selected from among a list submitted by the Arkansas Municipal League. These members must possess management experience and may be elected or appointed city officials. The remaining member is the public trustee, who represents the citizenry of the State of Arkansas. The public trustee is not a member of any governing body of a political subdivision of the State and is selected from a list submitted by the Legislative Joint Committee on Public Retirement and Social Security Programs. A list of the Board of Trustees and their terms of office is included in this report.

The Board of Trustees has vested the day to day management of LOPFI with an Executive Director. The Executive Director acts as an advisor to the Board on matters pertaining to the System and, with the approval of the Board, employs the remaining staff and seeks professional consultants needed to operate the System.

PARTICIPATION

LOPFI became effective July 1, 1981 and has different provisions for participation.

(1) Political subdivisions which had a local pension and relief fund for its firefighters and police officers as of July 1, 1981:

(a) All employees hired after January 1, 1983 (operative date), who would have participated under the Local Plans, will become LOPFI members.

(b) By voluntary mutual agreement of a political subdivision's governing body and the LOPFI Board, arrangement can be made for the Local Plan to be administered by LOPFI. This is not mandatory and does not mean there would be a change in the benefit provisions applicable to Local Plan members. It would be a change only in administrative structure.

(2) Political subdivisions which did not have a local pension and relief fund for its firefighters and police officers as of July 1, 1981:

(a) Effective July 1, 1981, no new Local Plans may be established.

(b) The governing body of a political subdivision may elect to cover its firefighters and police officers under LOPFI. Memberships become effective the first day of the month after the LOPFI Board is notified that the local governing body has elected to provide such coverage.

CREDITED SERVICE

Credited service is the combination of an employee's years of covered employment in paid service and volunteer service. Service may be counted as both paid service and volunteer service for the same period of time, but must be earned under different departments.

Members are limited to earning service at one LOPFI covered volunteer department at a time.

Because LOPFI is a statewide retirement system with many participating political subdivisions, credited service can be a combination of service with several employers.

NORMAL RETIREMENT

A member may retire after completing both age and service requirements. The minimum service retirement age is 55, if the member has at least 20 years of service. For those desiring retirement with less than twenty years of service, but who have at least five years of service, the minimum age is 60 or a member may retire at any age with 28 years of credited service.

EARLY RETIREMENT

A member may retire with an early retirement benefit after completing 25 years of paid service or at least age 50 and has at least 20 years of credited service. With early retirement the benefit is computed as a normal benefit, but is then reduced to account for the fact that benefit payments began at a younger age. The amount of the reduction is 1/2 of 1% per month for each month that the retirant is younger than 55.

DEFERRED RETIREMENT

If a member leaves LOPFI-covered employment (1) before attaining his early retirement age, and (2) after completing 5 years of credited service, he/she becomes eligible for a vested termination annuity; provided he lives to his normal retirement age and does not withdraw his accumulated contributions. The vested annuity amount, payable monthly for life from his normal retirement age, is computed in the same manner as an age and service annuity, based upon his service and pay record at time of leaving LOPFI coverage. When the effective date of the annuity is at least twelve (12) full months after termination, final average pay is adjusted for changes in inflation. The amount of the adjustment is one-half of any percentage increase in the Consumer Price Index for the period from three months immediately preceding termination to three months immediately preceding the effective date of the benefit.

FINAL AVERAGE PAY

Final Average Pay is the average of a member's monthly pay during the 36 consecutive months of paid service producing the highest income, which is contained within the last 120 months of paid service. In the majority of cases, this is the last 3 years of employment. The pays usable in the determination of final average pay are limited by the following tests: pays used during any one annual segment are

usable only to the extent that such pays do not exceed 31% of the total pays in the final average pay period (4 contiguous segments); and that if the final average pay period is less than four full years, the maximum usable 31% shall be increased proportionally. Final Average Pay is not applicable to volunteer service.

AGE AND SERVICE BENEFIT

The normal retirement benefit is payable monthly to the member for life. The monthly benefit equals a specified amount multiplied by the member's number of years of credited service. The monthly amount depends on: 1) the amount and type of credited service the member has; 2) whether or not the member's paid service is covered by Social Security; and, 3) the member's final average pay. The following formulas apply under the stated conditions:

(a) Paid service position not covered by Social Security

$2.94\% \times \text{FAP} \times \text{Years of Service}$

(b) Paid service position covered by Social Security

$2.94\% \times \text{FAP} \times \text{Years of Service}$

until first eligible for an unreduced Social Security Benefit

THEN $1.94\% \times \text{FAP} \times \text{Years of Service}$

when first eligible for unreduced Social Security Benefit

(c) Volunteer

$\$5.98 \text{ per month} \times \text{Years of Service}$ (The \$5.98 Benefit is indexed annually for inflation).

The maximum benefit for paid service is 100% of FAP. For volunteer service the maximum benefit is \$239.20 per month, indexed annually for inflation.

DUTY DISABILITY BENEFIT

A member who becomes totally and permanently disabled from duty-related injury or disease is eligible for a disability benefit. The benefit shall either be equal to 65% of final average pay or equal to the annuity paid to retirants

for each year of paid service resulting from employment as provided for in A.C.A. 24-10-602, whichever is greater.

NON-DUTY DISABILITY BENEFIT

A paid member with five (5) or more years of credited service who becomes totally and permanently disabled from causes other than duty-related receives a non-duty benefit computed in the same manner as an age and service benefit, but based upon actual service and final average pay at time of disability.

SURVIVOR BENEFIT

Upon the death of a member from duty-related causes, regardless of length of service, the surviving spouse receives an annuity equal to the Option B50 annuity, computed as if the member had 25 years of credited service. When a paid member dies from non-duty related causes, who has at least five (5) years of credited service the surviving spouse benefit is the same as a B50 annuity but is computed upon the deceased member's service and pay record at time of death.

POST RETIREMENT ADJUSTMENT

Beginning the first July following twelve (12) months of retirement, there is an annual redetermination of the monthly benefit amount. The redetermined amount shall be the amount of the benefit as of the immediately preceding July 1 increased by three percent (3%).

OPTIONAL FORMS OF PAYMENT

When a LOPFI member makes application for retirement, benefits are calculated in four optional forms and the member selects the one that best fits his/her retirement needs. The election of the form of payment is made immediately prior to the receipt of the first benefit check and once it is made, it is irrevocable, except with the death of a beneficiary, or divorce or other marriage dissolution after retirement.

The options are:

Option A60: Under Option A60 a retirant receives an annuity for life, with the added provision that if he/she dies before being paid a total of 60 monthly payments, the same amount will be continued to his/ her designated beneficiary until a

total of 60 monthly payments have been made. Option A60 pays an amount equal to 100% of the life benefit.

Option A120: This option has the same general provisions as Option A60 but the guaranteed payment period is 120 months rather than 60 months. This option pays a benefit equal to 98% of the life benefit.

Option B50: Under Option B50 a retirant receives a reduced monthly lifetime benefit with the added provision that should he/she die before his/her beneficiary, the beneficiary will receive a monthly benefit for life equal to 50% of the reduced amount received by the retirant.

Option B75: Option B75 has the same general provisions as Option B50, but the percent of the reduced life benefit to the designated beneficiary is 75% instead of 50%.

DEFERRED RETIREMENT OPTION PLAN (DROP)

The Deferred Retirement Option Plan (DROP) allows a paid service member who has attained at least 28 years of service or who has attained at least 20 years of paid service and is at least age 55, to accumulate a portion of their retirement benefit, without terminating employment, in a separate account. The member defers receipt of benefits as described below.

For purposes of DROP, credited service shall not include volunteer service or other credited service that was purchased. However, military service credit earned under A.C.A. 24-10-502 shall count towards the total credited service.

When a member elects to enter DROP, their monthly retirement benefit is calculated as though that person were leaving employment at that time. For members that have at least 28 years of service and elect to participate in DROP, 75% of the member's monthly benefit is placed into the member's DROP account. For members who have at least 20 years but less than 28 years of service and are at least age 55 before electing to participate in DROP, 72% of the member's monthly benefit is placed into the member's DROP account. The member's DROP account balance earns interest at the rate of 6% annually. During the DROP period the employee contributions, for contributory members, and employer contributions shall continue and are credited to the retirement system.

The member may remain in DROP up to a maximum of 5 years. At the conclusion of the DROP period the member shall terminate employment and begin receiving their monthly retirement benefit they would have received had they retired at the time they entered DROP. At the option of the member, the member shall receive their DROP balance as either a lump-sum payment equal to the payments into their DROP account; or as a monthly annuity that is the actuarial equivalent of the lump-sum and paid in the form of one of the annuity options under A.C.A. 24-10-603; or another form of payment if another form is approved by the LOPFI Board of Trustees.

If a member dies during the DROP period a lump-sum payment equal to their DROP account balance shall be paid to their survivor(s) or, if none, their estate.

If a member becomes disabled during the DROP period, the member shall be treated as though they had concluded their DROP participation.

PARTIAL-ANNUITY and LUMP-SUM OPTION

Any vested member who does not terminate LOPFI-covered employment, and is eligible for an unreduced annuity and who was not eligible or did not elect to participate in the DROP, may elect to participate in the partial-annuity and lump-sum option.

A member who elects to participate in this option shall be eligible to receive, at the time of retirement, a lump-sum distribution in an amount not exceeding one month of benefit for each completed month of service beyond eligibility for an unreduced retirement benefit. The lump-sum shall not exceed an amount equal to 60 months of retirement benefits.

If a member elects to participate in the partial-annuity and lump-sum option, the member's retirement benefit shall be reduced by an amount that is the actuarial equivalent of the withdrawn amount.

MEMBER CONTRIBUTIONS

Member contribution rates are dependent upon the type of service rendered and whether or not that service is also covered by Social Security. Effective July 1, 2009, all member contributions remitted to the system are on a pre-tax basis. The different member contribution rates are:

- (1) Paid service not covered by Social Security: 8.5% of pay.
- (2) Paid service also covered by Social Security: 2.5% of pay.
- (3) Paid service under Benefit Program 2: 8.5% of pay.
- (4) Volunteer service: No contribution.

EMPLOYER CONTRIBUTIONS

LOPFI requires that each employer make contributions in order to finance the benefits that political subdivisions have promised their employees. Initial contribution rates for employers are varied based on age at time of employment. However, the actuary adjusts these rates annually to reflect each employer's individual experience rating. A chart showing current employer contribution rates is included in this report.

Summary of Plan Provisions

For Local Fire and Police Pension and Relief Funds Under LOPFI Administration

HISTORY

Legislative action dating back to 1921 and 1937 provided cities and towns with the option to establish retirement and relief fund programs for firefighters and police officers, respectively. However, such authority was cancelled with the effective date of LOPFI, July 1981. Therefore, all relief funds were established prior to this date.

ADMINISTRATION

By voluntary mutual agreement, the City's governing body may enter into a management agreement for the administration of local relief plan with the LOPFI Board of Trustees. Under the arrangement, coverage provided by LOPFI is administrative only and does not change the benefit structure of the relief plan.

PARTICIPANTS

Under the relief plans, membership is extended to certified uniformed personnel of police and fire departments in cities and towns with established plans.

CREDITED SERVICE

Credited service is the combination of an employee's years of covered employment in paid and/or volunteer service. For police members and paid fire members, only service credit that is accrued under one employer is counted. However, volunteer fire members may combine service of five-year increments or more from other employers for retirement.

MEMBER CONTRIBUTIONS

Paid members contribute 6% of salary if they do not participate in social security. For members participating in social security, the required contribution is 4% of salary. Volunteer members contribute \$12 per year.

NORMAL RETIREMENT

A member may retire with 20 years of service regardless of age.

SERVICE BENEFIT

Paid Members

Annual benefits equal 50% of final pay attached to rank for firefighters and 50% of the highest salary for police officers. The minimum benefit is \$4,200 per year. If more than 20 years of service credit is accrued, \$240 annually is granted for each additional year of service credit, up to \$1,200 for 25 years of service. For retirants who accrue more than 25 years of service and are age 60, an additional benefit of 1.25% of final pay is payable for each year over 25 years of service to a maximum of 100% of final pay or salary.

Volunteer Members

The minimum annual benefit is \$1,200 per year. An additional benefit of \$120 annual for each additional year of service over 20 years is granted up to a maximum amount of \$1,800 annually for 25 years of service or more.

DISABILITY RETIREMENT

Members with a total and permanent physical or mental disability resulting from a duty related injury are granted 65% of final pay attached to rank for fire fighters and 65% of highest salary for police officers. Members found to be suffering with a non-duty disability are granted 50% of final pay or highest compensation.

Volunteer members receive a disability benefit that equals the same as a regular retirement benefit. The minimum benefit is \$100 per month.

SURVIVOR BENEFITS

A widow receives the same amount the member was receiving or eligible for, excluding the 1.25% additional formula for service over 25 years. Surviving children may receive \$1,500 annually up to age 19 for fire, up to age 18 for police or until marriage if occurs before the age limit. The age limit may be extended to age 23 if attending college.

The spouse of a volunteer member receives the benefit the member received or would have received. Surviving children may receive \$300 annually up to age 19 or marriage, whichever occurs first.



Financial Section

William T. Kinneman

CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

The Board of Trustees
Arkansas Local Police and Fire Retirement System
Little Rock, Arkansas

I have audited the accompanying statements of plan net assets of Arkansas Local Police and Fire Retirement System defined benefit pension plan at December 31, 2011 and 2010 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of Arkansas Local Police and Fire Retirement System defined benefit pension plan at December 31, 2011 and 2010 and the related changes in plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

My audits were made primarily for the purpose of expressing an opinion on the basic financial statements taken as a whole. The accompanying supplementary management discussion and analysis and the schedules of required supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. The schedule of administrative and investment expenses and the schedule of actual versus budgeted expenses are presented for purposes of additional analysis and are not required by generally accepted accounting principles. Such additional information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



May 10, 2012
Little Rock, Arkansas

Arkansas Local Police and Fire Retirement System

Required Supplementary Information

Management Discussion and Analysis

The basic financial statements contained in this section of the Comprehensive Annual Financial Report consist of:

The *Statement of Plan Net Assets*, which reports the pension fund assets, liabilities, and net assets available at the end of the calendar year. The *Statement of Plan Net Assets* is prepared on the accrual basis and for the most part, the plan's net assets are reported on a fair value basis.

The *Statement of Changes in Plan Net Assets*, which reports the pension fund transactions that occurred during the calendar year where Additions – Deductions = Net Change in Net Assets. It is an operating statement that reports the net increase or decrease in net plan assets from the beginning of the year until the end of the year.

The *Notes to the Financial Statements* are an integral part of the above financial statements and include additional information not readily evident in the statements themselves.

The *Required Supplementary Information and Schedules* following the *Notes to the Financial Statements* provide added historical and detailed information considered useful in evaluating the condition of the Arkansas Local Police and Fire Retirement System (LOFPI).

The following pages contain summary comparative statements of LOPFI's pension trust fund for years 2011 and 2010.

**Arkansas Local Police and Fire Retirement System
Year ended December 31, 2011**

Summary of Comparative Statements of Plan Net Assets

	As of <u>December 31, 2011</u>	As of <u>December 31, 2010</u>	Percent <u>Change</u>
Cash and short-term investments	\$ 108,574,126	\$ 83,999,208	29.26 %
Invested securities lending collateral	7,356,607	22,025,353	(66.60)
Due from brokers-unsettled trades	-	3,853,188	n/a
Total receivables	8,263,903	6,580,447	25.58
Prepaid expense and other assets	4,007,176	67,623	5825.75
Investments	878,183,092	858,747,435	2.26
Land, building, furniture and equipment	3,624,912	3,681,132	(1.53)
Total assets	<u>\$ 1,010,009,816</u>	<u>\$ 978,954,386</u>	3.17 %
Accounts payable and accrued expenses	\$ 438,139	\$ 620,869	(29.43) %
Refunds payable	82,318	43,786	88.00
Due to Pension Review Board	166,758	177,638	(6.12)
Due to brokers-unsettled trades	293,155	304,888	(3.85)
Collateral for securities on loan	7,356,607	22,025,353	(66.60)
Total liabilities	<u>8,336,977</u>	<u>23,172,534</u>	(64.02)
Net assets held for pension benefits	<u>1,001,672,839</u>	<u>955,781,852</u>	4.80
Total liabilities and net assets held for pension benefits	<u>\$ 1,010,009,816</u>	<u>\$ 978,954,386</u>	3.17 %

Cash and short term investments increased due to unfunded commitments to alternative asset managers which was a result of a larger percentage of assets being allocated to the alternative managers. Commitments are funded via draw requests, the timing of which are not predictable and typically have short notice. A slight increase in total investments reflects the moderate performance of the financial markets in 2011 coupled with increased contributions and the receipt of \$4.8 million in assets as result of several Local Plans consolidating into LOPFI. The increase in total receivables represents a combination of increased membership and member payroll which resulted in an increase to both member and employer contributions. Book value of land, building, furniture and equipment decreased as a result of the normal process of depreciating fixed assets. Securities lending collateral decreased due to a decrease in securities lending activity.

Arkansas Local Police and Fire Retirement System
Year ended December 31, 2011

Summary of Comparative Statements of Changes in Plan Net Assets

	Year ended <u>December 31, 2011</u>	Year ended <u>December 31, 2010</u>	Percent <u>Change</u>
Contributions	\$ 88,220,814	\$ 85,843,974	2.77 %
Net investment income	3,960,803	83,227,717	(95.24)
Total additions	<u>92,181,617</u>	<u>169,071,691</u>	(45.48)
Benefits paid	41,402,892	36,586,520	13.16
Refunds of contributions	1,097,813	814,866	34.72
Administrative expenses	1,696,390	1,739,807	(2.50)
Deferred retirement option distributions	2,093,535	1,918,136	9.14
Total deductions	<u>46,290,630</u>	<u>41,059,329</u>	12.74
Net increase in plan net assets	45,890,987	128,012,362	(64.15)
Plan net assets-beginning of year	955,781,852	827,769,490	15.46
Plan net assets-end of year	<u>\$ 1,001,672,839</u>	<u>\$ 955,781,852</u>	4.80 %

Contributions increased as a result of a 2.71% increase in active membership. This membership growth was due to a combination of new employees being hired by existing LOPFI covered employer groups, the consolidation of several Local Plans into LOPFI, and the addition of new departments that adopted LOPFI coverage. The moderate performance of the financial markets in 2011 caused a decrease in investment income over last year. Benefits paid increased by 13.16 % as a result of an increase in the number of retired LOPFI members as well as the addition of retirees from the newly consolidated Local Plans. Refunds of member contributions increased which indicates that a greater number of members terminating coverage with the system elected to remove their member contributions. Administrative expenses showed a decrease for the second consecutive year as a result of increased efficiencies of LOPFI's upgraded data processing system. Deferred Retirement Option Plan (DROP) distributions increased due to a larger number of DROP participants retiring in the current year.

**Arkansas Local Police and Fire Retirement System
Year ended December 31, 2011**

Summary of Comparative Statements of Plan Net Assets

	As of <u>December 31, 2010</u>	As of <u>December 31, 2009</u>	Percent <u>Change</u>
Cash and short-term investments	\$ 83,999,208	\$ 88,117,672	(4.67) %
Invested securities lending collateral	22,025,353	44,552,779	(50.56)
Due from brokers-unsettled trades	3,853,188	17,260,699	(77.68)
Total receivables	6,580,447	8,418,218	(21.83)
Prepaid expense and other assets	67,623	84,633	(20.10)
Investments	858,747,435	736,604,807	16.58
Land, building, furniture and equipment	3,681,132	3,808,319	(3.34)
Total assets	<u>\$ 978,954,386</u>	<u>\$ 898,847,127</u>	8.91 %
Accounts payable and accrued expenses	\$ 620,869	\$ 779,953	(20.40) %
Refunds payable	43,786	95,929	(54.35)
Due to Pension Review Board	177,638	213,620	(16.84)
Due to brokers-unsettled trades	304,888	25,435,356	n/a
Collateral for securities on loan	22,025,353	44,552,779	(50.56)
Total liabilities	<u>23,172,534</u>	<u>71,077,637</u>	(67.40)
Net assets held for pension benefits	<u>955,781,852</u>	<u>827,769,490</u>	15.46
Total liabilities and net assets held for pension benefits	<u>\$ 978,954,386</u>	<u>\$ 898,847,127</u>	8.91 %

The decrease in cash and short term investments is a result of assets being reallocated to longer term investments, while the overall increase in total investments reflects the continued rebound of the financial markets in 2010. Investments were also enhanced by the receipt of \$8.1 million in assets received as a result of several local plans consolidating into LOPFI. The decrease in total receivables reflects a concentrated effort by staff to ensure employer groups are making timely payments of amounts due. Other assets decreased due to the fact that there were less prepaid expenses at the end of the year. Book value of land, building, furniture and equipment decreased as a result of the normal process of depreciating fixed assets. Securities lending collateral decreased due to a decrease in securities lending activity.

**Arkansas Local Police and Fire Retirement System
Year ended December 31, 2010**

Summary of Comparative Statements of Changes in Plan Net Assets

	Year ended <u>December 31, 2010</u>	Year ended <u>December 31, 2009</u>	Percent <u>Change</u>
Contributions	\$ 85,843,974	\$ 84,447,061	1.69 %
Net investment income	83,227,717	123,024,492	(32.35)
Total additions	<u>169,071,691</u>	<u>207,471,553</u>	(18.49)
Benefits paid	36,586,520	30,669,255	19.29
Refunds of contributions	814,866	1,027,093	(20.66)
Administrative expenses	1,739,807	1,948,267	(10.70)
Deferred retirement option distributions	1,918,136	3,251,683	(41.01)
Total deductions	<u>41,059,329</u>	<u>36,896,298</u>	11.28
Net increase in plan net assets	128,012,362	170,575,255	(24.94)
Plan net assets-beginning of year	<u>827,769,490</u>	<u>657,194,235</u>	25.96
Plan net assets-end of year	<u>\$ 955,781,852</u>	<u>\$ 827,769,490</u>	15.46 %

Contributions increased as a result of a 1.69% increase in active membership. This membership growth was due to a combination of new hires in existing LOPFI covered employer groups, the consolidation of several Local Plans into LOPFI, and the addition of new departments that adopted LOPFI coverage. For the second straight year net investment income posted a large increase due the rebound of the financial markets in 2010. Benefits paid increased as a result of both an increase in retired LOPFI members and the addition of retirees from the newly consolidated Local Plans. There was a slight decrease in refunds of member contributions which indicates that fewer members terminating coverage with the system elected to remove their member contributions. Administrative expenses showed a decrease for the current year due to the elimination of one full time staff position which as made possible by increased efficiencies brought about by an upgraded data processing system. Deferred Retirement Option Plan (DROP) distributions decreased as a natural result of a fewer number of DROP participants retiring in the current year.

Arkansas Local Police and Fire Retirement System

Statement of Plan Net Assets

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and short-term investments	\$ 108,574,126	\$ 83,999,208
Receivables:		
Contributions receivable	6,466,028	5,168,484
Accrued interest and dividends	1,761,717	1,375,276
Other receivables	36,158	36,687
Total receivables	<u>8,263,903</u>	<u>6,580,447</u>
Prepaid expense	<u>3,992,521</u>	<u>29,386</u>
Investments at fair value:		
U. S. Government, agencies, and state obligations	56,493,742	59,209,002
Collateralized mortgage obligations-non govt.	12,938,181	15,462,894
Corporate and municipal obligations	56,750,545	56,175,609
Foreign bonds	648,455	1,199,240
Fixed income collective trusts	267,296,700	258,962,094
Common and preferred stocks	92,923,467	94,410,263
Special situation properties, etc.	75,387,250	64,343,553
Equity mutual collective trusts	315,744,752	308,984,780
Total investments	<u>878,183,092</u>	<u>858,747,435</u>
Invested securities lending collateral	<u>7,356,607</u>	<u>22,025,353</u>
Due from brokers-unsettled trades	-	3,853,188
Land, building, furniture and equipment-at cost	3,624,912	3,681,132
Other assets	<u>14,655</u>	<u>38,237</u>
Total Assets	<u>\$1,010,009,816</u>	<u>\$ 978,954,386</u>
<u>Liabilities and net assets held in trust for pension benefits</u>		
<u>Liabilities:</u>		
Accounts payable and accrued expenses	\$ 438,139	\$ 620,869
Refunds payable	82,318	43,786
Due to Pension Review Board	166,758	177,638
Collateral for securities on loan	7,356,607	22,025,353
Due to brokers-unsettled trades	293,155	304,888
Total liabilities	<u>8,336,977</u>	<u>23,172,534</u>
Net assets held in trust for pension benefits	<u>1,001,672,839</u>	<u>955,781,852</u>
Total Net Assets and Liabilities	<u>\$1,010,009,816</u>	<u>\$ 978,954,386</u>

See accompanying notes.

Arkansas Local Police and Fire Retirement System

Statement of Changes in Plan Net Assets

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Additions:</u>		
Contributions:		
Member contributions	\$ 19,340,191	\$ 18,621,969
Employer contributions	63,814,398	58,942,600
Local plan administrative mergers and paid military time	5,066,225	8,279,405
Total contributions	<u>88,220,814</u>	<u>85,843,974</u>
Investment income:		
Net (decrease) increase in fair value of investments	(11,844,263)	74,657,644
Interest, dividends, and other income	18,896,135	12,825,718
Investment expenses	(3,134,429)	(4,337,700)
Total investing income before securities lending	<u>3,917,443</u>	<u>83,145,662</u>
From securities lending activity:		
Securities lending income-gross cash earnings	35,239	140,155
Securities lending expenses:		
Borrower (rebates) credits	22,595	(30,700)
Management fees	(14,474)	(27,400)
Net income from securities lending activities	<u>43,360</u>	<u>82,055</u>
Total investment income	<u>3,960,803</u>	<u>83,227,717</u>
Total additions	<u>92,181,617</u>	<u>169,071,691</u>
<u>Deductions:</u>		
Benefits paid	41,402,892	36,586,520
Refunds of contributions	1,097,813	814,866
Administrative expenses	1,696,390	1,739,807
Deferred retirement option distributions	2,093,535	1,918,136
Total deductions	<u>46,290,630</u>	<u>41,059,329</u>
Net increase in plan net assets	<u>45,890,987</u>	<u>128,012,362</u>
 Plan net assets-beginning of year	 <u>955,781,852</u>	 <u>827,769,490</u>
 Plan net assets-end of year	 <u>\$1,001,672,839</u>	 <u>\$955,781,852</u>

See accompanying notes.

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2011 and 2010

Note 1: Plan Description

The Arkansas Local Police and Fire Retirement System (LOPFI) maintains a defined benefit pension plan for local police officers and firefighters hired by the respective local governmental unit after January 1, 1983. LOPFI is an agent PERS responsible for the operation and maintenance of the plan in accordance with Act 364 of the 1981 Arkansas General Assembly. As of December 31, 2011 and 2010, the number of participating political subdivisions was 481 and 468 respectively. At that date membership consisted of the following:

<u>Membership classification</u>	<u>Number of employees</u>	
	<u>2011</u>	<u>2010</u>
Retirees and beneficiaries currently receiving benefits:		
LOPFI staff	1	1
LOPFI police without social security	198	168
Local plan police without social security	352	358
LOPFI police with social security	554	497
LOPFI policemen benefit program 2 without social security	49	38
LOPFI fire without social security	275	201
LOPFI fire with social security	21	16
Local plan fire without social security	637	619
LOPFI volunteer fire	1,182	979
Local volunteer fire	879	873
Local plan police with social security	179	174
LOPFI volunteer police	36	25
LOPFI firemen benefit program 2-with social security	6	4
LOPFI policemen benefit program 2-with social security	8	7
LOPFI firemen benefit program 2 without social security	37	23
Subtotal for retirees and beneficiaries	4,414	3,983
Active employees:		
LOPFI staff	8	8
Local police with social security	0	0
LOPFI police with social security	1,862	1,841
LOPFI police without social security	1,174	1,190
Local plan police without social security	4	5
LOPFI firemen with social security	59	59
LOPFI firemen without social security	2,094	2,065
Local plan firemen without social security	6	11
LOPFI volunteer firemen	6,804	6,560
Local plan volunteer firemen	13	12
LOPFI volunteer police	230	174
LOPFI firemen benefit program 2 with social security	38	33
LOPFI firemen benefit program 2 without social security	291	291
LOPFI policemen benefit program 2 with social security	48	46
LOPFI police benefit program 2 without social security	373	366
Local plan part paid contributory firemen	2	2
Subtotal for active employees	13,006	12,663
Terminated Vested Members	5,113	4,539
Total membership	22,533	21,185

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2011 and 2010

Note 1: Plan Description (continued):

Included in the above figures for 2011 and 2010 respectively are 2,072 and 2,054 members of the local fire and police pension plans now administered by LOPFI. LOPFI has absorbed both the old plan assets and responsibilities. The benefits of these members are the same as under the local plan legislation. The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by social security. The different employee contribution rates are:

- a. Paid service not covered by social security: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date
- b. Paid service also covered by social security: 2.5% of gross pay beginning July 1, 2009; no employee contributions prior to that date
- c. Volunteer service: no employee contribution
- d. Paid service-benefit program 2: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date

The employer contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to insure that the individual system employers can honor their benefit commitments to covered employees. An individual entry age actuarial cost method of valuation is used in determining normal cost. Because LOPFI is an agent PERS, contribution rates vary from unit to unit, but are all actuarially computed.

Benefit Program 1: Pension benefits to a member with five or more years of credited service in force who has attained his normal retirement age consists of an annuity equal to the following:

- (a) For each year of paid service resulting from employment in a position not also covered by social security, 2.94% of his final average pay (2.7% for those with retirement date prior to July 1, 2009); plus
- (b) For each year of paid service resulting from employment in a position also covered by social security, 1.94% of his final average pay (1.7% for those with retirement date prior to July 1, 2009). In addition, if such member is retiring and if such member's age at retirement is younger than social security's minimum age for an unreduced retirement benefit, then such member receives a temporary annuity equal to 1% of his final average pay for each such year of paid service. Such temporary annuity terminates at the end of the calendar month in which the earliest of the following events occur: such member's death; or his attainment of such social security minimum age for unreduced benefits.
- (c) In no event will the total of (a) plus (b) exceed, at time of retirement, 100% of such final average pay; plus
- (d) Effective July 1, 2011, for each year of volunteer service, \$5.98 per month, to a maximum of \$239.20 monthly.
- (e) Before the date that the first payment of his annuity becomes due, but not thereafter, a member may elect in writing to receive his annuity as a life annuity or he may elect to have his life annuity reduced but not any temporary annuity which may be payable, and nominate a beneficiary in accordance with the provisions of one of four options. If a member does not elect an option, his annuity shall be paid to him as a life annuity.

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2011 and 2010

Note 1: Plan Description (continued)

Benefit Program 2: For each year of paid service rendered on or after the election date of Benefit 2 and resulting from employment in a position not also covered by social security, 3.28% of his or her final average pay, plus for each year of paid service rendered on or after the election date of Benefit Program 2 and resulting from employment in a position also covered by social security, 3.28% of his or her final average pay.

A member will receive disability benefits computed in the same manner as normal retirement benefits if the member has 5 or more years of credited service and terminates employment because of becoming permanently disabled from non-duty related causes. If the disability is determined to be duty related, a benefit is received regardless of the amount of service. Effective July 1, 2001, the duty related disability benefit is 65% of the member's final average pay. Prior to that date, the benefit was computed as if the member had completed 25 years of service.

Deferred Retirement Option Plan (DROP)

During 1993 the Arkansas General Assembly passed legislation (Acts 757 and 1004) allowing paid policemen and firefighters to elect to continue working for a period of ten years if a member of a Local Plan and five years if a member of LOPFI past normal retirement age. This deferred retirement option plan ("DROP") is only available to participants having at least 20 years of paid service. The DROP member continues his payroll withholding (if a contributory member), the employee's contribution is credited according to law to the defined benefit pension plan and the DROP, and the monthly benefits that would have been payable had the member elected to cease employment and receive a service retirement shall be paid into a separate DROP account. At final termination of employment, the employee is paid the balance in his DROP account. At December 31, 2011 and 2010, the DROP accounts totaled \$14,509,546 and \$12,678,252 respectively.

Subsequent Events

Management has evaluated subsequent events through May 10, 2012, the date the financial statements were available to be issued.

Note 2: Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

LOPFI prepares its financial statements using the accrual basis of accounting. Employee and employer contributions are recognized when due and pursuant to formal commitments, as well as statutory or contractual requirements; expenses are recorded when the corresponding liabilities are incurred; and benefits and refunds are recognized when due and payable.

Furniture and Equipment

Furniture and equipment are capitalized at cost when acquired. The threshold for capitalization is \$1,500. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over useful lives of 3 to 5 years for equipment and furniture, and 30 years for buildings. Depreciation expense for 2011 and 2010 was \$142,846 and \$138,390 respectively.

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2011 and 2010

Note 2: Summary of Significant Accounting Policies and Plan Asset Matters (continued)

Cash and Investment Collateralization

Cash balances represent both operating cash accounts held by banks and investment cash held on deposit with the investment custodian. All operating cash accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. By using the "sweep account" concept, cash balances each night are transferred into an investment trust money market account collateralized as other investments. The bank has pledged pooled U. S. Government Agency Obligations held at the Federal Reserve Bank for all amounts held in trust.

Method Used to Value Investments

Per GASB No. 25, and effective for 1997, the investments are stated at fair value and are priced by the investment custodian using the last trade price information as supplied by various price data vendors. At December 31, 2011 and 2010, the System did not have investments in any one organization, other than those issued by the U. S. government, which represented greater than five percent of plan net assets.

Categories of Asset Risks

Credit Risk-As a matter of practice, there are no overall limitations for credit risk exposures within the portfolio. Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and average credit quality of overall portfolios. The invested securities lending collateral, as well as open ended mutual funds, are not considered securities, and are not categorized for custodial credit risk. All other investments are unrated.

Ratings Dispersion Detail

<u>Credit Rating Level</u>	<u>Corporate and Foreign Bonds</u>	<u>Mortgage Obligations</u>
Agencies		\$ 37,225,808
A to AAA	\$ 43,806,687	3,261,206
BBB and below or unrated	15,167,313	9,676,975
Total	<u>\$ 58,974,000</u>	<u>\$ 50,163,989</u>

Foreign Currency Risk-The Plan has no investments denominated in foreign currency that would give rise to any exposure. All Foreign investments are denominated in US currency.

Interest Rate Risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Currently the System has no formal policy relating to interest rate risk. The effective duration of fixed income investments by fixed income managers ranges from 3.89 to 7.88 years and averages 6.03 years.

Securities Lending Program

The board of trustees' investment policy permits the pension trust funds to participate in a securities lending program. Securities lending provides an additional investment option by enhancing current

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2011 and 2010

Note 2: Summary of Significant Accounting Policies and Plan Asset Matters (continued) **Securities Lending Program (continued)**

income sources. Under this program, collateralized loans of certain securities are made to eligible broker/dealers who participate in the securities lending program. In turn, the borrower pays a predetermined fee to the lender. As custodian for the pension trust funds, Regions Bank provides securities lending services through a partnership with The Bank of New York. The Bank of New York initiated its U.S. lending program in 1977 and its non-U.S. lending program in 1988. As Lending Agent, The Bank of New York requires loans to be collateralized for 102% of market value plus accrued interest for fixed income securities and 102% of market value for equities. Both cash and U.S. Government securities are acceptable collateral. All loans are marked-to-market daily to ensure that the margin is properly maintained for the duration of the loan, thereby reducing marginal price risk. At December 31, 2011 and 2010, the term to maturity of the securities lent is matched with the term to maturity of the investment of the cash collateral. These loans can be terminated on demand by either the lender or borrower. LOPFI cannot pledge or sell non-cash collateral unless the borrower defaults. As of December 31, 2011 and 2010 LOPFI had lending arrangements outstanding with a total market value for securities lent of \$7,356,607 and \$21,504,771, and a total market value for securities received as collateral of \$7,539,576 and \$22,025,353, respectively, resulting in no credit risk to LOPFI. Under the indemnified program, The Bank of New York is responsible for the replacement of the lender's securities that are not returned as a result of a borrower's insolvency, performing daily marks-to-market, ensuring proper collateralization, and compliance with reinvestment guidelines. Securities lending revenue is shared on a percentage basis between the lender, LOPFI, and the lending agent, The Bank of New York, net of rebates. As a result, there is an incentive for the lending agent to maximize lending earnings. The split is applicable for both positive and negative earnings and there are no hidden fees associated with the program. In addition, The Bank of New York does not charge any money management fee on the reinvestment of cash collateral. Under the current agreement, LOPFI receives 70% of the net securities lending revenue with The Bank of New York receiving 30%. Regions Bank, the custodian, does not receive any revenue from this securities lending arrangement. The net income earned from securities lending was \$43,360 for 2011 and \$82,055 for 2010.

Note 3: Contributions and Reserves

The respective units of local government are obligated by State law to make all required contributions to the LOPFI plan. The required contributions are expressed as a percentage of covered payroll and are actuarially determined using an individual entry age actuarial cost method. Costs of administering the plan is financed from either the contributions or investment income. State law specifies net assets be segregated into the following reserves:

	<u>2011</u>	<u>2010</u>
Member's Deposit Account	\$ 157,307,599	\$ 140,946,976
Employer Accumulation Account	444,545,020	482,464,036
Retirement Reserve Account	383,046,249	319,692,588
Income-Expense Account	0	0
Deferred Retirement Option Plan	14,509,546	12,678,252
	<u>\$ 1,001,672,839</u>	<u>\$ 955,781,852</u>

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2011 and 2010

Note 4: Employee Pension Program

Under the LOPFI plan, LOPFI employees are eligible for full benefits (1) at age sixty with five years of service, (2) at any age with twenty-eight years of service, or (3) at age fifty-five with twenty years of service (full retirement), (4) at age fifty with twenty years of service (reduced ½ of 1% for each month under age 55); or (5) at any age with 25 years of paid service (reduced ½ of 1% for each month under age 55). The normal retirement benefit is determined by the member's final average salary and the number of years of service. For 2009, 2010, and 2011, LOPFI recorded as administrative expense of \$115,131, \$99,068, and \$109,845 respectively. Amounts shown as administrative expense for these years were transferred to member and employer deposit accounts of LOPFI.

Note 5: Funded Status and Funding Progress

The Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. At December 31, 2011, the actuarial value of plan assets was \$1,070,685,918 and the actuarial accrued liability was \$1,654,156,087, resulting in a total unfunded actuarial liability of \$583,470,169 and a funded ratio of 65%. In addition, for 2011 the annual covered payroll was \$275,850,081, and the ratio of the total unfunded actuarial accrued liability to annual covered payroll was 212%.

The entry age normal actuarial cost method of valuation is used in determining liabilities and normal cost. Differences in the past between assumed experience and actual experience ("actuarial gains and losses") become part of actuarial accrued liabilities. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest) which are expressed as a percent of payroll. The amortization period used for the December 31, 2011 valuations was 30 years using a level percent open method. For local plans under LOPFI administration, a level percent closed method of varying periods is used. The actuarial value of assets is based on a five year smoothed market method with a 20% market value corridor. The investment return rate used is 8% per year. The inflation rate assumed is 4% per year. Projected salary increase assumptions range from 4% to 10% including a wage inflation rate of 4% per year. A cost of living adjustment (COLA) is based on a 3% compound escalator for the LOPFI plan only. A number of local plans under LOPFI administration have guaranteed post-retirement benefit increases.

**Arkansas Local Police and Fire Retirement System
Required Supplementary Information**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (c)	Funded Ratio (d)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/02 *	515,600,263	534,533,175	18,932,912	96	163,420,616	12
12/31/03 + #	553,057,228	625,021,624	71,964,396	88	178,850,477	40
12/31/04 * #	601,798,909	754,004,285	152,205,376	80	193,670,943	79
12/31/05 #	653,546,976	842,926,984	189,380,008	78	207,342,091	90
12/31/06	724,746,827	927,816,659	203,069,832	78	222,107,556	91
12/31/07	827,546,002	1,054,599,720	227,053,718	78	235,337,218	96
12/31/08 * +	788,633,082	1,200,515,663	411,882,581	66	245,775,341	168
12/31/09	878,958,364	1,379,093,412	500,135,048	64	265,123,993	189
12/31/10	982,154,992	1,519,527,855	537,372,863	65	268,424,127	200
12/31/11	1,070,685,918	1,654,156,087	583,470,169	65	275,850,081	212

- * After legislated benefit increases for LOPFI members
- + After changes in actuarial assumptions
- # Revised in 2009 for actuarial corrections.

Schedule of Employer Contributions

Fiscal year ending	Annual Required Contribution	Percent Contributed
12/31/02	18,261,057	100%
12/31/03	18,712,140	100%
12/31/04	26,925,018	100%
12/31/05	30,184,341	100%
12/31/06	39,758,875	100%
12/31/07	43,362,966	100%
12/31/08	49,518,628	100%
12/31/09	53,051,887	100%
12/31/10	58,654,842	100%
12/31/11	61,818,119	100%

Note to the required supplementary information

Actuarial methods & assumptions for valuation performed December 31, 2011

The entry age normal actuarial cost method of valuation is used in determining liabilities and normal cost. Differences in the past between assumed experience and actual experience ("actuarial gains and losses") become part of actuarial accrued liabilities. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest) which are expressed as a percent of payroll. The amortization period used for the December 31, 2011 valuations was 30 years using a level percent open method. For local plans under LOPFI administration, a level percent closed method of varying periods is used. The actuarial value of assets is based on a five year smoothed market method with a 20% market value corridor. The investment return rate used is 8% per year. The inflation rate assumed is 4% per year. Projected salary increase assumptions range from 4% to 10% including a wage inflation rate of 4% per year. A cost of living adjustment (COLA) is based on a 3% compound escalator for the LOPFI plan only. A number of local plans under LOPFI administration have guaranteed post-retirement benefit increases.

See accompanying Independent Auditor's Report.

Arkansas Local Police and Fire Retirement System
Schedule of Administrative and Investment Expenses
Years ended December 31, 2011 and 2010

<u>Personnel Services</u>	<u>2011</u>	<u>2010</u>
Staff salaries	\$ 344,600	\$ 323,301
Social security tax	37,429	36,242
Staff retirement plan contribution	109,845	99,068
Health insurance	55,399	59,117
Unemployment insurance	1,368	1,088
Total personnel services	<u>548,641</u>	<u>518,816</u>
 <u>Professional Services</u>		
Actuarial services	247,300	250,698
Professional accounting services	9,300	9,050
Legal consultation	92,930	91,000
Data processing	427,960	456,474
Medical advisor	50,323	45,457
Total professional services	<u>827,813</u>	<u>852,679</u>
 <u>Communications</u>		
Printing	21,618	25,398
Telephone	13,103	46,557
Postage	21,448	28,858
Meetings and travel	14,607	16,215
Total communications	<u>70,776</u>	<u>117,028</u>
 <u>Miscellaneous</u>		
Insurance-bond and property	76,642	76,642
Office equipment rent	12,068	12,411
Depreciation	142,846	138,390
Publications	353	1,114
Office supplies	15,151	21,393
Other miscellaneous	2,100	1,334
Total miscellaneous	<u>249,160</u>	<u>251,284</u>
Total administrative expenses	<u>1,696,390</u>	<u>1,739,807</u>
 <u>Investment expenses</u>		
Investment manager fees	2,601,429	3,813,796
Custodial fees	216,000	216,000
Investment consulting fee	250,000	250,000
Investment monitoring fee	67,000	57,904
Total investment expenses	<u>3,134,429</u>	<u>4,337,700</u>
 Total administrative and investment expenses	<u>\$ 4,830,819</u>	<u>\$ 6,077,507</u>

See accompanying Independent Auditor's Report.

Arkansas Local Police and Fire Retirement System

Schedule of Actual versus Budgeted Expenses

Year ended December 31, 2011

	<u>Budgeted</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>Personnel Services</u>	<u>\$588,718</u>	<u>\$548,641</u>	<u>\$40,077</u>
<u>Professional Services</u>			
Actuarial services	247,300	247,300	-
Professional accounting services	9,400	9,300	100
Legal consultation (1)	92,500	92,930	(430)
Data processing	428,000	427,960	40
Medical advisor (2)	47,000	50,323	(3,323)
Total professional services	<u>824,200</u>	<u>827,813</u>	<u>(3,613)</u>
<u>Communications</u>			
Printing	25,500	21,618	3,882
Telephone	16,800	13,103	3,697
Postage	21,550	21,448	102
Meetings and travel	25,100	14,607	10,493
Total communications	<u>88,950</u>	<u>70,776</u>	<u>18,174</u>
<u>Miscellaneous</u>			
Insurance-bond and property	77,100	76,642	458
Office equipment rent	14,300	12,068	2,232
Depreciation	142,846	142,846	-
Publications	2,200	353	1,847
Office supplies	21,000	15,151	5,849
Other miscellaneous	3,000	2,100	900
Total miscellaneous	<u>260,446</u>	<u>249,160</u>	<u>11,286</u>
Total administrative expenses	<u>1,762,314</u>	<u>1,696,390</u>	<u>65,924</u>
<u>Investment expenses</u>			
Investment manager fees	3,717,971	2,601,429	1,116,542
Custodial fees	216,000	216,000	-
Investment consulting fee	250,000	250,000	-
Investment monitoring fee	67,000	67,000	-
Total investment expenses	<u>4,250,971</u>	<u>3,134,429</u>	<u>1,116,542</u>
Total administrative and investment expenses	<u>\$6,013,285</u>	<u>\$4,830,819</u>	<u>\$1,182,466</u>

(1) Legal expenses include an amount of \$265 in addition to the quarterly retainer. The additional amount represents filing fees associated with the collection of an overpaid benefit.

(2) Medical Advisor expense exceeded budget due to a greater number of disability cases than expected.

See accompanying Independent Auditor's Report.



Stephens Inc.

May 2012

Dear Trustees:

For the benefit of the Arkansas Local Police and Fire Retirement System (LOPFI) Plan, we have prepared a year-end review of the Plan's investment returns and the portfolio's targeted/actual allocations among their respective asset classes (according to information provided by Thistle Asset Consulting). The Plan's investments are consistent with the stated Investment Policy.

LOPFI's portfolio structure is based on the Fund's Investment Policy and the targeted asset mix is consistent with the long-term investment objectives and risk parameters of the Plan. The portfolio's current allocations fall in the permissible range as stated in the Investment Policy and are as follows:

	Allocation As of 12/31/11	Permissible Range
Domestic Equities		
Value	13	15-30%
Growth	12	15-30%
Small	5	10-20%
Foreign Equities	7	0-10%
Index	10	5-15%
US Bonds	31	20-50%
Foreign Bonds	7	0-10%
Alternative Investments	9	0-10%
Cash	6	0-20%

LOPFI's portfolio was down 0.42%* for the fiscal year ended 2011 versus the comparative index return of 2.20%*.

The ending market value of the LOPFI portfolio as of December 31, 2011 was \$965.2 million which includes balances held in the liquidation account (as reported by the custodian, Regions Morgan Keegan Trust).

Sincerely,



Larry Middleton
EVP/Managing Director

* Thistle Asset Consulting employs monthly time-weighted performance measurement techniques. These reporting techniques are consistent with the Charter Financial Analyst Institute performance presentation standards. Periodic discrepancies in returns may occur with subadvisors as a result of trade settlements, and/or lack of secondary markets, and/or pricing.

Please note: as reported by our international managers, all foreign investments are denominated in US Currency.

The statements contained herein, while not guaranteed, are taken from sources we consider to be reliable. Month-end statements should remain as your documents of record. Past performance is no guarantee of future results.

Investment Bankers

www.stephens.com

111 Center Street P.O. Box 3507 Little Rock, Arkansas 72203 501-377-3493 Fax 501-210-4619

LOPFI INVESTMENT PERFORMANCE Ten Year History

ANNUAL VALUES					
Investment Return % (TW*) For Period [Asset Market Value (millions) End of Period]					
Period Ended	Total Fund	Inflation + 3%**	Equities	Fixed Income	Cash
12/31/02	-10.42% [\$428.70]	5.5%	-19.0% [\$243.61]	7.9% [\$172.32]	0.4% [\$12.77]
12/31/03	22.82% [\$529.86]	4.9%	33.54% [\$329.87]	7.86% [\$185.33]	5.97% [\$14.66]
12/31/04	8.79% [\$601.35]	6.6%	10.75% [\$363.27]	4.78% [\$211.48]	11.50% [\$11.31]
12/31/05	2.92% [\$637.94]	6.6%	4.71% [\$366.01]	-0.37% [\$247.11]	19.68% [\$-29.35]
12/31/06	10.60% [\$720.75]	5.8%	13.32% [\$488.73]	4.47% [\$267.16]	-9.68% [\$-35.15]
12/31/07	11.52% [\$808.88]	7.1%	13.07% [\$528.41]	6.67% [\$300.22]	-11.29% [\$-19.72]
12/31/08	-25.54% [\$622,321]	3.1%	-39.85% [\$317,201]	-0.27% [\$324,485]	-34.40% [\$-19.35]
12/31/09	18.07% [\$811,937]	5.7%	27.75% [\$411,003]	11.10% [\$328,637]	2.03% [\$72,307]
12/31/10	10.68% [\$935,008]	4.6%	14.33% [\$528,115]	7.58% [354,755]	-2.00% [\$71,145]
12/31/11	-0.42% [\$965,161]	6.0%	11.98% [\$532,178]	3.92% [\$368,899]	0.56% [\$83,299]

QUARTERLY VALUES (RETURNS)

Period Ended	Total Fund	Equities	Fixed Income
12/31/2011	4.53%	8.45%	0.19%

EQUITIES means common stocks and real estate
 FIXED INCOME means long-term debt investment and convertibles
 CASH means cash and cash equivalents (short term debt)
 TOTAL FUND means equities plus fixed income plus cash (Net of investment fees beginning 2008)

*** Time-weighted based on market rate of return and trade date of transactions**

**December 31 to December 31

Arkansas LOPFI Retirement System
Executive Summary
Market Values

December 31, 2011

MANAGER	Wellington	Barrow Hanley	State Street Global Advisors	300. N. Capital	Fisher Investments	EAFE	Global Currents	Dodge & Cox	Citigroup	Lehman Crossroads	JP Morgan RE	
(Thousands omitted)	\$116,522	\$67,528	\$92,380	\$51,678	\$24,177	\$22,456	\$20,564	\$58,560	\$3,391	\$4,033	\$13,693	
	AMOUNT MANAGED											
MANAGER	GHA (Core)	PIMCO (Intmed.)	WAMCO (Aggregate)	Aberdeen Asset Management	JP Morgan Infrastructure	Macquarie Infrastructure	Advent Capital	Chickasaw Capital Management	Mezzanine Partners	CITGO	PIMCO BRAVO	
(Thousands omitted)	\$51,966	\$146,887	\$100,887	\$69,159	\$5,000	\$8,421	\$8,538	\$20,666	\$2,777	\$7,629	\$4,165	
	AMOUNT MANAGED											
MANAGER	Goldman Sachs	Liquidation Account										Total Fund**
(Thousands omitted)	\$9,827	\$54,256										\$965,160
	AMOUNT MANAGED											



ARKANSAS LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

All calculations are time-weighted based on the market values and trade date of each transaction received from the bank
 December 31, 2011

Current Quarter	YTD	One Year	Three Years	Five Years	2010	2009	2008	2007	2006
TOTAL FUND NET OF FEES (Inc. 12/31/1997)									
Fund Return	4.53%	-0.42%	9.17%	1.10%	10.68%	18.07%	-25.54%	8.98%	10.14%
Fund Ranking	100	76	100	52	99	100	17	4	78
Policy Return *	6.35%	2.20%	11.71%	2.60%	14.05%	19.60%	-22.87%	5.75%	12.59%
Policy Ranking	77	12	77	3	31	98	3	50	17
TOTAL EQUITIES (including cash)(Inc. 12/31/1997)									
Fund Return	8.45%	-3.29%	11.98%	-1.56%	14.33%	26.99%	-39.82%	9.38%	12.76%
Fund Ranking	100	76	95	94	93	84	76	22	75
Policy Return**	12.18%	-0.83%	14.47%	-0.33%	18.12%	28.06%	-36.98%	4.05%	17.39%
Policy Ranking	24	31	31	60	25	72	33	77	9
TOTAL FIXED INCOME (including cash)(Inc. 12/31/1997)									
Fund Return	0.19%	3.92%	7.51%	6.09%	7.58%	11.13%	0.51%	7.62%	4.97%
Fund Ranking	100	86	74	22	43	71	15	2	80
Policy Return***	0.73%	6.87%	5.94%	6.45%	6.12%	4.85%	6.33%	8.12%	4.52%
Policy Ranking	93	43	93	13	61	98	2	1	95

* 13.5% R1000V, 13.5% R1000G, 6% R2000, 8% EAFE, 15% BCAB, 15% BCIGC, 7% Non-US Bond, 5% LPX MM, 1.5% IGF S&P, 1.5% NCREIF, 4% TBILL
 **37% R1000V, 32% R1000G, 24% R2000, 7% EAFE
 ***41% BCIGC, 40% BCGC & 19% Non US Bond

Gold indicates equal to or beat the index, or in upper 40% of universe
 Red indicates bottom 40% of universe



ARKANSAS LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

December 31, 2011

	<u>Current Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
WELLINGTON EQUITY (Inc. 12/31/1997)									
						<i>Calendar Year End</i>			
Return	6.39%	-8.57%	14.09%	0.60%	19.69%	35.69%	-40.14%	15.93%	4.57%
Ranking (Broad Large Cap Growth)	99	96	64	57	9	39	58	28	78
Policy Return (R1000G)	10.61%	2.64%	18.02%	2.50%	16.71%	37.21%	-38.44%	11.81%	9.07%
BARROW HANLEY LARGE CAP VALUE (Inc. 12/31/2005)									
Return	12.65%	1.99%	11.70%	-1.32%	10.92%	23.19%	-35.12%	3.50%	16.66%
Ranking (Broad Large Cap Value)	24	30	73	57	90	62	29	54	57
Policy Return (R1000V)	13.11%	0.39%	11.55%	-2.64%	15.51%	19.69%	-36.85%	-0.17%	22.25%
300 NORTH CAPITAL SMALL CAP EQUITY(Inc. 12/31/1997)[formerly PIC]									
Return	9.95%	-8.26%	17.27%	-0.23%	27.34%	38.05%	-46.81%	15.22%	12.24%
Ranking (Broad Small Cap Growth)	95	99	64	82	45	39	93	33	46
Policy Return (R2000G)	14.99%	-2.91%	19.00%	2.09%	29.09%	34.47%	-38.54%	7.05%	13.34%
FISHER INVESTMENTS INTERNATIONAL EQUITY (12/31/2001)									
Return	8.24%	-12.00%	11.20%	-2.71%	11.34%	40.34%	-45.82%	17.02%	18.68%
Ranking (International Equity)	1	29	26	30	44	21	61	24	100
Policy Return (MSCI ACWI ex US)	3.77%	-13.33%	7.70%	-4.51%	8.82%	32.46%	-43.06%	11.63%	26.86%
					<i>Gold indicates equal to or beat the index, or in upper 40% of universe</i>				
					<i>Red indicates bottom 40% of universe</i>				



ARKANSAS LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

December 31, 2011

	<u>Current Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
EAFE i-SHARES (Inc. 5/31/2004)									
	<i>Calendar Year End</i>								
Return	4.17%	-10.73%	5.95%	-4.57%	7.16%	24.33%	-39.40%	9.85%	25.60%
Ranking (International Equity)	57	18	75	55	80	85	13	64	75
Policy Return (MSCI EAFE)	3.38%	-11.73%	8.15%	-4.26%	8.21%	32.46%	-43.06%	11.63%	26.86%
SSGA FLAGSHIP INDEX FUND[Flagship only Inc. 03/31/2011] (Inc. 01/31/2005)									
Return	11.79%	2.09%	13.31%	-1.81%	13.69%	25.35%	-38.85%	2.61%	15.60%
Ranking (Broad Large Cap Core)	39	16	70	85	65	77	83	87	39
Policy Return (S&P 500)	11.82%	2.11%	14.11%	-0.25%	15.06%	26.46%	-37.00%	5.49%	15.80%
GLOBAL CURRENTS INTERNATIONAL EQUITY (Inc. 1/31/2005)[formerly Brandywine]									
Return	3.80%	-10.86%	7.41%	-5.29%	4.62%	32.89%	-43.05%	7.95%	24.53%
Ranking (International Equity)	64	19	62	71	93	49	42	78	82
Policy Return (MSCI EAFE)	3.38%	-11.73%	8.15%	-4.26%	8.21%	32.46%	-43.06%	11.63%	26.86%
DODGE & COX LARGE CAP EQUITY (Inc. 12/31/2005)									
Return	11.17%	-4.08%	12.59%	-3.18%	13.36%	31.26%	-43.31%	5.14%	12.92%
Ranking (Broad Large Cap Core)	66	89	78	94	68	29	100	55	73
Policy Return (S&P 500)	11.82%	2.11%	14.11%	-0.25%	15.06%	26.46%	-37.00%	5.49%	15.80%

*Gold indicates equal to or beat the index, or in upper 40% of universe
Red indicates bottom 40% of universe*



ARKANSAS LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

December 31, 2011									
	Current Quarter	One Year	Three Years	Five Years	2010	Calendar Year End 2009 2008		2007	2006
LEHMAN CROSSROADS PRIVATE EQUITY (Inc. 06/30/2007)									
						4-Year			
						Calendar Year End			
Return	-2.28%	25.97%	2.50%	1.72%	11.84%	-23.57%	-0.57%	n/a	n/a
Policy Return (LPX Private Equity ETF Index)	8.41%	-17.84%	20.31%	-7.72%	40.14%	51.23%	-58.35%	n/a	n/a
CITIGROUP PRIVATE EQUITY (Inc. 07/31/2007)									
						4-Year			
Return	-5.77%	-5.80%	2.04%	-3.48%	0.00%	12.80%	-18.31%	n/a	n/a
Policy Return (LPX Private Equity ETF Index)	8.41%	-17.84%	20.31%	-7.72%	40.14%	51.23%	-58.35%	n/a	n/a
ADVENT PRIVATE EQUITY (Inc. 10/31/2009)									
Return	-6.55%	-12.30%	n/a	n/a	0.90%	n/a	n/a	n/a	n/a
Policy Return (LPX Private Equity ETF Index)	8.41%	-17.84%	n/a	n/a	40.14%	n/a	n/a	n/a	n/a
J.P. MORGAN REAL ESTATE (Inc. 09/30/2007)									
						4-Year			
Return	4.02%	14.85%	-1.89%	-3.70%	12.54%	-26.95%	-8.93%	n/a	n/a
Policy Return (NCREIF Property Index)	0.00%	10.98%	1.43%	-0.60%	13.11%	-16.86%	-6.46%	n/a	n/a
CHICKASAW CAPITAL DISTRESSED EQUITY (Inc. 6/30/2010)									
						2-Qtrs	3-Qtrs	1-Year	
Return	16.40%	11.11%	12.45%	21.98%	n/a	n/a	n/a	n/a	n/a
Policy Return (S&P 500 Index)	11.82%	-3.69%	-3.59%	2.11%	n/a	n/a	n/a	n/a	n/a
MACQUARIE INFRASTRUCTURE (Inc. 12/31/2008)									
						2-Year	3-Year		
Return	20.41%	22.76%	9.29%	5.77%	-2.70%	-0.94%	n/a	n/a	n/a
Policy Return (IGF Global Infrastructure Index)	5.60%	-0.97%	1.97%	8.91%	5.00%	24.23%	n/a	n/a	n/a
JP MORGAN INFRASTRUCTURE (Inc. 12/31/2008)									
						2-Year	3-Year		
Return	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	n/a	n/a	n/a
Policy Return (IGF Global Infrastructure Index)	5.60%	-0.97%	1.97%	8.91%	5.00%	24.23%	n/a	n/a	n/a

Gold indicates equal to or beat the index, or in upper 40% of universe
Red indicates bottom 40% of universe



ARKANSAS LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

December 31, 2011									
	Current Quarter	One Year	Three Years	Five Years	2010	Calendar Year End			
						2009	2008	2007	2006
MEZZANINE PARTNERS KKK(Inception 8/31/2010)									
		<u>2-Qtrs</u>	<u>3-Qtrs</u>	<u>1-Year</u>		<u>Calendar Year End</u>			
Return	-40.14%	-55.85%	-37.70%	-59.40%	n/a	n/a	n/a	n/a	n/a
Policy Return (S&P500)	11.82%	-3.69%	-3.59%	2.11%	n/a	n/a	n/a	n/a	n/a
CITGO LIMITED PARTNERSHIP(Inception 01/31/2011)									
		<u>2-Qtrs</u>	<u>3-Qtrs</u>			<u>Calendar Year End</u>			
Return	-1.24%	-0.93%	3.73%	n/a	n/a	n/a	n/a	n/a	n/a
Policy Return (S&P500)	11.82%	-3.69%	-3.59%	n/a	n/a	n/a	n/a	n/a	n/a
PIMCO BRAVO(Inception 03/31/2011)									
		<u>2-Qtrs</u>	<u>3-Qtrs</u>			<u>Calendar Year End</u>			
Return	0.69%	2.95%	4.73%	n/a	n/a	n/a	n/a	n/a	n/a
Policy Return (S&P500)	11.82%	-3.69%	-3.59%	n/a	n/a	n/a	n/a	n/a	n/a
GOLDMAN SACHS COMMODITY OPPORTUNITES (Inception 09/30/2011)									
Return	-1.73%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Policy Return (S&P500)	11.82%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

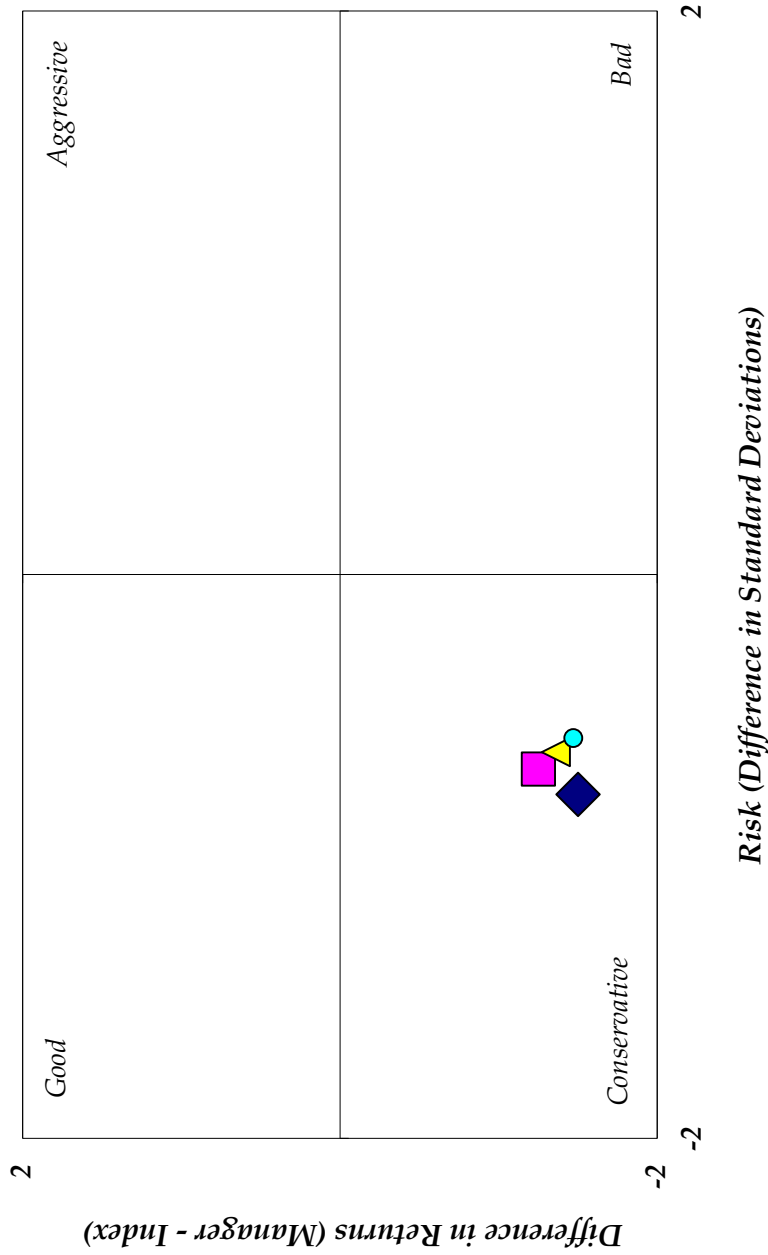
Gold indicates equal to or beat the index, or in upper 40% of universe
Red indicates bottom 40% of universe

December 31, 2011									
	Current Quarter	One Year	Three Years	Five Years	2010	Calendar Year End			
						2009	2008	2007	2006
ABERDEEN ASSET MANAGEMENT INTERNATIONAL BOND(Inc. 12/31/1997)									
Return	-1.04%	3.51%	5.07%	6.33%	4.71%	7.02%	7.00%	9.52%	6.59%
Ranking(International Fixed Income)	100	91	96	36	78	86	1	1	10
Policy Return (Citigroup Non US Dollar Bond)	-0.48%	5.17%	4.92%	7.23%	5.21%	4.39%	10.11%	11.46%	6.94%
PIMCO INTERMEDIATE BOND (Inc. 09/30/2002)									
Return	2.22%	4.15%	6.77%	6.88%	7.06%	9.15%	5.71%	8.42%	4.22%
Ranking (Intermediate Fixed)	10	86	82	20	59	76	6	1	98
Policy Return (BCIGC)	0.84%	5.80%	5.64%	5.88%	5.89%	5.24%	5.08%	7.40%	4.07%
WAMCO AGGREGATE BOND(Inc. 09/30/2002)									
Return	-2.30%	4.12%	10.91%	4.77%	10.80%	18.25%	-12.15%	5.33%	5.24%
Ranking (Broad Fixed)	100	71	32	47	16	34	70	28	61
Policy Return (BCAB)	1.12%	7.86%	6.78%	6.51%	6.56%	5.93%	5.24%	6.96%	4.33%
GHA FIXED INCOME (Inc 01/31/2005)									
Return	1.18%	3.47%	6.80%	6.63%	6.94%	10.09%	4.80%	7.96%	4.01%
Ranking (Broad Fixed)	69	76	72	15	39	68	11	6	92
Policy Return (BCGC)	1.18%	8.72%	6.60%	6.55%	6.59%	4.53%	5.71%	7.25%	3.77%



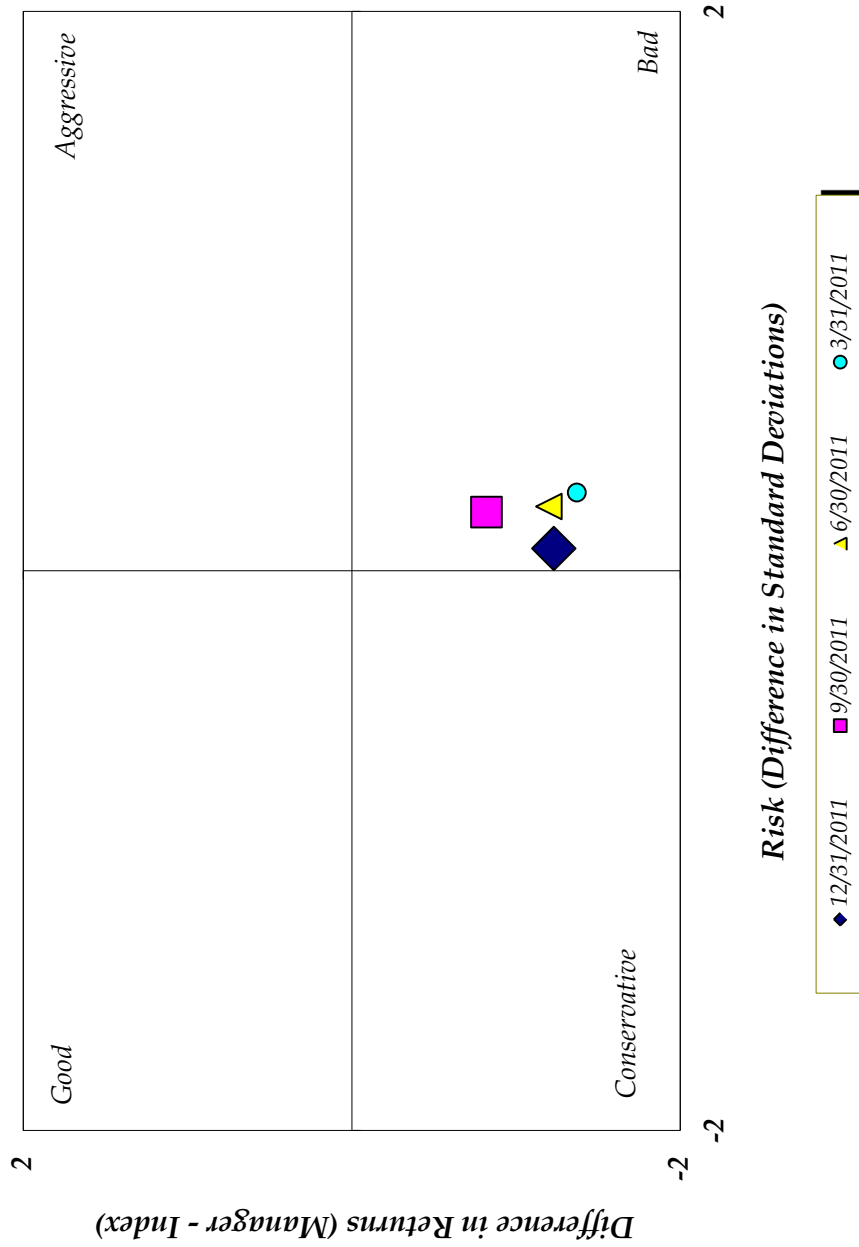
ARKANSAS LOPFI RETIREMENT SYSTEM
Total Fund Trailing 5-Years

December 31, 2011



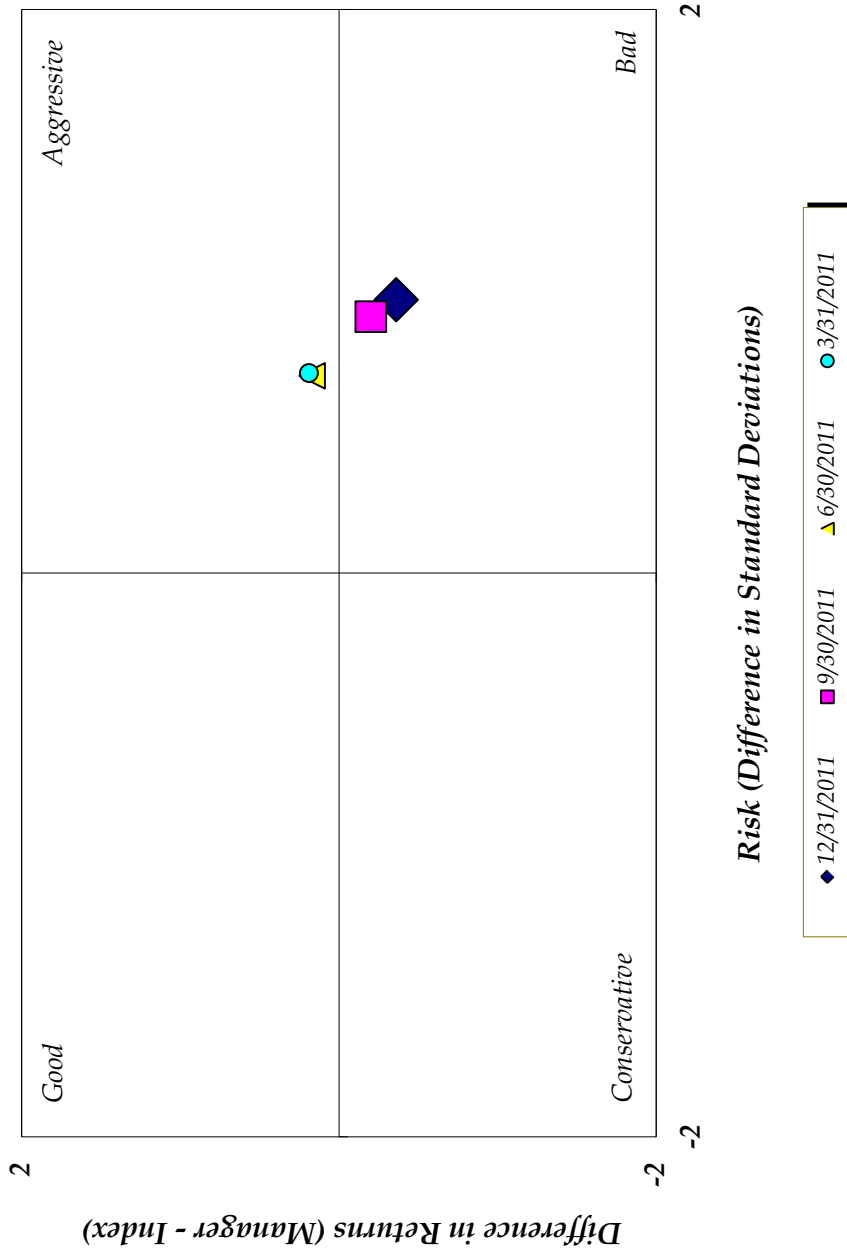
ARKANSAS LOPFI RETIREMENT SYSTEM
Total Equities Trailing 5-Years

December 31, 2011



ARKANSAS LOPFI RETIREMENT SYSTEM
Total Fixed Trailing 5-Years

December 31, 2011

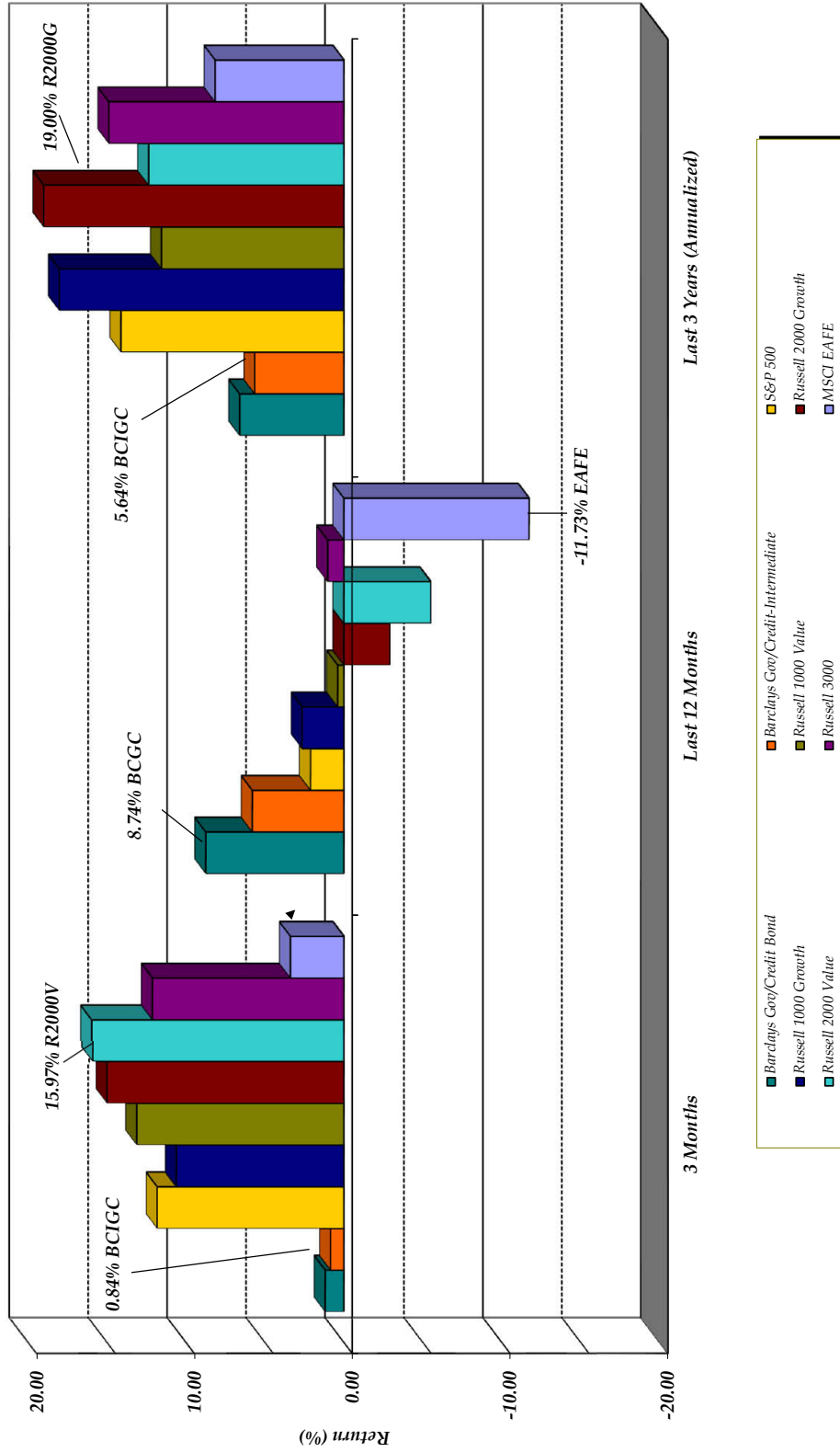


ARKANSAS LOPFI RETIREMENT SYSTEM

**TOTAL ANNUAL RETURNS 2007 - 2011 (Net of Investment Management Fees beginning 2008)
(This table's calculations are time-weighted and based on the trade date of all transactions)**

Manager	Annual Return				5 Years Annualized (Shorter periods as indicated)
	2007	2008	2009	2010	
Wellington	16.39%	-39.89%	36.22%	20.16%	0.60%
Barrow Hanley	3.90%	-34.84%	23.74%	11.36%	-1.32%
300 North Capital	16.37%	-46.25%	39.46%	28.96%	-0.23%
Fisher	17.30%	-45.41%	41.39%	11.34%	-2.71%
EAFE I-Shares	9.87%	-39.40%	24.33%	7.16%	-4.57%
PIMCO	8.78%	6.04%	9.47%	7.38%	6.88%
WAMCO	5.50%	-12.06%	18.36%	12.61%	4.77%
Aberdeen	9.98%	7.23%	7.47%	5.03%	6.33%
SSGA Index Plus	2.83%	-38.69%	25.59%	13.95%	-1.81%
Global Currents Intl. Eq.	8.64%	-42.67%	33.73%	5.27%	-5.29%
GHA	8.25%	5.06%	10.37%	7.20%	6.63%
Dodge & Cox	5.15%	-43.31%	31.27%	13.36%	-3.18%
N.B. Crossroads	-0.57%	-23.57%	11.84%	11.84%	1.50%
Citigroup Private Equity	-18.31%	12.80%	0.00%	0.00%	-3.15%
JP Morgan R.E.	-8.93%	-26.95%	12.54%	14.85%	-2.86%
JP Morgan Infrastructure		0.00%	0.00%	0.00%	0.00%
Macquarie		-0.94%	-2.70%	22.76%	5.77%
Advent		0.90%		-12.30%	-5.49%
Chickasaw				21.98%	31.78%
Mezzanine Partners KKR				-59.40%	-54.56%
CITCO					3.73%
PIMCO Bravo					4.73%
Goldman Sachs					-1.73%
TOTAL FUND	8.98%	-25.54%	18.07%	10.68%	1.10%

Index Comparison
December 31, 2011



Arkansas Local Police & Fire Retirement System
Schedule of Investment Expenses
As of December 31, 2011

Professional / Consultant	Nature of Service	Amount
300 North Capital - Small Cap Growth Equity	Money Manager	\$ 465,128.00
Aberdeen Asset - International Fixed Income	Money Manager	\$ 243,085.21
Barrow, Hanley - Large Cap Value - Equity	Money Manager	\$ 255,554.00
Chickasaw	Money Manager	\$ 162,498.31
Garcia Hamilton - Core Fixed Income	Money Manager	\$ 128,517.19
Global Currents - International Equity	Money Manager	\$ 137,086.36
Fisher Investments - International Equity	Money Manager	\$ 193,768.99
KKR	Money Manager	\$ 37,500.00
PIMCO - International Fixed Income	Money Manager	\$ (2,597.63)
State Street - Large Cap Core Equity	Money Manager	\$ 45,009.04
WAMCO - Aggregate Fixed Income	Money Manager	\$ 420,798.86
Wellington - Large Cap Growth - Equity	Money Manager	<u>\$ 515,080.48</u>
Total Investment Fees		<u>\$ 2,601,428.81</u>
Regions Bank	Custodial Service	<u>\$ 216,000.00</u>
Stephens	Investment Consultant	<u>\$ 250,000.00</u>
Thistle Asset Consulting, Inc.	Investment Monitoring	<u>\$ 67,000.00</u>

The old PIMCO account was liquidated prior to the end of 2010, therefore; a portion of the 4th quarter Manager Fee was refunded in 2011. Funds from the old PIMCO fund were reinvested in the new PIMCO fund in December 2010. Additional information on investment management and consulting fees can be found in the Financial Section in the Schedule of Administrative and Investment Expenses on page 33.

Arkansas Local Police & Fire Retirement System
Schedule of Broker Commissions
Year Ending December 31, 2011

Brk #	Broker Name	Broker	
		Commissions	Gross Price of Assets
100	CONVERGEX	\$2,776.50	\$2,457,518.64
13	SANFORD C. BERNSTEIN AND CO., LLC	\$192.50	\$236,901.10
161	MERRILL LYNCH, PIERCE, FENNER and	\$2,366.19	\$2,087,896.13
180	NOMURA SECURITIES INTERNATIONAL, INC.	\$522.00	\$245,394.52
19	JEFFERIES and CO, INC	\$537.65	\$1,603,830.61
226	NATIONAL FINANCIAL SERVICES CORPORATION	\$78.00	\$353,719.60
235	RBC DAIN RAUSCHER INC	\$12,593.66	\$4,838,198.56
295	KNIGHT CLEARING SERVICES LLC	\$13.50	\$47,274.66
308	LAZARD CAPITAL MARKETS LLC	\$119.00	\$164,688.69
355	CREDIT SUISSE FIRST BOSTON LLC	\$1,897.05	\$1,799,710.07
418	CITIGROUP GLOBAL MARKETS INC.	\$10,682.39	\$6,327,631.35
443	PERSHING LLC	\$792.50	\$589,192.20
45	HARRIS NESBITT CORP	\$112.00	\$281,068.48
46171	WELLS FARGO SECURITIES LLC	\$21.00	\$32,837.99
5	GOLDMAN SACHS and CO	\$245.00	\$429,540.95
50	MORGAN STANLEY	\$139.13	\$199,745.70
50091	LIQUIDNET INC	\$1,496.00	\$2,388,642.09
57079	J.P. MORGAN SECURITIES INC.	\$2,912.00	\$3,175,974.27
573	DEUTSCHE BANK SECURITIES, INC.	\$2,241.94	\$2,841,169.65
57565	PULSE TRADING, LLC	\$1.00	\$2,929.80
57575	SIMMONS and CO. INTERNATIONAL	\$201.50	\$166,232.30
59055	CAP INSTITUTIONAL SERVICES INC	\$770.00	\$1,079,588.15
59964	BLOOMBERG TRADEBOOK LLC	\$506.25	\$475,461.96
61374	CREDIT AGRICOLE SECURITIES USA	\$210.00	\$266,437.78
61514	TELSEY ADVISORY GROUP LLC	\$283.50	\$277,152.96
61610	BARCLAYS CAPITAL LE	\$2,660.00	\$1,723,086.45
6164	INVESTMENT TECHNOLOGY GROUP, INC	\$744.96	\$2,081,041.68
62465	KNIGHT EQUITY MARKETS LP	\$610.51	\$2,130,688.77
62519	STRATEGAS SECURITIES LLC	\$241.50	\$194,376.15
63421	PORTALES PARTNERS LLC	\$108.50	\$84,168.72
642	UBS SECURITIES LLC	\$7,639.34	\$5,290,448.37
6826	INSTINET	\$1,982.80	\$2,289,560.02
696	CANTOR FITZGERALD AND CO.	\$1,512.71	\$673,942.30
702	CLEARVIEW CORRESPONDENT SERVICES LLC	\$787.50	\$767,756.17
70943	PIPELINE TRADING SYSTEMS LLC	\$23.00	\$37,837.23
71761	DOWLING AND PARTNERS	\$171.50	\$169,720.53
725	RAYMOND JAMES and ASSOC. INC.	\$73.50	\$134,020.11
760	HOWARD WEIL DIV - LEGG MASON	\$308.00	\$337,938.94
77318	COWEN AND COMPANY LLC	\$1,848.00	\$1,625,848.07
77733	STUART FRANKEL AND CO	\$42.00	\$98,632.38
780	MORGAN KEEGAN and CO., INC.	\$84.00	\$34,669.30
793	STIFEL, NICOLAUS AND CO., INC.	\$108.50	\$90,405.92
799	KEYBANC CAPITAL MARKETS INC.	\$343.00	\$213,097.08
82241	FRIEDMAN BILLINGS AND RAMSEY	\$234.50	\$283,698.06
83213	ISI GROUP, INC	\$931.00	\$876,019.91
83620	FIDELITY CAP MARKETS (DIV OF N	\$180.00	\$303,642.24
85704	BUCKINGHAM RESEARCH GROUP, INC.	\$976.50	\$822,597.89
9883	WEEDEN AND CO.	\$351.09	\$1,067,057.07
99	ITG INC	\$25.00	\$298,653.48
	TOTAL	\$63,697.67	\$53,997,645.05

Highest Portfolio Holdings by Manager
 Top Three Securities
 As Of December 31, 2011

	FISHER	LIQUIDATION	BARROW, HANLEY	GARCIA HAMILTON	WAMCO
	COMPANHIA DE BEBIDAS DAS AMERICAS PFD	REGIONS TRUST MMDA	PHILIP MORRIS INTERNATIONAL INC	FNMA POOL #995517 DTD	FEDERAL NATIONAL MORTGAGE ASSN.
1	ADR				
	N/A	N/A	N/A	1/1/2024	5/1/2012
MATURITY	\$570,222	\$55,787,319	\$2,550,600	\$2,555,386	\$4,999,650
Fair Value	\$431,531	\$55,787,319	\$975,546	\$2,551,692	\$4,997,225
Book Value	2.36%	100.00%	3.78%	4.92%	4.98%
Percent of Fund					
	LVMH MOET HENNESSY LOUIS		CONOCO PHILLIPS	BANC OF AMERICA FUNDING CORP	UNITED STATES TREASURY N/B DTD -#912810QH4
2	VUITTON				
	N/A	N/A	N/A	6/1/2019	5/15/2040
MATURITY	\$504,153	\$0	\$2,448,432	\$2,513,155	\$3,533,443
Fair Value	\$341,480	\$0	\$2,019,505	\$2,849,283	\$2,906,690
Book Value	2.09%	0.00%	3.63%	4.84%	3.52%
Percent of Fund					
	KOMATSU LTD SPON ADR NEW		PFIZER, INC.	METLIFE INC. DTD	GOVERNMENT NATIONAL MORTGAGE ASSN.
3	ONE ADR				
	N/A	N/A	N/A	2/15/2019	N/A
MATURITY	\$486,346	\$0	\$2,350,710	\$2,482,821	\$1,982,313
Fair Value	\$382,493	\$0	\$2,454,546	\$2,434,393	\$1,916,964
Book Value	2.01%	0.00%	3.48%	4.78%	1.97%
Percent of Fund					

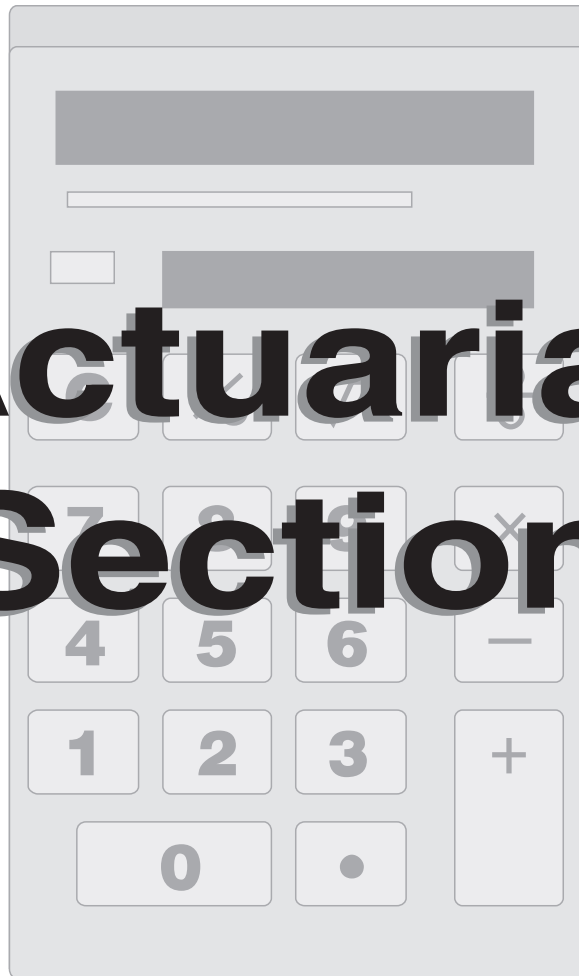
Investment Summary
Year Ended December 31, 2011

<u>Type of Investment</u>	December 31, 2011		<u>% of Total</u>
	<u>Cost Value</u>	<u>Fair Value</u>	
Cash and Short Term Investments	\$ 108,574,126	\$ 108,574,126	11.0%
Investments:			
U.S. Government Obligations	54,014,662	56,493,742	5.7%
Corporate Obligations	73,314,221	69,688,726	7.0%
Foreign Bonds	848,974	648,455	0.1%
Fixed Income Collective Trusts	197,035,795	267,296,700	27.0%
Common and Preferred Stocks	91,424,625	92,923,467	9.4%
Special Situation Properties, etc.	71,990,198	75,387,250	7.6%
Equity Mutual Collective Trusts	318,757,412	315,744,752	31.9%
	<u>\$ 807,385,887</u>	<u>\$ 878,183,092</u> *	<u>88.7%</u>
Land and Building	<u>3,624,912</u>	<u>3,624,912</u>	<u>0.4%</u>
Total Investments	<u>\$ 919,584,925</u>	<u>\$ 990,382,130</u>	<u>100.0%</u>

<u>Type of Investment</u>	December 31, 2010		<u>% of Total</u>
	<u>Cost Value</u>	<u>Fair Value</u>	
Cash and Short Term Investments	\$ 83,999,208	\$ 83,999,208	8.9%
Investments:			
U.S. Government Obligations	52,718,408	59,209,002	6.3%
Corporate Obligations	80,619,051	71,638,503	7.6%
Foreign Bonds	1,348,150	1,199,240	0.1%
Fixed Income Collective Trusts	187,323,617	258,962,094	27.4%
Common and Preferred Stocks	90,667,015	94,410,263	10.0%
Special Situation Properties, etc.	60,478,250	64,343,553	6.8%
Equity Mutual Collective Trusts	296,622,724	308,984,780	32.7%
	<u>\$ 769,777,215</u>	<u>\$ 858,747,435</u> *	<u>90.8%</u>
Land and Building	<u>3,681,132</u>	<u>3,681,132</u>	<u>0.4%</u>
Total Investments	<u>\$ 857,457,555</u>	<u>\$ 946,427,775</u>	<u>100.0%</u>

* Per Statements of Plan Net Assets on Page 24

Actuarial Section



ACTUARY'S LETTER

GABRIEL, ROEDER, SMITH & COMPANY
Consultants & Actuaries

One Towne Square • Suite 800 • Southfield, Michigan 48076 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

May 25, 2012

The Board of Trustees
Arkansas Local Police and Fire Retirement System
Little Rock, Arkansas 72201

Dear Board Members:

The basic financial objective of the Arkansas Local Police and Fire Retirement System (LOPFI) as provided in the Arkansas Code is to establish and receive contributions which, expressed as percents of active member payroll, will remain approximately level from generation to generation of Arkansas citizens and when combined with present assets and future investment return will be sufficient to meet the financial obligations of LOPFI to present and future benefit recipients.

The financial objective is addressed within the annual actuarial valuation. The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered) as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a period of up to thirty years. The most recent valuations were completed based upon population data, asset data, and plan provisions as of December 31, 2011.

LOPFI's administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends. The plan's external auditor also audits the actuarial data annually.

As of December 31, 2011, actuarial valuations were made for 787 employer groups. Summary information about the resulting new employer contribution rates is shown in the annual report. Results of the 2011 actuarial valuations indicate that aggregate actuarial accrued liabilities are 65% covered by the actuarial value of assets. This remains unchanged from last year's result of 65%. The actuarial value of assets is 107% of the market value of assets as of December 31, 2011. These results include the 159 local police and fire pension and relief funds which are closed to new hires and for which LOPFI also serves as administrative agent. Valuation results for those groups are summarized in the annual report and are provided to the local fund and to the LOPFI administrative staff.

The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report.

Actuarial Section

- Summary of Assumptions Used
- Summary of Actuarial Methods and Assumptions
- Active Member Valuation Data
- Short Condition Test
- Analysis of Financial Experience
- Analysis of Financial Experience – Gains and Losses by Risk Area

Financial Section

- Schedule of Funding Progress

Assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed five-year period.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The December 31, 2011 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2002-2007 period.

On the basis of the December 31, 2011 actuarial valuations and the benefits and contribution rates then in effect, it is our opinion that the Arkansas Local Police and Fire Retirement System continues to satisfy the general financial objective of level contribution financing.

Respectfully submitted,



David L. Hoffman



Heidi G. Barry, ASA, MAAA

DLH: HGB

**Summary of
FINANCIAL ASSUMPTIONS USED FOR LOPFI ACTUARIAL VALUATIONS
Assumptions Adopted by Board of Trustees After Consulting With Actuary**

The actuarial assumptions used in making the valuations are shown in this section of the report.

ECONOMIC ASSUMPTIONS -----

The investment return rate used in making the valuation was 8.0% per year, compounded annually (net after administrative expenses). This rate of return is not the assumed real rate of return. The real rate of return is defined to be the portion of investment return which is more than the wage inflation rate. With a 4.0% recognition of wage inflation, the 8.0% investment return rate translates to an assumed real rate of return of 4.0%.

Price inflation was assumed to be 3.0% a year. This assumption was utilized to increase the basic benefit factor for volunteer members.

Pay increase assumptions for individual active members are summarized in Schedule A-5. Part of the assumption for each age is for a merit and/or seniority increase, and the other 4.0% recognizes wage inflation.

Total active member payroll is assumed to increase 4.0% a year, which is the portion of the individual pay increase assumptions attributable to wage inflation.

The number of active members is assumed to continue at the present number.

NON-ECONOMIC ASSUMPTIONS -----

The mortality table used to measure retired life mortality was the RP-2000 Combined Projected to 2007 Table, set forward two years for men. Related values are shown in Schedule A-1. Disability post-retirement mortality was assumed to be the same as standard post-retirement mortality set forward an additional 10 years. For death-in-service mortality, fifty percent of the post-retirement mortality tables were used. Fifty percent of deaths-in-service were assumed to be duty related. There is no margin for future mortality improvements in the rates.

The probabilities of retirement for members eligible to retire are shown in Schedule A-3.

The probabilities of withdrawal from service and death-in-service are summarized in Schedule A-4, and the *probabilities of disability* are summarized in Schedule A-2.

An individual entry age actuarial cost method of valuation was used in determining age & service allowance normal costs and the allocation of actuarial present values between service rendered before and after the valuation date. The entry-age actuarial cost method has the following characteristics:

- (i) the annual normal costs for each individual active member, payable from the member's actual date of employment to the member's projected date of retirement are sufficient to accumulate the actuarial present value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is: (a) a constant percentage of the member's year by year projected covered pay for paid service plans, or (b) an increasing dollar amount for volunteer service plans.

Differences in the past between assumed experience and actual experience ("actuarial gains and losses") are inevitable and become part of accrued liabilities. In LOPFI, cumulative actuarial losses and gains are the same as unfunded (or overfunded) accrued liabilities.

Unfunded accrued liabilities are amortized to produce contribution amounts (principal and interest) which are (a) level percent of payroll contributions over a period of future years for paid service plans, or (b) increasing dollar amounts for volunteer service plans.

For volunteer service plans the contribution rates from the December 31, 2002 valuation were developed based on a \$5.00 per month basic benefit factor. This factor is \$6.17 effective July 1, 2012 and is assumed to increase at the assumed rate of price inflation in future years.

OTHER TECHNICAL ASSUMPTIONS -----

Decrements are assumed to occur at the middle of the valuation year.

The probability of being married, for death-in-service benefits, is assumed to be 90%.

Members who are eligible to participate in the DROP are assumed to participate in the DROP program in such a manner that is the most advantageous to them.

Future service credit is always assumed to accrue at the rate of 1 year of credit every 12 calendar months. Lower service accrual rates (service breaks or less-than-full-time employment) or higher service accrual rates (addition of military credit or reinstatement of prior service) are reflected as they are reported. Any lower or higher accrual rates may result in small financial gains or losses when reported.

The form of benefit payment assumed in the valuation for paid service and volunteer service plans is the Five Year Certain and Life Option. For local plans under LOPFI administration, the assumed form of benefit payment is 100% joint and survivor for police plans and the Life Option for fire plans. For local fire plans under LOPFI administration who have adopted Act 397, the assumed form of benefit payment is 100% joint and survivor.

Employer contribution dollars were assumed to be *paid in equal installments* throughout the employer fiscal year.

Present assets (cash & investments) were used based on a smoothed market value.

The data about persons now covered and about present assets were furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the Actuary.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic and demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

**LOPFI Covered Groups and Covered Persons
(Excluding Local Funds)**

LOPFI Staff	Valuation Groups	Active Members*				Average Pay	% Increase	Inflation Increase % (CPI)
		Number	Annual Payroll					
12/31/2007	1	8	\$ 415,984		\$51,998	N/A	4.1 %	
12/31/2008	1	8	459,432		57,429	10.4%	0.1	
12/31/2009	1	8	487,527		60,941	6.1%	2.7	
12/31/2010	1	8	514,466		64,308	5.5%	1.5	
12/31/2011	1	8	543,380		67,923	5.6%	3.0	

* Includes DROP participants, if any.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Paid Police Covered by Social Security	Valuation Groups	Active Members*			Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	
12/31/1985	39	218	\$ 3,066,418	\$14,066	10.7 %
12/31/1986	42	276	4,170,832	15,112	7.4
12/31/1987	48	342	5,333,703	15,596	3.2
12/31/1988	54	413	6,759,766	16,367	4.9
12/31/1989	54	457	7,803,548	17,076	4.3
12/31/1990	62	517	9,386,818	18,156	6.3
12/31/1991	73	614	11,618,980	18,923	4.2
12/31/1992	78	683	13,483,829	19,742	4.3
12/31/1993	89	806	16,407,154	20,356	3.1
12/31/1994	98	916	19,373,328	21,150	3.9
12/31/1995	110	1,053	23,212,618	22,044	4.2
12/31/1996	117	1,145	26,154,080	22,842	3.6
12/31/1997	128	1,211	28,971,065	23,923	4.7
12/31/1998	134	1,346	33,301,863	24,741	3.4
12/31/1999	141	1,480	38,187,948	25,803	4.3
12/31/2000	150	1,493	39,080,134	26,176	1.4
12/31/2001	152	1,497	42,193,903	28,186	7.7
12/31/2002	158	1,556	46,480,114	29,872	6.0
12/31/2003	154	1,583	49,757,738	31,433	5.2
12/31/2004	154	1,583	51,235,812	32,366	3.0
12/31/2005	154	1,614	53,061,186	32,876	1.6
12/31/2006	161	1,680	57,466,068	34,206	4.0
12/31/2007	166	1,787	62,170,244	34,790	1.7
12/31/2008	163	1,838	66,243,983	36,041	3.6
12/31/2009	172	1,905	71,687,015	37,631	4.4
12/31/2010	175	1,906	72,900,413	38,248	1.6
12/31/2011	176	1,931	74,098,384	38,373	0.3

* Includes DROP participants, if any.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Paid Police Not Covered by Social Security	Valuation Groups	Active Members*			Average Pay	% Increase	Inflation Increase % (CPI)
		Number	Annual Payroll	Annual Payroll			
12/31/1985	13	214	\$ 3,386,482	\$15,825	6.3 %	3.8 %	
12/31/1986	13	283	4,798,324	16,955	7.1	1.1	
12/31/1987	13	321	5,812,570	18,108	6.8	4.4	
12/31/1988	14	410	7,849,599	19,145	5.7	4.4	
12/31/1989	14	426	8,769,222	20,585	7.5	4.6	
12/31/1990	14	539	11,392,678	21,137	2.7	6.1	
12/31/1991	14	629	13,997,170	22,253	5.3	3.1	
12/31/1992	14	693	16,891,924	24,375	9.5	2.9	
12/31/1993	14	735	18,643,459	25,365	4.1	2.7	
12/31/1994	14	866	22,959,944	26,513	4.5	2.7	
12/31/1995	14	1,002	27,042,274	26,988	1.8	2.5	
12/31/1996	14	1,087	31,394,960	28,882	7.0	3.3	
12/31/1997	14	1,154	35,468,514	30,735	6.4	1.7	
12/31/1998	14	1,220	39,052,564	32,010	4.1	1.6	
12/31/1999	14	1,257	42,319,350	33,667	5.2	2.7	
12/31/2000	15	1,300	45,395,466	34,920	3.7	3.4	
12/31/2001	15	1,310	47,997,431	36,639	4.9	1.6	
12/31/2002	14	1,309	51,013,420	38,971	6.4	2.4	
12/31/2003	14	1,344	54,363,935	40,449	3.8	1.9	
12/31/2004	15	1,369	57,397,946	41,927	3.7	3.3	
12/31/2005	15	1,410	60,652,180	43,016	2.6	3.4	
12/31/2006	14	1,455	64,982,903	44,662	3.8	2.5	
12/31/2007	14	1,479	68,484,220	46,304	3.7	4.1	
12/31/2008	14	1,507	72,880,723	48,361	4.4	0.1	
12/31/2009	14	1,544	77,374,468	50,113	3.6	2.7	
12/31/2010	14	1,562	76,993,476	49,292	(1.6)	1.5	
12/31/2011	14	1,558	79,332,711	50,920	3.3	3.0	

* Includes DROP participants, if any.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Paid Fire Covered by Social Security	Valuation Groups	Active Members*			Average Pay	% Increase	Inflation Increase % (CPI)
		Number	Annual Payroll	\$			
12/31/1985	2	12	\$ 210,238	\$17,520	7.1 %	3.8 %	
12/31/1986	2	14	254,921	18,209	3.9	1.1	
12/31/1987	2	16	321,457	20,091	10.3	4.4	
12/31/1988	3	19	382,949	20,155	0.3	4.4	
12/31/1989	3	17	363,844	21,403	6.2	4.6	
12/31/1990	3	22	475,090	21,595	0.9	6.1	
12/31/1991	3	23	497,074	21,612	0.1	3.1	
12/31/1992	2	23	535,463	23,281	7.7	2.9	
12/31/1993	2	24	601,457	25,061	7.6	2.7	
12/31/1994	2	22	544,619	24,755	(1.2)	2.7	
12/31/1995	2	24	642,998	26,792	8.2	2.5	
12/31/1996	2	24	658,401	27,433	2.4	3.3	
12/31/1997	2	16	413,344	25,834	(5.8)	1.7	
12/31/1998	2	15	427,149	28,477	10.2	1.6	
12/31/1999	2	15	443,877	29,592	3.9	2.7	
12/31/2000	3	20	550,930	27,547	(6.9)	3.4	
12/31/2001	4	34	1,091,894	32,115	16.6	1.6	
12/31/2002	5	34	1,236,009	36,353	13.2	2.4	
12/31/2003	6	34	1,297,597	38,165	5.0	1.9	
12/31/2004	7	58	1,881,084	32,432	(15.0)	3.3	
12/31/2005	10	62	2,137,350	34,473	6.3	3.4	
12/31/2006	13	71	2,459,152	34,636	0.5	2.5	
12/31/2007	19	84	3,224,208	38,383	10.8	4.1	
12/31/2008	20	85	3,310,078	38,942	1.5	0.1	
12/31/2009	21	90	3,794,410	42,160	8.3	2.7	
12/31/2010	23	99	4,092,787	41,341	(1.9)	1.5	
12/31/2011	23	104	4,155,015	39,952	(3.4)	3.0	

* Includes DROP participants, if any.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Paid Fire Not Covered by Social Security	Valuation Groups	Active Members*			Average Pay	% Increase	Inflation Increase % (CPI)
		Number	Annual Payroll	\$			
12/31/1985	39	256	3,838,880	\$	9.2 %	3.8 %	
12/31/1986	40	346	5,619,219		8.3	1.1	
12/31/1987	45	439	7,335,514		2.9	4.4	
12/31/1988	47	514	9,377,770		9.2	4.4	
12/31/1989	47	601	11,449,004		4.4	4.6	
12/31/1990	48	661	13,207,386		4.9	6.1	
12/31/1991	48	741	15,470,155		4.5	3.1	
12/31/1992	48	825	18,328,407		6.4	2.9	
12/31/1993	51	912	21,238,851		4.8	2.7	
12/31/1994	54	1003	24,431,883		4.6	2.7	
12/31/1995	55	1,115	28,317,948		4.3	2.5	
12/31/1996	55	1,216	32,183,785		4.2	3.3	
12/31/1997	58	1,334	37,011,225		4.8	1.7	
12/31/1998	58	1,417	41,048,974		4.4	1.6	
12/31/1999	58	1,549	47,249,417		5.3	2.7	
12/31/2000	60	1,680	52,268,378		2.0	3.4	
12/31/2001	59	1,732	57,430,283		6.6	1.6	
12/31/2002	59	1,821	64,691,073		7.1	2.4	
12/31/2003	59	1,888	70,635,697		5.3	1.9	
12/31/2004	60	1,956	76,826,671		5.0	3.3	
12/31/2005	57	2,029	81,650,944		2.5	3.4	
12/31/2006	59	2,122	88,041,571		3.1	2.5	
12/31/2007	61	2,245	95,882,874		2.9	4.1	
12/31/2008	60	2,202	98,780,987		5.0	0.1	
12/31/2009	61	2,360	108,383,023		2.4	2.7	
12/31/2010	61	2,374	110,404,238		1.3	1.5	
12/31/2011	61	2,415	114,640,275		2.1	3.0	

* Includes DROP participants, if any.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Total Paid	Valuation Groups	Active Members*			Average Pay	% Increase	Inflation Increase % (CPI)
		Number	Annual Payroll	Annual Payroll			
12/31/1985	93	700	\$ 10,502,018	\$15,003	9.3 %	3.8 %	
12/31/1986	97	919	14,843,296	16,152	7.7	1.1	
12/31/1987	108	1,118	18,803,244	16,819	4.1	4.4	
12/31/1988	118	1,356	24,370,084	17,972	6.9	4.4	
12/31/1989	118	1,501	28,385,618	18,911	5.2	4.6	
12/31/1990	127	1,739	34,461,972	19,817	4.8	6.1	
12/31/1991	138	2,007	41,583,379	20,719	4.6	3.1	
12/31/1992	142	2,224	49,239,623	22,140	6.9	2.9	
12/31/1993	156	2,477	56,890,921	22,968	3.7	2.7	
12/31/1994	168	2,807	67,309,774	23,979	4.4	2.7	
12/31/1995	181	3,194	79,215,838	24,801	3.4	2.5	
12/31/1996	188	3,472	90,391,226	26,034	5.0	3.3	
12/31/1997	202	3,715	101,864,148	27,420	5.3	1.7	
12/31/1998	208	3,998	113,830,550	28,472	3.8	1.6	
12/31/1999	215	4,301	128,200,592	29,807	4.7	2.7	
12/31/2000	228	4,493	137,294,908	30,558	2.5	3.4	
12/31/2001	230	4,573	148,713,511	32,520	6.4	1.6	
12/31/2002	236	4,720	163,420,616	34,623	6.5	2.4	
12/31/2003	233	4,849	176,054,967	36,307	4.9	1.9	
12/31/2004	236	4,966	187,341,513	37,725	3.9	3.3	
12/31/2005	236	5,115	197,501,660	38,612	2.4	3.4	
12/31/2006	247	5,328	212,949,694	39,968	3.5	2.5	
12/31/2007	261	5,603	230,177,530	41,081	2.7	4.1	
12/31/2008	258	5,640	241,675,203	42,850	4.3	0.1	
12/31/2009	269	5,907	261,726,443	44,308	3.4	2.7	
12/31/2010	274	5,949	264,905,380	44,529	0.5	1.5	
12/31/2011	275	6,016	272,769,765	45,341	1.8	3.0	

* Includes DROP participants, if any.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Volunteer Police	Valuation Groups*	Active Members			Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	
12/31/1985	2	2	N/A	N/A	N/A
12/31/1986	2	2			N/A
12/31/1987	3	8			N/A
12/31/1988	3	2			N/A
12/31/1989	4	3			N/A
12/31/1990	1	1			N/A
12/31/1991	2	2			3.1%
12/31/1992	4	5			2.9
12/31/1993	4	5			2.7
12/31/1994	8	10			2.7
12/31/1995	8	9			2.5
12/31/1996	9	10			3.3
12/31/1997	10	14			1.7
12/31/1998	7	8			1.6
12/31/1999	8	10			2.7
12/31/2000	8	9			3.4
12/31/2001	10	16			1.6
12/31/2002	19	49			2.4
12/31/2003	24	55			1.9
12/31/2004	24	55			3.3
12/31/2005	32	70			3.4
12/31/2006	38	91			2.5
12/31/2007	51	118			4.1
12/31/2008	42	123			0.1
12/31/2009	44	139			2.7
12/31/2010	58	174			1.5
12/31/2011	72	230			3.0

* Prior to the 12/31/2007 valuation, valuations were performed for each employer division. Beginning with the 12/31/2007 valuation, the employer divisions are combined into one valuation group.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Volunteer Fire	Valuation Groups*	Active Members			Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	
12/31/1985	166	756	N/A	N/A	N/A
12/31/1986	185	1020		N/A	N/A
12/31/1987	202	1238			N/A
12/31/1988	207	1422			N/A
12/31/1989	215	1623			N/A
12/31/1990	218	1823			N/A
12/31/1991	226	2005			3.1
12/31/1992	232	2167			2.9
12/31/1993	237	2370			2.7
12/31/1994	239	2452			2.7
12/31/1995	238	2,684			2.5
12/31/1996	243	2,895			3.3
12/31/1997	248	3,063			1.7
12/31/1998	249	3,175			1.6
12/31/1999	253	3,397			2.7
12/31/2000	254	3,481			3.4
12/31/2001	255	3,585			1.6
12/31/2002	261	3,809			2.4
12/31/2003	266	4,033			1.9
12/31/2004	282	4,351			3.3
12/31/2005	293	4,580			3.4
12/31/2006	303	4,814			2.5
12/31/2007	410	6,502			4.1
12/31/2008	415	6,480			0.1
12/31/2009	424	6,412			2.7
12/31/2010	427	6,560			1.5
12/31/2011	440	6,804			3.0

* Prior to the 12/31/2007 valuation, valuations were performed for each employer division. Beginning with the 12/31/2007 valuation, the employer divisions are combined into one valuation group.

LOPFI Covered Groups and Covered Persons (Excluding Local Funds)

Total Volunteer	Valuation Groups*	Active Members			Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	
12/31/1985	168	758	N/A	N/A	N/A
12/31/1986	187	1,022			N/A
12/31/1987	205	1,246			N/A
12/31/1988	210	1,424			N/A
12/31/1989	219	1,626			N/A
12/31/1990	219	1,824			N/A
12/31/1991	228	2,007			3.1
12/31/1992	236	2,172			2.9
12/31/1993	241	2,375			2.7
12/31/1994	247	2,462			2.7
12/31/1995	246	2,693			2.5
12/31/1996	252	2,905			3.3
12/31/1997	258	3,077			1.7
12/31/1998	256	3,183			1.6
12/31/1999	261	3,407			2.7
12/31/2000	262	3,490			3.4
12/31/2001	265	3,601			1.6
12/31/2002	280	3,858			2.4
12/31/2003	290	4,088			1.9
12/31/2004	306	4,406			3.3
12/31/2005	325	4,650			3.4
12/31/2006	341	4,905			2.5
12/31/2007	461	6,620			4.1
12/31/2008	457	6,603			0.1
12/31/2009	468	6,551			2.7
12/31/2010	485	6,734			1.5
12/31/2011	512	7,034			3.0

* Prior to the 12/31/2007 valuation, valuations were performed for each employer division. Beginning with the 12/31/2007 valuation, the employer divisions are combined into one valuation group.

**LOPFI (Excluding Local Funds)
Paid Service Active Members – December 31, 2011
Attained Age And Years of Service**

Attained Age	Years of Service at Valuation Date							No.	Totals* Annual Payroll
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus		
Under 20	1							1	\$ 15,096
20-24	223	13						236	7,169,944
25-29	547	215	45					807	28,731,224
30-34	364	446	164	64				1,038	42,104,952
35-39	208	282	427	178	61			1,156	52,268,281
40-44	135	167	289	364	142	35		1,132	55,466,525
45-49	55	71	98	218	262	124	20	848	45,037,730
50-54	29	25	47	81	164	135	19	500	26,939,115
55-59	8	31	19	23	51	57	7	196	10,455,986
60-64	6	16	14	9	24	4	3	76	3,449,926
65-69		1	2	6	3	3	1	16	690,421
70+	2	2	1	2	1	1	1	10	440,565
Totals	1,578	1,269	1,106	945	708	359	51	6,016	\$ 272,769,765

Average Age: 38.9 years

Average Service: 11.7 years

Average Pay: \$45,341

* Includes DROP participants.

As a comparison, 5,949 paid service members participated in LOPFI on December 31, 2010.

**LOPFI (Excluding Local Funds)
Volunteer Service Active Members – December 31, 2011
Attained Age And Years of Service**

Attained Age	Years of Service at Valuation Date						Totals	
	0-4	5-9	10-14	15-19	20-24	25-29		30 Plus
Under 20	94						94	
20-24	585	54					639	
25-29	473	282	58				813	
30-34	374	246	185	65			870	
35-39	295	219	185	146	48		893	
40-44	271	242	187	170	97	38	1,005	
45-49	203	182	184	167	116	100	970	
50-54	141	130	131	129	114	74	746	
55-59	88	79	111	81	64	45	486	
60-64	56	55	44	47	31	27	274	
65-69	46	34	24	11	11	12	142	
70+	24	33	20	5	5	9	102	
Totals	2,650	1,556	1,129	821	486	305	87	7,034

Average Age: 40.8 years

Average Service: 9.5 years

As a comparison, 6,734 volunteer service members participated in LOPFI on December 31, 2010.

LOPFI

Computed Employer Contributions For Paid Service Members by Valuation Groups December 31, 2011

Group	Number of Active Members	Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Percents of Active Member Payroll												Totals			
		Under 9.00%	9.00% -9.99%	10.00% -10.99%	11.00% -11.99%	12.00% -12.99%	13.00% -13.99%	14.00% -14.99%	15.00% -15.99%	16.00% & Above							
LOPFI Staff	8																1
Paid Police	1,931	3	1	2	2	9	4	10	12	133	176						
W/SS	1,558	0	2	1	1	1	2	2	3	2	14						
W/O SS																	
Paid Fire	104	-	-	-	-	-	-	-	1	22	23						
W/SS	2,415	-	-	3	3	2	-	5	3	45	61						
W/O SS	6,016	3	3	6	6	12	6	17	19	203	275						
December 31, 2011 @	5,949	7	6	6	13	6	6	17	18	27	174						
December 31, 2010	5,907	8	8	8	5	11	20	17	33	159	269						
December 31, 2009	5,640	13	7	4	12	17	17	27	26	135	258						
December 31, 2008 #	5,603	16	7	3	12	16	17	31	23	136	261						
December 31, 2007	5,328	13	6	6	7	23	17	30	21	124	247						
December 31, 2006	5,115	10	9	6	15	19	14	26	22	115	236						
December 31, 2005	4,966	13	5	11	14	15	19	22	29	108	236						
December 31, 2004 #	4,849	44	10	19	20	31	27	24	13	45	233						
December 31, 2003 *	4,720	47	15	15	16	26	29	21	21	46	236						
December 31, 2002 #	4,573	116	10	31	13	14	17	11	4	14	230						
December 31, 2001	4,493	81	19	19	15	26	11	14	12	31	228						
December 31, 2000 #	4,301	57	22	37	32	29	14	11	5	8	215						
December 31, 1999	3,998	56	16	25	44	23	15	13	5	11	208						
December 31, 1998 #	3,715	52	23	45	24	22	10	17	1	8	202						
December 31, 1997	3,472	46	16	42	29	20	15	9	6	5	188						
December 31, 1996 #	3,194	23	20	39	43	28	15	7	2	4	181						
December 31, 1995	2,807	20	15	39	47	23	11	4	2	7	168						
December 31, 1994	2,477	20	30	42	35	14	6	3	4	2	156						
December 31, 1993	2,224	21	26	45	26	12	3	5	2	2	142						
December 31, 1992	2,007	6	18	38	45	15	10	2	1	3	138						
December 31, 1991 *	1,739	2	2	3	5	13	26	16	33	27	127						
December 31, 1990																	

* After changes in actuarial valuation assumptions.

After legislated benefit increases.

@ Rules established by Board policy to implement uniform paid service rule on and after December 31, 2011. All employer rates increased by maximum allowed under law.

LOPFI
Computed Employer Contributions
For Volunteer Service Members by Valuation Groups
December 31, 2011

Group	Number of Active Members	Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Dollars Per Month Per Active Member														Totals		
		Under \$10.00	From \$10.00 to \$14.99	From \$15.00 to \$19.99	From \$20.00 to \$24.99	From \$25.00 to \$29.99	From \$30.00 to \$34.99	From \$35.00 to \$39.99	From \$40.00 to \$44.99	From \$45.00 to \$49.99	From \$50.00 to \$54.99	From \$55.00 to \$59.99	From \$60.00 and Over					
Volunteer Police	230	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	72
Volunteer Fire	6,804	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	440
December 31, 2011	7,034	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	512
December 31, 2010	6,734	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	485
December 31, 2009	6,551	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	468
December 31, 2008*#	6,603	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	457
December 31, 2007	6,620	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	461
December 31, 2006	4,905	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	341
December 31, 2005	4,650	1	2	13	49	96	65	32	23	23	8	3	10	325				
December 31, 2004	4,406	1	1	13	49	109	62	27	15	14	3	2	10	306				
December 31, 2003*	4,088	2	5	26	80	95	44	11	7	10	3	3	4	290				
December 31, 2002#	3,858	10	17	54	103	47	22	8	6	4	1	2	6	280				
December 31, 2001*	3,601	62	114	55	18	7	3	1	-	2	1	1	1	265				
December 31, 2000#	3,490	79	81	60	16	12	3	4	1	1	1	3	1	262				
December 31, 1999	3,407	69	110	48	14	6	2	3	3	2	-	1	3	261				

* After changes in actuarial valuation assumptions.

After legislated benefit increases.

Benefit Program 2 Employers
(Included in Paid Service Schedules)

Employer	Number of Active Members*	Payroll
Beaver Lake Paid Fire	1	\$ 47,520
Bella Vista Paid Police	26	1,179,125
Bella Vista Paid Fire	37	1,883,190
Fayetteville Paid Police	114	5,747,466
Fayetteville Paid Fire	105	5,533,260
Fort Smith Paid Police	162	7,791,363
Fort Smith Paid Fire	124	6,904,822
Hot Springs Paid Police	99	4,733,160
Hot Springs Paid Fire	72	3,704,705
Marion Paid Police	24	881,590
Total BP2	764	\$ 38,406,201

* Includes DROP participants, if any.

LOPFI

Development of Funding Value of Retirement System Assets (Including Assets of Pension and Relief Fund Plans Under LOPFI Administration)

Year Ended December 31:	2005	2006	2007	2008	2009	2010	2011
A. Funding Value Beginning of Year	\$601,798,909	\$653,546,976	\$724,746,827	\$827,546,002	\$788,633,082	\$878,958,364	\$982,154,992
B. Market Value End of Year	636,316,197	736,511,192	833,278,709	657,194,235	827,769,490	955,781,853	1,001,672,848
C. Market Value Beginning of Year	599,204,559	636,316,197	736,511,192	833,278,709	657,194,235	827,769,490	955,781,853
D. Non-Investment Net Cash Flow	22,397,530	24,082,243	31,978,254	39,182,990	49,499,030	46,538,504	43,975,999
E. Investment Income							
E1. Market Total B - C - D	14,714,108	76,112,752	64,789,263	(215,267,464)	121,076,225	81,473,859	1,914,996
E1(a). Assumed Rate of Return	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
E2. Amount for Immediate Recognition	49,039,814	53,247,048	59,258,876	67,771,000	65,070,608	72,178,209	80,331,439
E3. Amount for Phased-In Recognition E1-E2	(34,325,706)	22,865,704	5,530,387	(283,038,464)	56,005,617	9,295,650	(78,416,443)
F. Phased-In Recognition of Investment Income							
F1. Current Year: 0.20 x E3	(6,865,141)	4,573,141	1,106,077	(56,607,693)	11,201,123	1,859,130	(15,683,289)
F2. First Prior Year	1,319,258	(6,865,141)	4,573,141	1,106,077	(34,259,555)	11,201,123	1,859,130
F3. Second Prior Year	11,428,708	1,319,258	(6,865,141)	4,573,141	1,106,077	(34,259,555)	11,201,123
F4. Third Prior Year	(16,585,404)	11,428,708	1,319,258	(6,865,141)	4,573,141	1,106,077	(34,259,555)
F5. Fourth Prior Year	(8,986,698)	(16,585,406)	11,428,710	(6,865,142)	(6,865,142)	4,573,140	1,106,079
F6. Total Recognized Investment Gain	(19,689,277)	(6,129,440)	11,562,045	(56,474,358)	(24,244,356)	(15,520,085)	(35,776,512)
G. Funding Value End of Year: A + D + E2 + F6	653,546,976	724,746,827	827,546,002	878,025,634	878,958,364	982,154,992	1,070,685,918
120% Corridor				788,633,082	993,323,388	1,146,938,224	1,202,007,418
80% Corridor				525,755,388	662,215,592	764,625,482	801,338,278
Funding Value End of Year:				788,633,082	878,958,364	982,154,992	1,070,685,918
H. Difference between Market & Funding Value	(17,230,779)	11,764,365	5,732,707	(131,438,847)	(51,188,874)	(26,373,139)	(69,013,070)
I. Recognized Rate of Return	4.79%	7.08%	9.56%	(9.22%)	5.02%	6.28%	4.44%
J. Market Rate of Return	2.41%	11.74%	8.61%	(25.24%)	17.75%	9.57%	0.20%
K. Ratio of Funding Value to Market Value	102.71%	98.40%	99.31%	120.00%	106.18%	102.76%	106.89%

from Asset derivation 2011-12-31.xls

LOPFI
Reported Accrued Assets Available for Benefits
December 31, 2011

<u>Group Type</u>	<u>No. #</u>	<u>Employer Accumulation Account</u>	<u>Members' Deposit Account</u>	<u>Retirement Reserve Account &</u>	<u>Total @</u>
LOPFI Staff	1	\$ 412,846	\$ 32,789	\$ -	\$ 445,635
Paid Police W/SS	176	78,606,494	5,410,536	-	84,017,031
Paid Police W/O SS	14	157,361,927	64,007,499	-	221,369,426
Paid Fire W/SS	23	4,141,025	1,012,189	-	5,153,214
Paid Fire W/O SS	61	233,666,058	89,307,392	-	322,973,450
Subtotal	274	473,775,504	159,737,616	-	633,513,120
Volunteer Police and Fire	512	19,109,683	-	-	19,109,683
Retirants and Beneficiaries	-	-	-	247,728,190	247,728,190
Total	787	493,298,033	159,770,405	247,728,190	\$ 900,796,628

The Employer Accumulation Account represents employer contributions accumulated for the payment of annuities.

The Members' Deposit Account represents employee contributions for (1) monthly annuities upon future retirements and (2) refunds upon termination if a monthly annuity is not payable.

The Retirement Reserve Account represents employer and employee contributions accumulated for monthly annuities being paid to present retired lives.

Number of employers with active participants as of December 31, 2011. Totals include accounts for employers with no active participants as of December 31, 2011.

@ Does not include assets of \$98,664,384 invested by LOPFI on behalf of Relief and Pension Funds under LOPFI administration.

& Includes DROP Reserve Account.

LOPFI

Summary of Valuation Assets, Actuarial Accrued Liabilities and Average Contribution Rate Excluding Pension and Relief Funds Under LOPFI Administration Paid Participants

Valuation Date	Valuation Groups	Active Members	Actuarial Accrued Liabilities	Valuation Assets	Assets/Liabilities*	Average Contribution Rate ¹	Average Contribution Rate ²
12/31/1990	127	1,739	\$ 25,598,294	\$ 26,638,818	104 %	- %	- %
12/31/1991 #	138	2,007	28,374,656	36,516,135	129	-	
12/31/1992	142	2,224	37,077,482	47,889,617	129	-	
12/31/1993 @	156	2,477	46,556,168	66,541,016	143	10.82	
12/31/1994	168	2,807	59,089,005	78,271,672	132	11.46	
12/31/1995	181	3,194	72,577,171	97,412,994	134	11.36	
12/31/1996 #+	188	3,472	93,046,084	123,339,438	133	10.88	
12/31/1997	202	3,715	111,523,686	153,499,754	138	10.55	
12/31/1998 #+	208	3,998	147,606,801	189,595,998	128	11.35	
12/31/1999	215	4,301	174,627,344	238,203,534	136	10.41	
12/31/2000 +	228	4,493	218,238,282	292,881,609	134	11.51	
12/31/2001 #	230	4,573	199,231,298	339,296,397	170	7.15	
12/31/2002 +	236	4,720	291,184,122	367,122,230	126	10.38	
12/31/2003 #	233	4,849	370,735,495	399,726,460	108	11.09	
12/31/2004 +	236	4,966	470,078,530	429,104,830	91	14.82	
12/31/2005	236	5,115	526,635,441	483,789,282	92	15.04	
12/31/2006	247	5,328	603,842,363	555,752,156	92	15.11	
12/31/2007	261	5,603	699,800,039	644,631,782	92	15.16	15.44
12/31/2008 #+	258	5,640	825,417,767	662,380,764	80	15.30	15.69
12/31/2009	269	5,907	946,423,135	622,560,540	66	17.25	18.79
12/31/2010	274	5,949	1,012,194,055	664,246,931	66	17.03	19.21
12/31/2011 ^	275	6,016	1,077,498,958	698,331,958	65	18.01	19.63

* If this ratio approximates 100%, it indicates that financial activity is operating within an expected range of reason-ability.

After changes in actuarial valuation assumptions.

@ Valuation assets based on smoothed-market value beginning December 31, 1993 (cost basis prior to this date).

+ After legislated benefit increases and board policy changes

@ Rules established by Board policy to implement uniform paid service rule applied on and after December 31, 2011.

All paid service employer rates increased by the maximum allowed under law.

1 With Section 24-10-405(h)(1) cap on rate increases as a result of plan experience.

2 Without Section 24-10-405(h)(1) cap on rate increases as a result of plan experience.

LOPFI

Summary of Valuation Assets, Actuarial Accrued Liabilities and Average Contribution Rate Excluding Pension and Relief Funds Under LOPFI Administration (Continued)

Volunteer Participants

Valuation Date	Valuation Groups	Active Members	Actuarial		Valuation Assets	Assets/ Liabilities*	Average Contribution Rate
			Accrued Liabilities	Valuation Assets			
12/31/1990	219	1,824	\$ 1,242,840	\$ 974,615	78 %	\$ -	
12/31/1991 #	228	2,007	1,363,736	1,419,691	104	-	
12/31/1992	236	2,172	1,697,104	1,691,725	100	-	
12/31/1993 @	241	2,375	2,125,680	2,306,668	109	9.48	
12/31/1994	247	2,462	2,604,592	2,712,264	104	10.31	
12/31/1995	246	2,693	3,122,936	3,321,253	106	10.32	
12/31/1996 #+	252	2,905	4,202,938	4,143,074	99	13.63	
12/31/1997	258	3,077	5,079,848	5,049,479	99	14.36	
12/31/1998 #+	256	3,183	6,339,040	6,172,383	97	14.71	
12/31/1999	261	3,407	7,421,534	7,804,389	105	14.05	
12/31/2000 +	262	3,490	8,554,865	9,638,082	113	14.76	
12/31/2001 #	265	3,601	8,814,220	10,923,088	124	14.13	
12/31/2002 +	280	3,858	14,587,662	11,956,886	82	24.02	
12/31/2003 #	290	4,088	19,207,277	13,069,692	68	27.46	
12/31/2004	306	4,406	22,136,019	13,673,013	62	30.72	
12/31/2005	325	4,650	26,240,543	16,517,560	63	32.30	
12/31/2006	341	4,905	30,139,607	18,430,385	61	33.91	
12/31/2007	461	6,620	42,720,023	22,236,583	52	39.15	
12/31/2008 #	457	6,603	47,019,246	17,508,921	37	46.14	
12/31/2009	468	6,551	48,890,402	17,034,083	35	49.15	
12/31/2010	485	6,734	52,068,716	19,655,706	38	49.62	
12/31/2011	512	7,034	56,421,727	21,564,055	38	51.56	

* If this ratio approximates 100%, it indicates that financial activity is operating within an expected range of reason-ability.

After changes in actuarial valuation assumptions.

@ Valuation assets based on smoothed-market value beginning December 31, 1993 (cost basis prior to this date).

+ After legislated benefit increases and board policy changes

LOPFI
Summary of Valuation Assets, Actuarial Accrued Liabilities and Average Contribution Rate
Excluding Pension and Relief Funds Under LOPFI Administration (Continued)
Retirants and Beneficiaries

Valuation Date	Valuation Groups	Active Members	Actuarial		Valuation Assets	Assets / Liabilities*
			Accrued Liabilities	Valuation Assets		
12/31/1990	-	-	\$ 995,966	\$ 966,600		97 %
12/31/1991 #	-	-	1,516,885	1,691,501		112
12/31/1992	-	-	1,864,953	2,477,618		133
12/31/1993	-	-	2,780,124	3,495,960		126
12/31/1994	-	-	3,211,812	3,898,615		121
12/31/1995	-	-	4,481,762	5,331,275		119
12/31/1996 +	-	-	5,828,171	6,714,604		115
12/31/1997	-	-	8,108,160	8,810,636		109
12/31/1998	-	-	10,027,020	10,962,655		109
12/31/1999	-	-	13,364,856	14,462,943		108
12/31/2000	-	-	16,360,731	16,943,763		104
12/31/2001 #	-	-	19,316,724	19,853,584		103
12/31/2002 +	-	-	28,897,704	27,629,725		96
12/31/2003 #	-	-	38,810,117	39,864,734		103
12/31/2004	-	-	48,878,672	48,455,552		99
12/31/2005	-	-	65,530,656	65,115,240		99
12/31/2006	-	-	79,179,485	80,827,514		102
12/31/2007	-	-	95,286,950	100,568,257		106
12/31/2008 #	-	-	122,445,893	122,445,893		100
12/31/2009	-	-	152,859,019	152,859,019		100
12/31/2010	-	-	189,166,801	189,166,801		100
12/31/2011	-	-	245,094,370	245,094,370		100

* If this ratio approximates 100%, it indicates that financial activity is operating within an expected range of reason-ableness.

After changes in actuarial valuation assumptions.

@ Valuation assets based on smoothed-market value beginning December 31, 1993 (cost basis prior to this date).

+ After legislated benefit increases and board policy changes

LOPFI
Summary of Valuation Assets, Actuarial Accrued Liabilities and Average Contribution Rate
Excluding Pension and Relief Funds Under LOPFI Administration (Concluded)

TOTAL PLAN

Valuation Date	Valuation Groups	Active Members	Actuarial		Valuation Assets	Assets/ Liabilities*
			Accrued Liabilities	Valuation Assets		
12/31/1990	346	3,563	\$ 27,837,100	\$ 28,580,033	103 %	
12/31/1991 #	366	4,014	31,255,277	39,627,327	127	
12/31/1992	378	4,396	40,639,539	52,058,960	128	
12/31/1993 @	397	4,852	51,461,972	72,343,644	141	
12/31/1994	415	5,269	64,905,409	84,882,551	131	
12/31/1995	427	5,887	80,181,869	106,065,522	132	
12/31/1996 #+	440	6,377	103,077,193	134,197,116	130	
12/31/1997	460	6,792	124,711,694	167,359,869	134	
12/31/1998 #+	464	7,181	163,972,861	206,731,036	126	
12/31/1999	476	7,708	195,413,734	260,470,866	133	
12/31/2000 +	490	7,983	243,153,878	319,463,454	131	
12/31/2001 #	495	8,174	227,362,242	370,073,069	163	
12/31/2002 +	516	8,578	334,669,488	406,708,841	122	
12/31/2003 #	523	8,937	428,752,889	452,660,886	106	
12/31/2004 +	542	9,372	541,093,221	491,233,395	91	
12/31/2005	561	9,765	618,406,640	565,422,082	91	
12/31/2006	588	10,233	713,161,455	655,010,055	92	
12/31/2007	722	12,223	837,807,012	767,436,622	92	
12/31/2008 #+	715	12,243	994,882,906	802,335,578	81	
12/31/2009	737	12,458	1,148,172,556	792,453,642	69	
12/31/2010	759	12,683	1,253,429,572	873,069,438	70	
12/31/2011	787	13,050	1,379,015,055	964,990,383	70	

* If this ratio approximates 100%, it indicates that financial activity is operating within an expected range of reason-ability.

After changes in actuarial valuation assumptions.

@ Valuation assets based on smoothed-market value beginning December 31, 1993 (cost basis prior to this date).

+ After legislated benefit increases and board policy changes

Short Condition Test Comparative Statement

LOPFI Paid Service

Valuation Date	Actuarial Accrued Liabilities for				Portion of Present Values Covered by Assets		
	Member Contributions	Current	Active and Inactive		Actuarial Value of Assets	Covered by Assets	
		Retirees and Beneficiaries	Members, Employer	Financed Portion		(1)	(2)
December 31	(1)	(2)	(3)				
2000	\$ 38,648,453	\$ 17,159,916	\$ 179,589,829	\$ 309,386,866	100	100	141
2001	42,169,151	18,706,212	157,062,147	358,552,550	100	100	190
2002 *	52,884,501	28,132,104	238,299,621	394,018,928	100	100	131
2003 +	60,644,400	37,589,290	310,091,095	438,411,941	100	100	110
2004 *	67,066,543	46,771,629	403,011,987	475,622,588	100	100	90
2005 *	78,117,772	62,901,548	448,517,669	546,315,508	100	100	90
2006	87,986,534	76,104,654	515,855,829	633,759,848	100	100	91
2007	95,667,812	90,980,880	675,497,118	740,968,085	100	100	92
2008 +*	107,486,154	116,390,986	717,931,676	778,148,309	100	100	77
2009	126,212,081	142,789,842	820,211,054	765,350,382	100	100	61
2010	142,979,396	176,648,898	869,214,659	840,895,829	100	100	60
2011	159,770,407	229,845,487	917,728,551	928,182,921	100	100	59

Local Paid Service

Valuation Date	Actuarial Accrued Liabilities for				Portion of Present Values Covered by Assets		
	Member Contributions	Current	Active and Inactive		Actuarial Value of Assets	Covered by Assets	
		Retirees and Beneficiaries	Members, Employer	Financed Portion		(1)	(2)
December 31	(1)	(2)	(3)				
2000	\$ 4,163,798	\$ 126,783,114	\$ 54,516,455	\$ 105,186,843	100	80	-
2001	4,682,058	125,820,973	54,734,475	110,983,891	100	84	-
2002 *	5,184,816	135,985,913	59,683,011	108,424,415	100	76	-
2003 +	5,239,318	176,372,120	12,200,655	99,627,902	100	54	-
2004	5,618,009	166,420,994	36,722,211	107,970,936	100	62	-
2005	5,785,163	188,485,578	24,147,182	85,936,612	100	43	-
2006	5,894,420	194,874,926	6,274,855	67,629,449	100	32	-
2007	6,087,324	201,530,961	927,380	58,271,540	100	26	-
2008 +	4,586,196	189,690,459	725,693	(14,784,011)	-	-	-
2009	3,163,233	185,486,259	29,522,904	80,902,787	100	42	-
2010	2,849,033	215,795,003	34,266,295	102,556,180	100	46	-
2011	2,450,310	226,494,886	32,836,591	99,201,212	100	43	-

LOPFI Volunteer Service

Valuation Date	Actuarial Accrued Liabilities for				Portion of Present Values Covered by Assets		
	Member Contributions	Current	Active and Inactive		Actuarial Value of Assets	Covered by Assets	
		Retirees and Beneficiaries	Members, Employer	Financed Portion		(1)	(2)
December 31	(1)	(2)	(3)				
2000	\$ -	\$ 495,360	\$ 8,554,865	\$ 10,076,713	-	100	112
2001	-	610,512	8,814,220	11,520,519	-	100	124
2002 *	-	765,612	12,138,097	12,689,913	-	100	98
2003 +	-	1,220,827	19,207,277	14,248,945	-	100	68
2004	-	2,107,043	22,136,019	15,610,807	-	100	61
2005	-	2,629,108	26,240,543	19,106,574	-	100	63
2006	-	3,074,831	30,139,607	21,250,207	-	100	60
2007	-	4,306,070	42,720,023	26,468,537	-	100	52
2008 +	-	6,054,907	47,019,246	24,187,269	-	100	39
2009	-	10,069,177	48,890,402	27,103,260	-	100	35
2010	-	12,517,903	52,068,716	32,173,609	-	100	38
2011	-	15,248,883	56,421,727	36,807,462	-	100	38

Local Volunteer Service

Valuation Date	Actuarial Accrued Liabilities for				Portion of Present Values Covered by Assets		
	Member Contributions	Current	Active and Inactive		Actuarial Value of Assets	Covered by Assets	
		Retirees and Beneficiaries	Members, Employer	Financed Portion		(1)	(2)
December 31	(1)	(2)	(3)				
2000	\$ 1,162	\$ 1,182,504	\$ 392,143	\$ 471,780	100	40	-
2001	834	1,185,540	390,975	374,993	100	32	-
2002 *	-	1,299,876	159,624	467,007	100	36	-
2003 +	998	2,097,817	357,827	768,440	100	37	-
2004	345	3,743,244	406,261	2,594,578	100	69	-
2005	1,966	5,951,007	149,448	2,188,282	100	37	-
2006	2,739	7,312,004	296,260	2,107,323	100	29	-
2007	2,194	8,036,483	208,366	1,837,840	100	23	-
2008 +	2,279	10,495,474	132,593	1,081,515	100	10	-
2009	3,065	12,395,214	350,181	5,601,935	100	45	-
2010	12,433	12,964,889	210,630	6,529,374	100	50	-
2011	16,968	13,046,463	295,814	6,494,323	100	50	-

* After legislated benefit increases for LOPFI members
+ After changes in actuarial assumptions

**Derivation of Actuarial Gain (Loss)
Year Ended December 31, 2011
(LOPFI and Local Plans Combined)**

(1) UAAL* at start of year	537,372,863
(2) Employer normal cost from last valuation	33,804,927
(3) Actual employer contributions	61,818,119
(4) Interest accrual: $(1) \times .08 + [(2)-(3)] \times (.08/2)$	41,869,301
(5) Expected UAAL before changes: $(1) + (2) - (3) + (4)$	551,228,972
(6) Change from benefit changes*	3,582,831
(7) Change from revised actuarial assumptions	-
(8) Expected UAAL after changes	554,811,803
(9) Actual UAAL at end of year	583,470,169
(10) Gain (loss) $(8) - (9)$	(28,658,366)
(11) Gain (loss) as percent of actuarial accrued liabilities at start of year	\$1,519,527,855 (1.9)%

Valuation Date December 31	Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities
2002	(5.2) %
2003	(1.5)
2004	(5.3)
2005	(3.6)
2006	(0.2)
2007	0.4
2008	(12.8)
2009	(2.9)
2010	(0.7)
2011	(1.9)

**Includes unfunded liability associated with new plans added during year.*

**Arkansas LOcal Police and Fire Retirement System
Brief Summary as of December 31, 2011 of LOPFI Coverage for
*PAID SERVICE***

**Benefits and Conditions Evaluated and/or Considered
(Section references are to Arkansas Code of 1987, including
amendments from 2009 General Assembly Session)**

Voluntary Retirement. Section 24-10-604. A member may retire with an age & service annuity after both (i) completing 5 years of credited service, and (ii) attaining his normal retirement age. The normal retirement age is age 60 for a member with less than 20 years credited service, age 55 for a member with at least 20 years credited service or any age for a member with 28 or more years of credited service.

Compulsory Retirement. Section 24-10-605. Established by each employer.

Paid Service. Section 24-10-102(13). Covered employment which is half-time employment or more, and for which a minimum dollar amount is paid. For each calendar month in 1981, the minimum is \$500 for the month. For each later calendar year, the \$500 is indexed for inflation (Consumer Price Index). Accordingly, the monthly minimum during 2011 was \$1,258.

Volunteer Service. Section 24-10-102(14). Covered employment which cannot be classified as Paid Service.

Final Average Pay. Section 24-10-102(16)(A). The average of a member's monthly pay during the period of 36 consecutive months of credited Paid Service producing the highest monthly average, which period is contained within the 120 consecutive months of credited Paid Service immediately preceding retirement. Not applicable to Volunteer Service.

Age & Service Annuity. Section 24-10-602. The annuity, payable monthly for life, equals a specified amount multiplied by the member's number of years of credited service. The amount depends upon the conditions related to covered employment:

A. ***Paid Service Not Covered by Social Security.*** For each year of such service, 2.94% of the member's final average pay.

B. ***Paid Service Also Covered by Social Security.*** For each year of such service, 1.94% of the member's final average pay. In addition, there is a temporary annuity equal to 1.0% of the member's final average pay for each year of service, payable to normal Social Security retirement age.

C. At time of retirement, the total of A plus B cannot exceed 100% of final average pay.

Early Annuity. Section 24-10-606. A member may retire with an early annuity after both (i) completing 20 years of credited service, and (ii) attaining age 50 or (iii) after completing 25 years of credited paid service. The early annuity amount, payable monthly for life, is computed in the same manner as an age & service annuity, based upon his service and pay record to time of early retirement, but reduced to reflect the fact that his age when payments begin is younger than his normal retirement age. The amount of the reduction is 1/2 of 1% (.005) for each month his age at early retirement is younger than his normal retirement age (age 55 for members with 25 years of credited paid service).

Vested Termination Annuity. Section 24-10-611. If a member leaves LOPFI-covered employment (i) before attaining his early retirement age, and (ii) after completing 5 years of credited service, he becomes eligible for a vested termination annuity; provided he lives to his normal retirement age and does not withdraw his accumulated contributions. The vested annuity amount, payable monthly for life from his normal retirement age, is computed in the same manner as an age & service annuity, based upon his service and pay record to time of leaving LOPFI coverage. However, final average pay is increased by one-half of any increase in the inflation index for the period from termination of employment to beginning of annuity payments.

Non-Duty Disability Annuity. Section 24-10-607(a)(1)(A). A member with 5 or more years of credited service who becomes totally and permanently disabled from other than duty-connected causes receives a non-duty disability annuity computed in the same manner as an age & service annuity, based upon his service and pay record to time of disability.

Duty Disability Annuity. Section 24-10-607(c)(1)(A). A member who becomes totally and permanently disabled from duty-connected causes receives a duty disability annuity computed in the same manner as an age & service annuity, based upon his service and pay record to time of disability. The minimum annuity payable is 65% of the member's final average pay.

Non-Duty Death-in-Service. Paid Member. Section 24-10-608(a)(1). Upon the death, from other than duty-connected causes, of a Paid Service member who had completed 5 years of paid service, his eligible surviving dependents receive the following benefits:

(a) The surviving spouse receives an annuity equal to the Option B50 annuity (joint and 50% survivor benefit) computed based upon the deceased member's service (and pay) record to time of death. Minimum of 20% of member's final average pay, or \$125 monthly if greater.

(b) While a spouse benefit is payable, each dependent child under age 18 (age 23 if full time student) receives 10% of member's final average pay, or \$25 monthly if greater. The totals for 4 or more children cannot exceed 30% of final average pay, or \$125 monthly if greater.

(c) While no spouse benefit is payable, each dependent child under age 18 (age 23 if full time student) receives 20% of member's final average pay, or \$25 monthly if greater. The total for 3 or more children cannot exceed 50% of final average pay, or \$125 monthly if greater.

(d) If there is neither spouse nor child at time of member's death, each dependent parent receives 20% of final average pay.

Duty Death-in-Service. Section 24-10-608(b)(1). Upon the death of a Paid Service member from duty-connected causes, regardless of length of service, his eligible surviving dependents receive the same benefits as for Non-Duty Death, except that if credited service at time of death is less than 25 years, credited service is increased to 25 years.

Benefit Changes After Retirement. Section 24-10-612. There is an annual redetermination of monthly benefit amount, beginning the July first following 12 months of retirement. The redetermined amount is 3.0% of the monthly benefit from the preceding July.

Member Contributions. Sections 24-10-404 and 24-10-613. Each member contributes 8.5% of his covered pay if his covered employment is resulting in Paid Service credit and is not covered by Social Security. For other covered employment conditions, each member contributes 2.5% of his covered pay. If a member leaves LOPFI-covered employment before an annuity is payable on his behalf, the member may choose to have his accumulated contributions refunded to him. If he dies, his accumulated contributions are refunded to his designated beneficiary.

Employer Contributions. Section 24-10-405. Each employer contributes the remainder amounts necessary to finance his employees' participation in LOPFI. Contributions to LOPFI are determined based upon level-rate principles, so that contribution rates do not have to increase over decades of time.

DROP (Deferred Retirement Option Plan). Sections 24-10-701 through 24-10-708. Paid service members who have attained age 55 with at least 20 years of service or members with at least 28 years of service may participate. A participant with 28 years of service will receive 75% of his accrued benefit at time of DROP election while in the DROP, payable into the participant's DROP account (which will be credited with 6% interest annually). A participant with less than 28 years of service will receive 72% of his accrued benefit at time of DROP election while in the DROP, payable into the participant's DROP account (which will be credited with 6% interest annually). Employer and employee contributions continue and are used to finance System benefits (i.e., they are not deposited to the participant's DROP account). For additional details please refer to Arkansas Code, Title 24, Chapter 10, Subchapter 7.

LOPFI
Illustrations of Normal Benefit Amounts
for Sample Combinations of Service & Pay

***FOR PAID SERVICE WHICH IS NOT COVERED BY
SOCIAL SECURITY***

**(The Applicable Benefit Program is Years of Paid Service
times 2.94% of FAP ⁽¹⁾)**

Final Average Pay (FAP) ⁽¹⁾	LOPFI BENEFIT ⁽²⁾	
	\$	% of FAP
<u>32 Years of Service ⁽³⁾</u>		
\$ 1,800	\$ 1,693	94 %
2,200	2,070	94
2,600	2,446	94
3,000	2,822	94
3,400	3,199	94
<u>28 Years of Service ⁽³⁾</u>		
\$ 1,800	\$ 1,482	82 %
2,200	1,811	82
2,600	2,140	82
3,000	2,470	82
3,400	2,799	82
<u>20 Years of Service ⁽³⁾</u>		
\$ 1,800	\$ 1,058	59 %
2,200	1,294	59
2,600	1,529	59
3,000	1,764	59
3,400	1,999	59

(1) "Final Average Pay" means the monthly average of an employee's pays during the period of 36 consecutive months when they were highest, contained within his last 120 months of paid service.

(2) Amounts shown are rounded to the nearest dollar; actual amounts will be calculated to the nearest cent.

(3) With 28 or more years of service the employee is eligible for normal retirement. With 20 or more years of service the employee is eligible for normal retirement at age 55. With fewer than 20 years, the eligibility age is 60.

LOPFI
Illustrations of Normal Benefit Amounts
for Sample Combinations of Service & Pay

FOR PAID SERVICE WHICH IS COVERED BY SOCIAL SECURITY

(The Applicable Benefit Program is Years of Paid Service times: 1.94% of FAP ⁽¹⁾
for life, plus 1.0% of FAP ⁽¹⁾ temporary to full Social Security retirement age)

Final Average Pay (FAP) ⁽¹⁾	LOPFI Benefit ⁽³⁾		Estimated Social Security ⁽²⁾	Estimated Monthly Total		Percent of FAP	
	To SSRA	At SSRA		To SSRA	At SSRA	To SSRA	At SSRA
32 Years of Service ⁽⁴⁾							
\$1,800	\$ 1,693	\$ 1,117	\$ 993	\$ 1,693	\$ 2,110	94 %	117 %
2,200	2,070	1,366	1,154	2,070	2,520	94	115
2,600	2,446	1,614	1,286	2,446	2,900	94	112
3,000	2,822	1,862	1,418	2,822	3,280	94	109
3,400	3,199	2,111	1,550	3,199	3,661	94	108
28 Years of Service ⁽⁴⁾							
\$1,800	\$ 1,482	\$ 978	\$ 993	\$ 1,482	\$ 1,971	82 %	109 %
2,200	1,811	1,195	1,154	1,811	2,349	82	107
2,600	2,140	1,412	1,286	2,140	2,698	82	104
3,000	2,470	1,630	1,418	2,470	3,048	82	102
3,400	2,799	1,847	1,550	2,799	3,397	82	100
20 Years of Service ⁽⁴⁾							
\$1,800	\$ 1,058	\$ 698	\$ 993	\$ 1,058	\$ 1,691	59 %	94 %
2,200	1,294	854	1,154	1,294	2,008	59	91
2,600	1,529	1,009	1,286	1,529	2,295	59	88
3,000	1,764	1,164	1,418	1,764	2,582	59	86
3,400	1,999	1,319	1,550	1,999	2,869	59	84

- (1) "Final Average Pay" means the monthly average of an employee's pays during the period of 36 consecutive months when they were highest, contained within his last 120 months of paid service.
- (2) "Estimated Social Security" means, for an employee covered by Social Security, an employee's estimated OASDI retirement benefit is based upon an estimated "average indexed monthly earnings" for an employee retiring at normal Social Security retirement age (SSRA) in 2012. It does not include any amounts which might be payable to an eligible spouse or children. Final average pay is assumed to be equal to Average Indexed Monthly Earnings. The results assume no Social Security covered earnings after retirement. Note that a member may draw a reduced Social Security benefit as early as age 62.
- (3) Amounts shown are rounded to the nearest dollar; actual amounts will be calculated to the nearest cent.
- (4) With 28 or more years of service the employee is eligible for normal retirement. With 20 or more years of service the employee is eligible for normal retirement at age 55. With fewer than 20 years, the eligibility age is 60.

Arkansas LOcal Police and Fire Retirement System
Brief Summary as of December 31, 2011 of LOPFI Coverage for
BENEFIT PROGRAM 2 PAID SERVICE
Benefits and Conditions Evaluated and/or Considered
(Section references are to Arkansas Code of 1987, including
amendments from 2009 General Assembly Session)

The provisions for Benefit Program 2 employers are the same as those for Benefit Program 1 employers with the following exception:

Age & Service Annuity. Section 24-10-602. The annuity, payable monthly for life, equals a specified amount multiplied by the member's number of years of credited service. The amount depends upon the conditions related to covered employment:

A. *Paid Service Not Covered by Social Security.*

- **Paid Service Before Adoption of Benefit Program 2.** For each year of such service, 2.94% of the member's final average pay.
- **Paid Service After Adoption of Benefit Program 2.** For each year of such service, 3.28% of the member's final average pay.
- At time of retirement, the total cannot exceed 100% of final average pay.

B. *Paid Service Also Covered by Social Security.*

- **Paid Service Before Adoption of Benefit Program 2.** For each year of such service, 1.94% of the member's final average pay, plus a temporary annuity equal to 1.0% of the member's final average pay for each year of service, payable to normal Social Security retirement age.
- **Paid Service After Adoption of Benefit Program 2.** For each year of such service, 2.94% of the member's final average pay.
- At time of retirement, the total cannot exceed 100% of final average pay.

**Arkansas LOcal Police and Fire Retirement System
Brief Summary as of December 31, 2011
of LOPFI Coverage for *VOLUNTEER SERVICE***

**Benefits and Conditions Evaluated and/or Considered
(Section references are to Arkansas Code of 1987, including
amendments from 2009 General Assembly Session)**

Voluntary Retirement. Section 24-10-604. A member may retire with an age & service annuity after both (i) completing 5 years of credited service, and (ii) attaining his normal retirement age. The normal retirement age is age 60 for a member with less than 20 years credited service, age 55 for a member with at least 20 years credited service or any age for a member with 28 or more years of credited service.

Compulsory Retirement. Section 24-10-605. Established by each employer.

Paid Service. Section 24-10-102(13). Covered employment which is half-time employment or more, and for which a minimum dollar amount is paid. For each calendar month in 1981, the minimum is \$500 for the month. For each later calendar year, the \$500 is indexed for inflation (Consumer Price Index). Accordingly, the monthly minimum during 2011 was \$1,258.

Volunteer Service. Section 24-10-102(14). Covered employment which cannot be classified as Paid Service.

Age & Service Annuity. Section 24-10-102(16)(A). The annuity, payable monthly for life, equals a specified amount multiplied by the member's number of years of credited service. The amount depends upon the conditions related to covered employment:

Volunteer Service. For each year of Volunteer Service, \$5.00 monthly, to a maximum of \$200 monthly. Beginning in 2003, each July 1 these amounts are indexed for inflation, for members retiring in the next 12 months. Accordingly, the basic benefit factor reflected in the December 31, 2011 valuations was \$6.17 monthly.

Early Annuity. Section 24-10-606. A member may retire with an early annuity after both (i) completing 20 years of credited service, and (ii) attaining age 50. The early annuity amount, payable monthly for life, is computed in the same manner as an age & service annuity, based upon his service record to time of early retirement, but reduced to reflect the fact that his age when payments begin is younger than his normal retirement age. The amount of the reduction is 1/2 of 1% (.005) for each month his age at early retirement is younger than his normal retirement age.

Vested Termination Annuity. Section 24-10-611. If a member leaves LOPFI-covered employment (i) before attaining his early retirement age, and (ii) after completing 5 years of credited service, he becomes eligible for a vested termination annuity; provided he lives to his normal retirement age (and does not withdraw any accumulated contributions). The vested annuity amount, payable monthly for life from his normal retirement age, is computed in the same manner as an age & service annuity, based upon his service record to time of leaving LOPFI coverage.

Non-Duty Disability Annuity. Section 24-10-607(a)(1)(A). A member with 5 or more years of credited service who becomes totally and permanently disabled from other than duty-connected causes receives a non-duty disability annuity computed in the same manner as an age & service annuity, based upon his service record to time of disability.

Duty Disability Annuity. Section 24-10-607(c)(1)(A). A member who becomes totally and permanently disabled from duty-connected causes receives a duty disability annuity computed in the same manner as an age & service annuity, based upon his service and pay record to time of disability. If the member had less than 25 years of service at time of disability, credited service is increased to 25 years.

Non-Duty Death-in-Service. Volunteer Member. Section 24-10-609. Upon the death, from other than duty-connected causes, of a Volunteer member who had completed 5 years of volunteer service, or who was eligible for normal retirement, his eligible surviving dependents receive the following benefits:

(a) The surviving spouse receives an annuity equal to the Option B50 annuity (joint and 50% survivor benefit) computed based upon the deceased member's service record to time of death.

(b) Each dependent child under age 18 (age 23 if full time student) receives \$15 monthly. The totals for 3 or more children cannot exceed \$40 monthly.

Duty Death-in-Service. Section 24-10-608(b)(1). Upon the death of a Paid Service member from duty-connected causes, regardless of length of service, his eligible surviving dependents receive the same benefits as for Non-Duty Death, except that if credited service at the time of death is less than 25 years, credited service is increased to 25 years.

Benefit Changes After Retirement. Section 24-10-612. There is an annual redetermination of monthly benefit amount, beginning the July first following 12 months of retirement. The redetermined amount is 3.0% of the monthly benefit from the preceding July.

Member Contributions. For Volunteer Service credit, members do not contribute.

Employer Contributions. Section 24-10-405. Each employer contributes the amounts necessary to finance all employees participation in LOPFI. Contributions to LOPFI are determined based upon level-rate principles, so that contribution rates do not have to increase over decades of time.

Schedule A-1
Single Life Retirement Values
Based on the RP-2000 Combined Projected to 2007 Table
and 8.0% Interest
(first used for December 31, 2008 valuations)

Sample Attained Ages	Value at Retirement: \$1.00 Monthly for Life		Future Life Expectancy (years)	
	Men	Women	Men	Women
45	\$140.07	\$143.93	34.35	38.75
50	134.09	139.28	29.63	33.96
55	126.07	132.94	25.03	29.25
60	115.95	124.73	20.64	24.71
65	103.99	114.73	16.60	20.44
70	90.27	103.12	12.94	16.52
75	74.95	89.98	9.69	13.00
80	59.25	75.48	6.97	9.87

Sample Attained Ages	Benefit Increasing 3% Yearly	Portion of Age 55 Lives Still Alive	Sample Attained Ages
55	\$100	100 %	55
60	116	97	60
65	134	91	65
70	156	83	70
75	181	69	75
80	209	50	80

Schedule A-2
Probabilities of Disability Retirement
(first used for December 31, 2008 valuations)

PAID FIREMEN

Sample Ages	Percent Becoming Disabled within Next Year	
	Non-Duty	Duty
20	0.01 %	0.07 %
25	0.05	0.07
30	0.05	0.10
35	0.06	0.13
40	0.09	0.20
45	0.14	0.31
50	0.24	0.52
55	0.44	0.91
60	0.69	1.36

PAID POLICEMEN

Sample Ages	Percent Becoming Disabled within Next Year	
	Non-Duty	Duty
20	0.07 %	0.07 %
25	0.07	0.07
30	0.10	0.10
35	0.13	0.13
40	0.20	0.20
45	0.31	0.31
50	0.52	0.52
55	0.91	0.91
60	1.36	1.36

Schedule A-2
Probabilities of Disability Retirement (Concluded)
(first used for December 31, 2003 valuations)

VOLUNTEER MEMBERS

Sample Ages	Percent Becoming Disabled within Next Year	
	Non-Duty	Duty
20	0.03 %	0.04 %
25	0.03	0.04
30	0.03	0.04
35	0.03	0.04
40	0.07	0.11
45	0.10	0.15
50	0.18	0.27
55	0.33	0.49
60	0.52	0.78

Schedule A-3
Probabilities of Retirement for Members Eligible to Retire
(first used for December 31, 2004 valuations)

PAID FIREMEN

Retirement Ages	Percents of Active Members Retiring within Next Year		Years of Service	Percents of Active Members Retiring within Next Year
	Early	Normal		
45	2 %			
46	2			
47	2			
48	2			
49	2			
50	2			
51	2			
52	2			
53	2			
54	2			
55		25 %	28	25 %
56		25	29	25
57		15	30	25
58		15	31	25
59		15	32	35
60		30	33	40
61		10	34	100
62		30		
63		15		
64		15		
65		100		

A member was assumed eligible for retirement after attaining age 55 with 20 years of service or age 60 with 5 years of service or any age with 28 or more years of service. A member was assumed to retire with 100% probability at 34 or more years of service credit.

A member was assumed eligible for a reduced benefit after attaining age 50 with 20 or more years of service or any age with 25 or more years of paid service credit.

The probabilities of retirement shown above represent ultimate termination of employment (whether or not the member participates in the DROP).

Schedule A-3
Probabilities of Retirement for Members Eligible to Retire (Continued)
(first used for December 31, 2004 valuations)

PAID POLICEMEN

Retirement Ages	Percents of Active Members Retiring within Next Year		Years of Service	Percents of Active Members Retiring within Next Year
	Early	Normal		
45	2 %			
46	2			
47	2			
48	2			
49	2			
50	2			
51	2			
52	2			
53	2			
54	2			
55		25 %	28	25 %
56		25	29	25
57		25	30	25
58		20	31	25
59		20	32	35
60		60	33	40
61		15	34	100
62		30		
63		15		
64		15		
65		100		

A member was assumed eligible for retirement after attaining age 55 with 20 years of service or age 60 with 5 years of service or any age with 28 or more years of service. A member was assumed to retire with 100% probability at 34 or more years of service credit.

A member was assumed eligible for a reduced benefit after attaining age 50 with 20 or more years of service or any age with 25 or more years of paid service credit.

The probabilities of retirement shown above represent ultimate termination of employment (whether or not the member participates in the DROP).

Schedule A-3
Probabilities of Retirement for Members Eligible to Retire (Concluded)
(first used for December 31, 2003 valuations)

VOLUNTEER MEMBERS

Retirement Ages	Percents of Active Members Retiring within Next Year		
	Early	Normal	
		Fire	Police
48		20 %	20 %
49		20	20
50	2 %	20	20
51	2	20	20
52	2	20	20
53	2	20	20
54	2	20	20
55		20	20
56		20	20
57		10	20
58		10	15
59		10	15
60		30	60
61		10	15
62		30	30
63		15	15
64		15	15
65		40	40
66		50	50
67		60	60
68		70	70
69		80	80
70		100	100

A member was assumed to be eligible for retirement after 28 years of service, attaining age 55 with 20 years of service, or age 60 with 5 years of service.

A member was assumed eligible for a reduced benefit after attaining age 50 with 20 or more years of service.

Schedule A-4
Rates of Separation (excluding deaths and disability)
From Active Employment Before Retirement
(first used for December 31, 2008 valuations)

PAID SERVICE FIREMEN

Sample Ages	Years of Service	% of Active Members Separating within Next Year
ALL	0	10.00 %
	1	9.00
	2	8.00
	3	7.00
	4	6.00
25	5 & Over	4.40
30		3.80
35		3.10
40		2.50
45		1.80
50		1.00
55		0.50
60		0.00

PAID SERVICE POLICEMEN

Sample Ages	Years of Service	% of Active Members Separating within Next Year
ALL	0	20.00 %
	1	18.00
	2	15.00
	3	13.00
	4	11.00
25	5 & Over	9.63
30		8.10
35		6.21
40		4.95
45		3.96
50		3.15
55		0.90
60		0.00

Schedule A-4 (Concluded)
Rates of Separation (excluding deaths and disability)
From Active Employment Before Retirement
(first used for December 31, 2008 valuations)

VOLUNTEER SERVICE MEMBERS

Sample Ages	Years of Service	% of Active Members Separating within Next Year
ALL	0	23.00 %
	1	21.00
	2	19.00
	3	17.00
	4	15.00
25	5 & Over	11.55
30		10.22
35		9.33
40		8.82
45		8.35
50		6.49
55		4.60
60		3.88

Schedule A-5
Pay Increase Assumptions
For an Individual Paid Service Member
(first used for December 31, 2008 valuations)

Sample Ages	Present Pay Resulting in Pay of \$1,000 at Age 60	Pay Increase Assumptions For an Individual Member		
		Merit and Seniority	Base (Economic)	Increase Next Year
20	\$ 84	6.0%	4.0%	10.0%
25	128	5.1%	4.0%	9.1%
30	187	3.2%	4.0%	7.2%
35	264	1.9%	4.0%	5.9%
40	363	1.2%	4.0%	5.2%
45	487	0.9%	4.0%	4.9%
50	635	0.6%	4.0%	4.6%
55	806	0.4%	4.0%	4.4%
60	1,000	0.3%	4.0%	4.3%

Service related salary increases are assumed to occur during the first five years of employment. The first increase is 3.0% in addition to the age related pay increases shown above. In the following years the increases are 2.5%, 2.0%, 1.5% and 1.0%.

Combined Results for Local Plans under LOPFI Administration December 31, 2011 Paid

Political Subdivision	Actuarial Liability			Valuation Assets			Unfunded Actuarial			Total		
	LOPFI Members	Closed		LOPFI Members	Plan		Accrued Liability	Normal Cost	Amortization Payment	Employee Rate	Total Employee Rate	
		\$	Plan		Total	Total						Rate
Bald Knob Police	294,659	-	-	164,626	4,735	\$ 169,361	\$ 125,298	12.28%	3.44%	15.72%		
Barling Fire	299,222	-	-	144,701	(20,938)	123,763	175,459	16.12%	6.27%	22.39%		
Bella Vista Fire	5,835,874	2,061,567	-	2,708,942	(264,083)	2,444,859	5,452,582	13.47%	16.08%	29.55%		
Benton Police	7,158,708	1,339,831	-	2,822,575	(132,852)	2,149,723	6,348,816	11.72%	16.36%	28.08%		
Blytheville Police	3,623,023	441,957	-	2,974,918	(176,468)	2,798,450	1,266,530	11.90%	5.45%	17.35%		
Brinkley Police	932,512	-	-	860,278	(2,758)	857,520	74,992	10.29%	1.08%	11.37%		
Cabot Police	5,126,930	-	-	2,204,508	1,462,343	3,666,851	1,460,079	12.11%	10.46%	22.57%		
Clarendon Police	242,419	-	-	220,405	(173,105)	47,300	195,119	11.56%	19.97%	31.53%		
Clinton Fire	26,614	-	-	15,891	(27,208)	(11,317)	37,931	15.49%	18.43%	33.92%		
Conway Police	15,997,887	-	-	3,775,435	(5,070,560)	(1,295,125)	17,293,012	11.76%	23.51%	35.27%		
Conway Fire	18,686,310	4,875,538	-	15,055,788	(91,475)	14,964,313	8,597,555	12.94%	13.81%	26.75%		
El Dorado Police	6,161,256	-	-	8,133,851	(7,769,286)	364,565	5,796,691	10.11%	22.22%	32.33%		
El Dorado Fire	9,283,598	-	-	4,976,174	(6,527,014)	(1,550,840)	10,834,438	13.69%	34.52%	48.21%		
Forrest City Police	3,806,884	-	-	1,628,714	(2,451,626)	(822,912)	4,629,796	12.96%	20.73%	33.69%		
Forrest City Fire	3,688,044	-	-	2,628,761	(520,935)	2,107,826	1,580,218	13.74%	13.17%	26.91%		
Fort Smith Police	34,210,978	2,828,606	-	37,039,584	(12,959,918)	10,865,247	26,174,337	11.09%	19.27%	30.36%		
Fort Smith Fire	37,836,936	7,576,133	-	45,413,069	(8,973,021)	14,103,591	31,309,478	15.00%	25.16%	40.16%		
Heber Springs Police	1,612,262	-	-	919,027	(213,521)	705,506	906,756	13.00%	11.36%	24.36%		
Helena - West Helena Police	2,720,253	-	-	2,582,427	(1,384,263)	1,198,164	1,522,089	11.11%	12.15%	23.26%		
Helena - West Helena Fire	3,204,596	-	-	3,204,596	(2,675,528)	725,571	2,479,025	13.12%	16.23%	29.35%		
Hot Springs Police	17,168,937	1,738,259	-	8,913,889	(8,684,153)	229,736	18,677,460	11.75%	22.67%	34.42%		
Hot Springs Fire	20,719,145	4,246,323	-	24,965,468	(11,875,878)	1,434,977	23,530,491	15.01%	35.11%	50.12%		
Hot Springs Village Fire	3,847,790	-	-	3,102,140	(481,215)	2,620,925	1,226,865	15.77%	8.67%	24.44%		
Hoxie Fire	73,595	-	-	65,239	(31,464)	33,775	39,820	12.65%	13.28%	25.93%		
Jonesboro Fire	24,398,589	433,700	-	17,043,486	(12,224,701)	4,818,785	20,013,504	12.89%	22.73%	35.62%		
Lonoke Police	984,112	-	-	844,629	(105,724)	738,905	245,207	13.71%	3.97%	17.68%		
Lowell Police	1,599,440	-	-	1,599,440	(234,601)	1,384,936	214,484	12.08%	2.13%	14.21%		
Lowell Fire	1,376,506	-	-	1,117,153	(444,671)	672,482	704,024	13.81%	12.86%	26.67%		
Magnolia Police	2,129,070	-	-	1,497,836	(526,911)	970,925	1,158,145	12.14%	11.21%	23.35%		
Magnolia Fire	1,792,474	412,140	-	1,387,060	25,546	1,412,606	792,008	12.58%	11.51%	24.09%		
Maumoni Police	1,908,428	-	-	1,439,996	400,394	1,840,390	68,038	11.76%	4.28%	16.04%		
Marianna Police	670,711	-	-	665,385	(256,019)	409,366	261,345	13.01%	9.06%	22.07%		
McCary Police	554,165	-	-	554,165	(75,902)	478,263	129,435	12.85%	4.97%	17.82%		
McGehee Police	511,877	-	-	911,600	146,162	1,057,762	(545,885)	14.42%	(10.35%)	4.07%		
Mountain Home Fire	5,198,844	696,764	-	3,414,147	(660,818)	2,753,329	3,142,279	13.39%	15.81%	29.20%		
North Little Rock Police	40,879,923	2,486,205	-	43,366,128	(18,669,060)	15,436,424	27,929,704	9.41%	16.48%	25.89%		
North Little Rock Fire	35,852,547	4,197,329	-	40,049,876	(13,368,529)	11,202,589	28,847,287	12.89%	21.97%	34.86%		
Paragould Paid Police	5,154,319	-	-	5,154,319	(1,834,695)	1,240,046	3,914,273	12.33%	14.39%	26.72%		
Paragould Paid Fire	4,033,599	-	-	3,466,680	(494,737)	2,971,943	1,061,656	12.90%	4.98%	17.88%		
Pochontas Fire	852,643	309,071	-	1,161,714	(47,695)	512,452	649,262	12.61%	20.42%	33.03%		
Searcy Police	4,214,014	1,297,578	-	5,511,592	(876,594)	652,455	4,859,137	12.55%	17.33%	29.88%		
Searcy Fire	5,694,777	-	-	5,694,777	(4,023,409)	388,295	5,306,482	13.39%	17.38%	30.77%		
Stuttgart Police	1,441,309	-	-	1,109,912	14,121	1,124,033	317,276	11.64%	2.48%	14.12%		
Stuttgart Fire	1,639,841	-	-	1,833,278	(2,470,966)	(637,688)	2,277,529	13.39%	31.38%	44.77%		
Trumann Fire	862,615	-	-	784,705	(150,347)	634,358	228,257	12.33%	6.60%	18.93%		
Van Buren Fire	8,636,060	345,880	-	6,852,091	(1,530,302)	5,321,789	3,660,151	12.68%	10.97%	23.65%		
Walnut Ridge Fire	761,792	-	-	822,873	(610,904)	211,969	549,823	12.92%	13.42%	26.34%		
Wynne Fire	1,264,287	-	-	427,859	(233,121)	194,738	1,069,549	13.41%	24.68%	38.09%		

Combined Results for Local Plans under LOPFI Administration December 31, 2011 Volunteer

Political Subdivision	Actuarial Liability	Valuation Assets	Unfunded Accrued Liability	Normal Cost	Amortization Payment*	Total Employer Rate	Political Subdivision	Actuarial Liability	Valuation Assets	Unfunded Accrued Liability	Normal Cost	Amortization Payment*	Total Employer Rate	
Altheimer Vol Fire	-	(34,407)	34,407	-	\$ 21.19	\$ 21.19	Looksburg Vol Fire	14,350	(31,850)	46,400	-	\$ 25.22	\$ 25.22	
Arkansas City Vol Fire	-	(71,341)	71,341	-	\$ 37.44	\$ 37.44	Lowell Vol Fire	-	26,690	(26,690)	-	-	-	
Arkens Vol Fire	-	(40,981)	(40,981)	-	-	-	Luxora Vol Fire	-	(91,948)	(91,948)	-	-	-	
Bald Knob Vol Fire	51,665	(19,520)	71,185	-	\$ 31.32	\$ 31.32	Magnolia Vol Fire	19,241	(121,292)	140,533	-	\$ 81.14	\$ 81.14	
Barding Vol Fire	-	(47,258)	(47,258)	-	-	-	Magnolia Vol Fire	-	(19,305)	19,305	-	-	17.73	
Bay Vol Fire	17,033	(21,880)	(4,847)	-	-	-	Marshall Vol Fire	-	(372,593)	372,593	-	\$ 165.47	\$ 165.47	
Bearden Vol Fire	-	(17,129)	(17,129)	-	-	-	Marshall Vol Fire	-	(33,423)	33,423	-	\$ 19.42	\$ 19.42	
Bella Vista Vol Fire	20,508	(16,479)	36,987	-	\$ 26.69	\$ 26.69	McNeil Vol Fire	-	7,871	(7,871)	-	-	-	
Belleville Vol Fire	-	55,172	(55,172)	-	-	-	McRae Vol Fire	-	(55,826)	55,826	-	\$ 23.07	\$ 23.07	
Biscoe Vol Fire	-	(93,816)	93,816	-	\$ 67.71	\$ 67.71	McBourne Vol Fire	-	(221,623)	221,623	-	\$ 79.97	\$ 79.97	
Caddo Valley Vol Fire	-	(10,695)	10,695	-	\$ 6.21	\$ 6.21	Monette Vol Fire	-	(162,240)	162,240	-	\$ 52.04	\$ 52.04	
Caldwell Vol Fire	-	(40,277)	(40,277)	-	-	-	Montrose Vol Fire	-	(18,363)	18,363	-	\$ 24.24	\$ 24.24	
Calico Rock Vol Fire	-	16,168	(16,168)	-	-	-	Moro Vol Fire	-	(24,447)	24,447	-	-	\$ 32.27	\$ 32.27
Calton Vol Fire	-	(14,812)	(14,812)	-	-	-	Mountain Home Vol Fire	-	(163,372)	163,372	-	\$ 104.80	\$ 104.80	
Cammack Village Vol Fire	-	(34,950)	(34,950)	-	-	-	Mountain View Vol Fire	-	(335,624)	335,624	-	\$ 71.77	\$ 71.77	
Caraway Vol Fire	-	(370,763)	370,763	-	\$ 101.93	\$ 101.93	Murreesboro Vol Fire	-	(378,402)	378,402	-	\$ 168.05	\$ 168.05	
Carthage Vol Fire	-	(22,105)	22,105	-	\$ 19.26	\$ 19.26	Norphet Vol Fire	-	(11,952)	11,952	-	\$ 6.51	\$ 6.51	
Cash Vol Fire	-	(2,040)	2,040	-	\$ 3.56	\$ 3.56	North Crossen Vol Fire	-	(130,674)	130,674	-	\$ 53.89	\$ 53.89	
Cave City Vol Fire	-	(167,443)	167,443	-	\$ 35.81	\$ 35.81	Paragould Vol Fire	-	(94,578)	94,578	-	\$ 273.02	\$ 273.02	
Chidester Vol Fire	-	(13,632)	13,632	-	\$ 8.48	\$ 8.48	Parkin Vol Fire	-	(129,673)	129,673	-	\$ 57.59	\$ 57.59	
Clinton Vol Fire	-	(14,577)	14,577	-	\$ 5.52	\$ 5.52	Perla Vol Fire	-	(34,698)	34,698	-	\$ 342.29	\$ 342.29	
Coal Hill Vol Fire	-	(65,979)	65,979	-	\$ 25.40	\$ 25.40	Perryville Vol Fire	-	980	(980)	-	-	-	
Conway Vol Fire	-	(15,065)	15,065	-	\$ 124.50	\$ 124.50	Plainview Vol Fire	-	(50,939)	50,939	-	\$ 22.19	\$ 22.19	
Cooterneck Vol Fire	-	(168,189)	168,189	-	\$ 74.70	\$ 74.70	Plummer Vol Fire	-	(269,941)	269,941	-	\$ 91.68	\$ 91.68	
Cotton Vol Fire	-	(12,911)	12,911	-	\$ 7.46	\$ 7.46	Pocahontas Vol Fire	-	52,380	(52,380)	-	\$ 30.25	\$ 30.25	
Cotton Plant Vol Fire	-	(26,244)	26,244	-	\$ 25.41	\$ 25.41	Portland Vol Fire	18,190	12,822	(12,822)	-	-	-	
Danville Vol Fire	-	(59,180)	59,180	-	\$ 15.53	\$ 15.53	Pocahontas Vol Fire	-	12,822	(12,822)	-	-	-	
Devalds Bluff Vol Fire	-	(118,644)	118,644	-	\$ 57.08	\$ 57.08	Prescott Vol Fire	-	35,088	(35,088)	-	-	-	
Diaz Vol Fire	-	(63,567)	63,567	-	\$ 52.26	\$ 52.26	Rison Vol Fire	-	(163,390)	163,390	-	\$ 49.65	\$ 49.65	
Dover Vol Fire	-	(54,082)	54,082	-	\$ 29.39	\$ 29.39	Russell Vol Fire	-	(44,212)	44,212	-	\$ 27.52	\$ 27.52	
Farmingington Vol Fire	-	(12,703)	12,703	-	\$ 4.70	\$ 4.70	Searcy Vol Fire	-	(263,034)	263,034	-	\$ 759.32	\$ 759.32	
Fisher Vol Fire	-	(30,869)	30,869	-	\$ 11.14	\$ 11.14	Shannon Hills FD Vol Fire	-	(59,654)	59,654	-	\$ 14.35	\$ 14.35	
Forrest City Vol Fire	-	(446)	446	-	\$ 0.53	\$ 0.53	Sparkman Vol Fire	-	(31,431)	31,431	-	\$ 39.96	\$ 39.96	
Garland Vol Fire	-	2,405	(2,405)	-	-	-	St. Francis Vol Fire	-	(54,232)	54,232	-	\$ 62.62	\$ 62.62	
Gosnell Vol Fire	-	(58,395)	58,395	-	\$ 12.49	\$ 12.49	Strong Vol Fire	-	10,648	(10,648)	-	-	-	
Gould Vol Fire	16,979	(19,073)	(2,094)	-	-	-	Stuttgart Vol Fire	-	(49,534)	49,534	-	\$ 97.55	\$ 97.55	
Grover Township Vol Fire	-	(39,311)	39,311	-	\$ 20.41	\$ 20.41	Sulphur Springs Vol Fire	-	30,066	(30,066)	-	\$ 26.96	\$ 26.96	
Grubbs Vol Fire	-	(11,810)	11,810	-	\$ 5.42	\$ 5.42	Swiftown Vol Fire	11,262	(63,493)	74,755	-	\$ 40.71	\$ 40.71	
Hampton Vol Fire	-	(156,188)	156,188	-	\$ 64.41	\$ 64.41	Thornton Vol Fire	-	(258,708)	258,708	-	\$ 165.96	\$ 165.96	
Hardin Vol Fire	-	(23,384)	23,384	-	\$ 36.01	\$ 36.01	Tillar Vol Fire	-	8,983	(8,983)	-	-	-	
Hardy Vol Fire	-	(1,086)	1,086	-	\$ 0.50	\$ 0.50	Tracy Area Vol Fire	-	(6,229)	6,229	-	\$ 2.79	\$ 2.79	
Harrisburg Vol Fire	-	(107,537)	107,537	-	-	-	Trumann Vol Fire	-	2,634	(2,634)	-	-	-	
Hartford Vol Fire	-	1,191	(1,191)	-	-	-	Tuckerman Vol Fire	-	(61,782)	61,782	-	\$ 20.98	\$ 20.98	
Helena - West Helena Vol Fire	-	(122,341)	122,341	-	\$ 100.91	\$ 100.91	Turrell Vol Fire	-	(26,085)	26,085	-	\$ 241.02	\$ 241.02	
Hermitage Vol Fire	-	(117,702)	117,702	-	\$ 97.08	\$ 97.08	Tyronea Vol Fire	-	(217,048)	217,048	-	\$ 65.95	\$ 65.95	
Holiday Island Vol Fire	-	(15,897)	15,897	-	\$ 15.68	\$ 15.68	Vitona Vol Fire	-	(32,012)	32,012	-	\$ 11.83	\$ 11.83	
Holly Grove Vol Fire	-	(5,084)	5,084	-	-	-	Viola Vol Fire	-	(180,994)	180,994	-	\$ 269.61	\$ 269.61	
Hot Springs Village Vol Fire	-	(69,639)	69,639	-	\$ 13.40	\$ 13.40	Wabbeska Vol Fire	-	(52,829)	52,829	-	\$ 24.82	\$ 24.82	
Hoxie Vol Fire	-	(38,858)	38,858	-	\$ 19.17	\$ 19.17	Waldo Vol Fire	-	(227,765)	246,491	-	\$ 101.65	\$ 101.65	
Humphrey Vol Fire	-	(10,375)	10,375	-	-	-	Walnut Ridge Vol Fire	18,726	(16,701)	16,701	-	\$ 19.28	\$ 19.28	
Imboden Vol Fire	15,890	(167,385)	183,275	-	\$ 105.81	\$ 105.81	Washington Vol Fire	-	(43)	17,763	-	\$ 24.47	\$ 24.47	
Jasper Vol Fire	-	(88,592)	88,592	-	\$ 63.94	\$ 63.94	West Point Vol Fire	9,785	16,522	(6,737)	-	-	-	
Jonser Vol Fire	-	(34,450)	34,450	-	\$ 16.96	\$ 16.96	Wheatley Vol Fire	-	(14,256)	16,627	-	\$ 14.49	\$ 14.49	
Jonesboro Vol Fire	-	(127,287)	127,287	-	\$ 734.89	\$ 734.89	Wilson Vol Fire	-	(16,627)	16,627	-	-	-	
Lake City Vol Fire	14,674	(20,825)	35,499	-	\$ 6.83	\$ 6.83	Wynne Vol Fire	30,292	43,629	(13,337)	-	-	-	
Lavaca Vol Fire	-	(38,197)	38,197	-	\$ 23.53	\$ 23.53								

**Retirants and Beneficiaries* Added to and Removed From Rolls
Comparative Statement**

LOPFI Paid Service

	Added		Removed		End of Year		% Increase		Average	
	No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance	in Annual Allowance	% Increase in Annual Allowance	Annual Allowance	Increase in Allowance
December 31, 2006	83	\$ 1,218,719	8	\$ 79,942	398	\$ 5,696,786	24.98	24.98	\$ 14,314	1.44
Retirement										
Survivor of active	32	147,836			61	303,154	95.18	95.18	4,970	(7.21)
Survivor of retired	6	25,590	24	157,930	22	118,314	(52.80)	(52.80)	5,378	(14.17)
December 31, 2007	120	1,834,311	14	210,138	504	7,320,959	28.51	28.51	14,526	1.48
Retirement										
Survivor of active	12	80,577	5	22,320	68	361,411	19.22	19.22	5,315	6.94
Survivor of retired	3	28,971	3	9,917	22	137,368	16.10	16.10	6,244	16.10
December 31, 2008	120	1,896,855	6	25,908	618	9,191,906	25.56	25.56	14,874	2.40
Retirement										
Survivor of active	7	50,387			75	411,798	13.94	13.94	5,491	3.31
Survivor of retired	1	4,408	2	8,225	21	133,551	(2.78)	(2.78)	6,360	1.86
December 31, 2009	106	2,288,426	13	136,647	711	11,343,685	23.41	23.41	15,955	7.27
Retirement										
Survivor of active	14	106,529	3	13,914	86	504,413	22.49	22.49	5,865	6.81
Survivor of retired	3	26,940	1	4,677	23	155,814	16.67	16.67	6,775	6.53
December 31, 2010	138	2,819,765	11	144,330	838	14,019,120	23.59	23.59	16,729	4.85
Retirement										
Survivor of active	10	100,894	8	62,685	88	542,622	7.58	7.58	6,166	5.13
Survivor of retired	25	191,680	19	144,024	29	203,470	30.59	30.59	7,016	3.56
December 31, 2011	193	4,940,414	12	88,382	1,019	18,871,152	34.61	34.61	18,519	10.70
Retirement										
Survivor of active	11	63,152	4	28,540	95	577,234	6.38	6.38	6,076	(1.46)
Survivor of retired	7	66,463	1	6,838	35	263,095	29.30	29.30	7,517	7.14

* Includes DROP members.

**Retirants and Beneficiaries Added to and Removed From Rolls
Comparative Statement
(Continued)**

LOPFI Volunteer Service

	Added		Removed		End of Year		% Increase in Annual Allowance	Average	
	No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance		Annual Allowance	% Increase in Allowance
December 31, 2006	46	\$ 52,227	6	\$ 5,421	273	\$ 252,441	22.76	\$ 925	4.76
Survivor of active	12	6,173	1	201	27	11,219	113.82	416	26.83
Survivor of retired	5	3,111	6	2,862	13	7,968	3.23	613	11.25
December 31, 2007	105	108,046	12	10,337	366	350,150	38.71	957	3.46
Survivor of active	14	3,896			41	15,115	34.73	369	(11.30)
Survivor of retired	7	3,879	1	689	19	11,158	40.04	587	(4.24)
December 31, 2008	106	134,401	9	6,415	463	478,136	36.55	1,033	7.94
Survivor of active	15	4,235	2	452	54	18,898	25.03	350	(5.15)
Survivor of retired	6	5,511	1	375	24	16,294	46.03	679	15.67
December 31, 2009	272	359,520	14	10,099	721	827,557	73.08	1,148	11.13
Survivor of active	14	4,482	2	873	66	22,507	19.10	341	(2.57)
Survivor of retired	13	12,309	4	1,227	33	27,376	68.01	830	22.24
December 31, 2010	182	213,270	16	15,511	887	1,025,316	23.90	1,156	0.70
Survivor of active	12	5,150	3	1,464	75	26,193	16.38	349	2.35
Survivor of retired	29	25,603	20	15,326	42	37,653	37.54	897	8.07
December 31, 2011	195	232,470	18	17,746	1,064	1,240,040	20.94	1,165	0.78
Survivor of active	21	9,896			96	36,089	37.78	376	7.74
Survivor of retired	18	16,523	2	771	58	53,405	41.83	921	2.68

**Retirees and Beneficiaries* Added to and Removed From Rolls
Comparative Statement
(Continued)**

Local Paid Service

	Added		Removed		End of Year		% Increase		Average	
	No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance	in Annual Allowance	Annual Allowance	Annual Allowance	Increase in Allowance
December 31, 2006	33	\$ 1,030,560	29	\$ 454,338	794	\$ 15,235,215	3.93	\$ 19,188	3.41	
Retirement										
Survivor of active	1	2,643	1	7,513	6	56,407	(7.95)	9,401	(7.95)	
Survivor of retired	34	468,021	31	252,697	212	2,506,067	9.40	11,821	7.86	
December 31, 2007	20	719,958	18	234,794	796	15,720,379	3.18	19,749	2.92	
Retirement										
Survivor of active		986	2	16,012	4	41,381	(26.64)	10,345	10.04	
Survivor of retired	20	324,366	12	116,168	220	2,714,265	8.31	12,338	4.37	
December 31, 2008	39	1,076,014	25	384,056	810	16,412,337	4.40	20,262	2.60	
Retirement										
Survivor of active	3	83,382			7	124,763	201.50	17,823	72.29	
Survivor of retired	18	346,417	22	173,580	216	2,887,102	6.37	13,366	8.33	
December 31, 2009	10	438,424	22	292,992	798	16,557,769	0.89	20,749	2.40	
Retirement										
Survivor of active	17	227,302	1	1,500	23	350,565	180.98	15,242	(14.48)	
Survivor of retired	20	286,266	29	327,986	207	2,845,382	(1.45)	13,746	2.84	
December 31, 2010**	118	2,666,918	28	406,946	888	18,817,741	13.65	21,191	2.13	
Retirement										
Survivor of active		1,890		6,122	23	346,333	(1.21)	15,058	(1.21)	
Survivor of retired	187	2,875,614	154	2,286,964	240	3,434,032	20.69	14,308	4.09	
December 31, 2011	34	991,101	21	321,147	901	19,487,695	3.56	21,629	2.07	
Retirement										
Survivor of active	3	24,618	2	25,746	24	345,205	(0.33)	14,384	(4.48)	
Survivor of retired	15	287,361	12	139,014	243	3,582,379	4.32	14,742	3.03	

* Includes DROP members.

** Data corrections in 2010.

**Retirants and Beneficiaries Added to and Removed From Rolls
Comparative Statement
(Concluded)**

Local Volunteer Service

	Added		Removed		End of Year		% Increase in Annual Allowance	Average	
	No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance		Annual Allowance	Increase in Allowance %
December 31, 2006	93	\$ 155,365	10	\$ 13,236	376	\$ 588,938	31.81	\$ 1,566	2.69
Retirement									
Survivor of active	45		1		1	1,528	3.03	1,528	3.03
Survivor of retired	21	27,434	2	2,400	99	123,530	25.42	1,248	1.38
December 31, 2007	39	65,303	14	22,176	401	632,065	7.32	1,576	0.64
Retirement									
Survivor of active	1	1,846	2	3,374	2	3,374	120.81	1,687	10.41
Survivor of retired	24	34,027	2	2,473	121	155,084	25.54	1,282	2.72
December 31, 2008	130	240,216	5	7,007	526	865,274	36.90	1,645	4.38
Retirement									
Survivor of active	3	5,327	5	8,701	5	8,701	158	1,740	3.14
Survivor of retired	45	63,123	10	12,266	156	205,941	32.79	1,320	2.96
December 31, 2009	128	196,439	20	30,294	634	1,031,419	19.20	1,627	(1.09)
Retirement									
Survivor of active	9	12,556	14	21,257	14	21,257	144.31	1,518	(12.76)
Survivor of retired	43	59,514	17	23,031	182	242,424	17.72	1,332	0.91
December 31, 2010*	48	87,376	23	34,348	659	1,084,447	5.14	1,646	1.17
Retirement									
Survivor of active	211		14	21,468	14	21,468	0.99	1,533	0.99
Survivor of retired	131	181,383	113	151,528	200	272,279	12.32	1,361	2.18
December 31, 2011	21	37,674	25	35,673	655	1,086,448	0.18	1,659	0.79
Retirement									
Survivor of active	217		14	21,685	14	21,685	1.01	1,549	1.04
Survivor of retired	25	35,876	15	18,322	210	289,833	6.45	1,380	1.40

* Data corrections in 2010.



Statistical Section Summary

Retirement

Page 107 reflects Demographic Data for active, inactive vested, retirees and survivors as of December 31, 2011. Annualized benefits payable as of December 31, 2011 by Option Type is shown on page 108.

Assets vs. Liabilities

Page 109 reflects the LOPFI and Local plans, administered by LOPFI, Schedule of Funding Progress for the last 10 years. The existence of the unfunded actuarial accrued liabilities is not necessarily an indication of financial problems, however, the fluctuations are important and should be monitored and controlled with utmost prudence.

Schedule of Expenses by Type

Page 110 reflects the last 10 years of Benefits Paid, Refunds to termed contributory members, Administrative Expenses, Investment Expenses and DROP Distributions. Benefits Paid growth has been the result of Local Plan Mergers with LOPFI, increase in LOPFI members retiring, and benefit enhancements. Refunds are directly associated with contributory members terminating and withdrawing their member contributions,

Schedule of Revenues by Source

Page 110 reflects the last 10 years of Member Contributions; Employer Contributions; Local Plan Mergers, Military and Prior Service Purchase; and Investment Income (Loss). Investment income includes the Net Increase (Decrease) in Fair Value of Investments. Member and Employer Contributions growth has occurred from an increase in membership, consolidation of Local Plans, and benefit enhancements. Investment Income (Loss) has a direct correlation to the economy and each Money Managers' investment performance.

Schedule of Changes in Plan Net Assets

Page 110 reflects the last 10 years of Changes of Net Plan Assets, which is the difference between Total Revenues and Total Expenses.

Schedules of Retirement Payments

Pages 111 -122 present schedules of retirement payments showing type of retirement, option selected by each type of department.

Participating Employer Groups

Page 123 shows the Top Ten Participating Employers in the plan.

LOPFI Demographic Data

(Excluding Local Funds)
As of December 31, 2011

Active Paid Members

Number.....6,016
 Average Age.....38.9 years
 Average Length of Service.....11.7 years
 Average Annual Salary.....\$45,341

Active Volunteer Members

Number.....7,034
 Average Age.....40.8 years
 Average Length of Service.....9.5 years

Inactive Vested Members

5,113

Total Retirees and Survivors

Number.....2,367
 Average Monthly Benefit.....\$741@

2011 Retirees and Survivors

	<u>Normal</u>		<u>Duty Related Disability</u>
Number	1,695	Number	243
Average Age	62.9 years	Average Age	49.4 years
Average Length of Service	15.7 years	Average Length of Service	10.1 years
Average Monthly Benefit	\$587	Average Monthly Benefit	\$2,225
	<u>Survivors (Death in Service)</u>		<u>Non-Duty Related Disability</u>
Number	191	Number	238
Average Age	37.2 years	Average Age	50 years
Average Monthly Benefit	\$268	Average Length of Service	9.6 years
		Average Monthly Benefit	\$702

@ Average monthly benefit is \$1,430 and \$91 for paid service members and volunteer service members, respectively.

LOPFI
Annual Benefit by Type, Last Ten Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Type of Benefit										
Age and service benefits:										
Retirees	12,366,835	13,439,189	14,407,533	15,546,079	16,763,686	17,909,240	19,805,489	21,626,643	25,651,097	30,238,832
Survivors	1,557,186	1,776,147	2,038,873	2,125,832	2,318,235	2,570,427	2,736,446	2,971,839	3,465,841	3,616,128
Death in service benefits	122,480	149,526	144,802	321,658	372,308	421,281	564,159	898,742	936,616	980,215
Disability benefits:										
Retirees - duty	2,178,247	2,762,728	3,228,243	3,657,461	4,237,285	5,059,662	5,859,132	6,453,030	7,293,655	8,075,405
Retirees - non-duty	418,333	486,693	551,710	665,900	772,410	1,054,652	1,283,033	1,680,756	2,001,873	2,371,096
Survivors	352,187	383,037	446,938	423,452	437,643	447,447	506,442	299,158	481,592	572,584
Total annual benefits	16,995,268	18,997,320	20,818,099	22,740,382	24,901,567	27,462,709	30,754,701	33,930,168	39,830,674	45,854,260
Refunds	1,037,067	877,252	1,346,832	836,941	1,280,366	1,019,140	995,285	1,027,093	814,866	1,097,813

Note: Benefit amounts shown above are the annualized monthly benefits in effect on December 31 of each year.

**LOPFI and Local Plan
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (c) = (b) - (a)	Funded Ratio (d) = (a)/(b)	Annual Covered Payroll (e)	UAAAL as a Percentage of Covered Payroll (f) = (c)/(e)
12/31/2002 *	\$ 515,600,263	\$ 534,533,175	\$ 18,932,912	96%	\$ 163,420,616	12%
12/31/2003 +	\$ 553,057,228	\$ 625,021,624	\$ 71,964,396	88%	\$ 178,850,477	40%
12/31/2004 *	\$ 601,798,909	\$ 754,004,285	\$ 152,205,376	80%	\$ 193,670,943	79%
12/31/2005	\$ 653,546,976	\$ 842,926,984	\$ 189,380,008	78%	\$ 207,890,440	91%
12/31/2006	\$ 724,746,827	\$ 927,816,659	\$ 203,069,832	78%	\$ 222,107,556	91%
12/31/2007	\$ 827,546,002	\$ 1,054,599,720	\$ 227,053,718	78%	\$ 235,337,218	96%
12/31/2008 *+	\$ 788,633,082	\$ 1,200,515,663	\$ 411,882,581	66%	\$ 245,775,341	168%
12/31/2009	\$ 878,958,364	\$ 1,379,093,412	\$ 500,135,048	64%	\$ 265,123,993	189%
12/31/2010	\$ 982,154,992	\$ 1,519,527,855	\$ 537,372,863	65%	\$ 268,424,127	200%
12/31/2011	\$ 1,070,685,918	\$ 1,654,156,087	\$ 583,470,169	65%	\$ 275,850,081	212%

* After legislated benefit increases for LOPFI members

+ After changes in actuarial assumptions

LOPFI
Expenses by Type
Last Ten Calendar Years

Year	Benefits Paid	Refunds	Administrative Expenses	DROP Distributions	Total Expenses
2002	\$14,604,923	\$1,037,067	\$910,408	\$2,469,774	\$19,022,172
2003	\$17,127,556	\$1,020,567	\$1,043,293	\$2,892,885	\$22,084,301
2004	\$17,669,863	\$1,278,586	\$1,034,523	\$1,770,312	\$21,753,284
2005	\$20,588,418	\$882,766	\$1,156,384	\$830,226	\$23,457,794
2006	\$22,945,150	\$1,280,366	\$1,170,219	\$3,706,498	\$29,102,233
2007	\$25,233,346	\$1,031,045	\$1,519,684	\$2,445,907	\$30,229,982
2008	\$27,671,177	\$995,285	\$1,839,547	\$2,069,403	\$32,575,412
2009	\$30,669,255	\$1,027,093	\$1,948,267	\$3,251,683	\$36,896,298
2010	\$36,586,520	\$814,866	\$1,739,807	\$1,918,136	\$41,059,329
2011	\$41,402,892	\$1,097,813	\$1,696,390	\$2,093,535	\$46,290,630

LOPFI
Revenues by Source
Last Ten Calendar Years

Year	Member Contributions	Employer Contributions	Merger / Military Purchase	Investment Income (Loss)	Total Income (Loss)
2002	\$7,425,163	\$18,261,057	\$2,894,751	(\$46,547,609)	(\$17,966,638)
2003	\$7,997,262	\$22,412,513	\$485,767	\$94,768,863	\$125,664,405
2004	\$7,611,322	\$30,802,924	\$7,745,078	\$46,531,092	\$92,690,416
2005	\$8,954,827	\$33,217,304	\$4,649,705	\$16,755,216	\$63,577,052
2006	\$9,594,183	\$41,270,116	\$1,149,958	\$66,305,847	\$118,320,104
2007	\$10,437,131	\$46,456,241	\$4,272,635	\$64,422,521	\$125,588,528
2008	\$10,371,754	\$52,911,629	\$6,635,472	(\$212,018,946)	(\$142,100,091)
2009	\$14,354,314	\$54,473,529	\$15,619,218	\$123,024,492	\$207,471,553
2010	\$18,621,969	\$58,942,600	\$8,279,405	\$83,227,717	\$169,071,691
2011	\$19,340,191	\$63,814,398	\$5,066,225	\$3,960,803	\$92,181,617

LOPFI
Changes in Net Assets
Last Ten Calendar Years

Year	Change in Plan Net Assets
2002	\$ (36,988,810)
2003	\$ 103,580,104
2004	\$ 70,937,132
2005	\$ 40,119,258
2006	\$ 89,217,871
2007	\$ 95,358,546
2008	\$ (174,675,503)
2009	\$ 170,575,255
2010	\$ 128,012,362
2011	\$ 45,890,987

For years 1997 and forward, Investment Income (Loss) includes Net Increase (Decrease) in Fair Value of Investments, Interest, Dividends, and other investment income.



Paid Police (Excluding Local Plan)

Monthly Benefit	No. of Retirants	Type of Retirement*						Option Selected#			
		1	2	3	4	5	6	Life	Opt. A	Opt. B	Opt. C
\$1-500	263	176	3	1	47	-	36	94	46	70	53
501-1,000	148	85	2	4	29	3	25	66	19	42	21
1,001-1,500	85	50	5	11	14	4	1	40	14	18	13
1,501-2,000	100	32	3	45	14	6	-	60	11	16	13
2,001-2,500	101	34	-	46	10	11	-	57	8	22	14
2,501-3,000	52	15	-	32	2	3	-	33	4	8	7
3,001-3,500	33	18	-	11	3	1	-	16	1	8	8
3,501-4,000	18	9	1	5	-	3	-	12	1	3	2
Over \$4,000	9	8	-	-	-	1	-	4	3	-	2
Total	809	427	14	155	119	32	62	382	107	187	133

* Type of Retirement

1. Normal retirement for age and service
2. Early retirement for age and service
3. Duty disability retirement
4. Non-Duty disability retirement
5. DROP retirement
6. Survivor payment

Option Selected at Retirement

- Normal - normal form of annuity for 5 years certain and life thereafter
- Opt. A - 75% survivor annuity
- Opt. B - 50% survivor annuity
- Opt. C - annuity for 10 years certain and life thereafter

LOPFI Staff

Monthly Benefit	No. of Retirants	Type of Retirement*						Option Selected#				
		1	2	3	4	5	6	Life	Opt. A	Opt. B	Opt. C	
\$1-500	-	-	-	-	-	-	-	-	-	-	-	-
501-1,000	1	1	-	-	-	-	-	-	-	-	-	1
1,001-1,500	-	-	-	-	-	-	-	-	-	-	-	-
1,501-2,000	-	-	-	-	-	-	-	-	-	-	-	-
2,001-2,500	-	-	-	-	-	-	-	-	-	-	-	-
2,501-3,000	-	-	-	-	-	-	-	-	-	-	-	-
3,001-3,500	-	-	-	-	-	-	-	-	-	-	-	-
3,501-4,000	-	-	-	-	-	-	-	-	-	-	-	-
Over \$4,000	-	-	-	-	-	-	-	-	-	-	-	-
Total	1	1	-	-	-	-	-	-	-	-	-	1

* Type of Retirement

1. Normal retirement for age and service
2. Early retirement for age and service
3. Duty disability retirement
4. Non-Duty disability retirement
5. DROP retirement
6. Survivor payment

Option Selected at Retirement

- Normal - normal form of annuity for 5 years certain and life thereafter
- Opt. A - 75% survivor annuity
- Opt. B - 50% survivor annuity
- Opt. C - annuity for 10 years certain and life thereafter

Gabriel Roeder Smith & Company

5/29/2012

Paid Fire (Excluding Local Plan)

Monthly Benefit	No. of Retirees	Type of Retirement*						Option Selected#			
		1	2	3	4	5	6	Life	Opt. A	Opt. B	Opt. C
\$1-500	52	23	-	-	9	-	20	20	7	23	2
501-1,000	36	16	1	1	8	1	9	18	4	9	5
1,001-1,500	48	29	1	7	7	2	2	18	13	8	9
1,501-2,000	61	23	1	19	7	10	1	38	9	7	7
2,001-2,500	49	12	-	21	3	12	1	35	3	8	3
2,501-3,000	44	13	-	26	2	3	-	29	3	7	5
3,001-3,500	27	10	-	12	1	4	-	17	3	5	2
3,501-4,000	14	8	-	-	2	4	-	7	1	4	2
Over \$4,000	8	7	-	-	-	1	-	5	-	3	-
Total	339	141	3	86	39	37	33	187	43	74	35

* Type of Retirement

1. Normal retirement for age and service
2. Early retirement for age and service
3. Duty disability retirement
4. Non-Duty disability retirement
5. DROP retirement
6. Survivor payment

Option Selected at Retirement

- Normal - normal form of annuity for 5 years certain and life thereafter
- Opt. A - 75% survivor annuity
- Opt. B - 50% survivor annuity
- Opt. C - annuity for 10 years certain and life thereafter

Gabriel Roeder Smith & Company

5/29/2012

Volunteer Police (Excluding Local Plan)

Monthly Benefit	No. of Retirants	Type of Retirement*					Option Selected#			
		1	2	3	4	5	Life	Opt. A	Opt. B	Opt. C
\$1-50	29	26	-	-	3	-	12	4	1	12
51-75	1	1	-	-	-	-	-	1	-	-
76-100	2	2	-	-	-	-	-	-	1	1
101-125	1	1	-	-	-	-	1	-	-	-
126-150	1	1	-	-	-	-	-	1	-	-
151-175	-	-	-	-	-	-	-	-	-	-
176-200	1	1	-	-	-	-	1	-	-	-
201-225	1	1	-	-	-	-	-	1	-	-
Over \$225	-	-	-	-	-	-	-	-	-	-
Total	36	33	-	-	3	-	14	7	2	13

* Type of Retirement

1. Normal retirement for age and service
2. Early retirement for age and service
3. Duty disability retirement
4. Non-Duty disability retirement
5. Survivor payment

Option Selected at Retirement

- Normal - normal form of annuity for 5 years certain and life thereafter
 Opt. A - 75% survivor annuity
 Opt. B - 50% survivor annuity
 Opt. C - annuity for 10 years certain and life thereafter

Gabriel Roeder Smith & Company

5/29/2012

Volunteer Fire (Excluding Local Plan)

Monthly Benefit	No. of Retirants	Type of Retirement*					Option Selected#			
		1	2	3	4	5	Life	Opt. A	Opt. B	Opt. C
\$1-50	294	183	1	1	33	76	117	27	70	80
51-75	199	158	1	-	21	19	64	41	33	61
76-100	143	122	5	-	15	1	45	34	14	50
101-125	207	192	8	-	7	-	63	51	22	71
126-150	154	152	1	-	1	-	49	29	9	67
151-175	124	123	-	1	-	-	31	26	12	55
176-200	53	53	-	-	-	-	19	2	5	27
201-225	8	8	-	-	-	-	3	2	1	2
Over \$225	-	-	-	-	-	-	-	-	-	-
Total	1,182	991	16	2	77	96	391	212	166	413

* Type of Retirement

1. Normal retirement for age and service
2. Early retirement for age and service
3. Duty disability retirement
4. Non-Duty disability retirement
5. Survivor payment

Option Selected at Retirement
 Normal - normal form of annuity for 5 years certain and life thereafter
 Opt. A - 75% survivor annuity
 Opt. B - 50% survivor annuity
 Opt. C - annuity for 10 years certain and life thereafter

Gabriel Roeder Smith & Company

5/29/2012

**LOPFI
Paid Police**

Retirement Effective Dates		Service at Retirement						
		0-4#	5-9	10-14	15-19	20-24	25-29	30+
January 1, 2002 to December 31, 2011								
01/01/02 - 12/31/02	Average Monthly Benefit	\$ 466	\$ 625	\$ 729	\$ 1,070	\$ 975	\$ 1,267	\$ 2,060
	Final Average Pay*	\$ 27,122	\$ 28,548	\$ 32,418	\$ 27,967	\$ 25,706	\$ 36,863	\$ 36,888
	Number of Active Retirees	33	65	47	18	18	7	2
	* Final Average Pay for 125 members was not provided. # Includes 6 members whose service was not provided.							
01/01/03 - 12/31/03	Average Monthly Benefit	\$ 641	\$ 818	\$ 859	\$ 1,066	\$ 1,106	\$ 1,394	\$ 2,122
	Final Average Pay*	\$ 30,418	\$ 27,642	\$ 32,574	\$ 31,212	\$ 28,675	\$ 36,863	\$ 36,888
	Number of Active Retirees	41	73	56	24	22	8	2
	* Final Average Pay for 147 members was not provided. # Includes 8 members whose service was not provided.							
01/01/04 - 12/31/04	Average Monthly Benefit	\$ 547	\$ 846	\$ 945	\$ 1,211	\$ 1,271	\$ 1,420	\$ 2,186
	Final Average Pay*	\$ 33,172	\$ 27,656	\$ 32,724	\$ 32,734	\$ 32,479	\$ 36,698	\$ 36,888
	Number of Active Retirees	65	74	63	26	33	10	2
	* Final Average Pay for 146 members was not provided. # Includes 11 members whose service was not provided.							
01/01/05 - 12/31/05	Average Monthly Benefit	\$ 545	\$ 877	\$ 1,029	\$ 1,252	\$ 1,313	\$ 1,445	\$ 2,251
	Final Average Pay*	\$ 31,313	\$ 30,536	\$ 34,439	\$ 33,461	\$ 34,075	\$ 36,447	\$ 36,888
	Number of Active Retirees	66	81	67	31	44	14	2
	* Final Average Pay for 144 members was not provided. # Includes 4 members whose service was not provided.							
01/01/06 - 12/31/06	Average Monthly Benefit	\$ 683	\$ 843	\$ 1,080	\$ 1,413	\$ 1,362	\$ 1,170	\$ 1,605
	Final Average Pay*	\$ 34,231	\$ 32,187	\$ 34,769	\$ 38,385	\$ 35,023	\$ 36,570	\$ 34,266
	Number of Active Retirees	100	99	74	45	44	10	3
	* Final Average Pay for 154 members was not provided. # Includes 21 members whose service was not provided.							
01/01/07 - 12/31/07	Average Monthly Benefit	\$ 485	\$ 831	\$ 1,162	\$ 1,511	\$ 1,498	\$ 1,528	\$ 1,746
	Final Average Pay*	\$ 33,441	\$ 34,135	\$ 37,023	\$ 39,344	\$ 37,483	\$ 36,781	\$ 34,266
	Number of Active Retirees	109	126	90	54	60	16	7
	* Final Average Pay for 158 members was not provided. # Includes 6 members whose service was not provided.							
01/01/08 - 12/31/08	Average Monthly Benefit	\$ 474	\$ 859	\$ 1,218	\$ 1,581	\$ 1,639	\$ 1,499	\$ 1,837
	Final Average Pay*	\$ 32,235	\$ 32,524	\$ 36,536	\$ 40,407	\$ 41,602	\$ 42,257	\$ 49,064
	Number of Active Retirees	140	137	100	59	76	18	8
	* Final Average Pay for 43 members was not provided. # Includes 10 members whose service was not provided.							
01/01/09 - 12/31/09	Average Monthly Benefit	\$ 488	\$ 941	\$ 1,375	\$ 1,847	\$ 1,882	\$ 2,070	\$ 2,206
	Final Average Pay*	\$ 32,283	\$ 33,848	\$ 36,828	\$ 42,390	\$ 43,187	\$ 47,249	\$ 47,248
	Number of Active Retirees	212	136	98	64	82	17	8
	* Final Average Pay for 57 members was not provided. # Includes 20 members whose service was not provided.							
01/01/10 - 12/31/10	Average Monthly Benefit	\$ 478	\$ 950	\$ 1,413	\$ 1,847	\$ 2,114	\$ 2,223	\$ 2,430
	Final Average Pay*	\$ 32,438	\$ 35,396	\$ 38,251	\$ 42,582	\$ 44,648	\$ 47,145	\$ 47,128
	Number of Active Retirees	240	160	109	78	92	23	8
	* Final Average Pay for 95 members was not provided. # Includes 91 members whose service was not provided.							
01/01/11 - 12/31/11	Average Monthly Benefit	\$ 482	\$ 1,015	\$ 1,486	\$ 1,928	\$ 2,212	\$ 2,762	\$ 2,436
	Final Average Pay*	\$ 33,210	\$ 36,913	\$ 39,038	\$ 44,496	\$ 46,338	\$ 54,634	\$ 46,761
	Number of Active Retirees	263	182	119	89	107	41	8
	* Final Average Pay for 103 members was not provided. # Includes 100 members whose service was not provided.							

Schedule of Retirements by Type of Benefit and Department

LOPFI Paid Fire

Retirement Effective Dates January 1, 2002 to December 31, 2011		Service at Retirement						
		0-4#	5-9	10-14	15-19	20-24	25-29	30+
01/01/02 - 12/31/02	Average Monthly Benefit	\$ 798	\$ 1,279	\$ 1,105	\$ 1,824	\$ -	\$ -	\$ -
	Final Average Pay*	\$ -	\$ 32,271	\$ 39,439	\$ 67,394	\$ -	\$ -	\$ -
	Number of Active Retirees	9	11	18	6	-	-	-
	* Final Average Pay for 37 members was not provided. # Includes 5 members whose service was not provided.							
01/01/03 - 12/31/03	Average Monthly Benefit	\$ 978	\$ 1,626	\$ 1,336	\$ 1,836	\$ -	\$ -	\$ -
	Final Average Pay*	\$ -	\$ 30,394	\$ 39,355	\$ 45,014	\$ -	\$ -	\$ -
	Number of Active Retirees	9	13	19	8	-	-	-
	* Final Average Pay for 39 members was not provided. # Includes 5 members whose service was not provided.							
01/01/04 - 12/31/04	Average Monthly Benefit	\$ 1,076	\$ 1,701	\$ 1,338	\$ 1,883	\$ -	\$ -	\$ -
	Final Average Pay*	\$ 32,889	\$ 32,129	\$ 36,358	\$ 41,209	\$ -	\$ -	\$ -
	Number of Active Retirees	13	17	21	9	-	-	-
	* Final Average Pay for 40 members was not provided. # Includes 4 members whose service was not provided.							
01/01/05 - 12/31/05	Average Monthly Benefit	\$ 970	\$ 1,687	\$ 1,211	\$ 1,996	\$ 1,552	\$ -	\$ -
	Final Average Pay*	\$ 38,750	\$ 32,129	\$ 36,136	\$ 39,876	\$ 41,740	\$ -	\$ -
	Number of Active Retirees	21	18	29	10	5	-	-
	* Final Average Pay for 42 members was not provided. # Includes 3 members whose service was not provided.							
01/01/06 - 12/31/06	Average Monthly Benefit	\$ 885	\$ 1,720	\$ 1,258	\$ 1,759	\$ 1,541	\$ -	\$ 1,581
	Final Average Pay*	\$ 40,550	\$ 31,383	\$ 37,886	\$ 43,668	\$ 38,283	\$ -	\$ 23,717
	Number of Active Retirees	34	19	33	14	5	-	1
	* Final Average Pay for 52 members was not provided. # Includes 14 members whose service was not provided.							
01/01/07 - 12/31/07	Average Monthly Benefit	\$ 891	\$ 1,579	\$ 1,401	\$ 1,729	\$ 1,221	\$ -	\$ 1,350
	Final Average Pay*	\$ 41,214	\$ 39,597	\$ 40,315	\$ 41,844	\$ 42,065	\$ -	\$ 34,849
	Number of Active Retirees	23	24	41	22	18	-	4
	* Final Average Pay for 47 members was not provided. # Includes 2 members whose service was not provided.							
01/01/08 - 12/31/08	Average Monthly Benefit	\$ 871	\$ 1,464	\$ 1,447	\$ 1,742	\$ 1,477	\$ 2,522	\$ 1,469
	Final Average Pay*	\$ 38,088	\$ 36,763	\$ 38,317	\$ 40,619	\$ 45,494	\$ 56,500	\$ 31,572
	Number of Active Retirees	36	33	44	24	25	4	5
	* Final Average Pay for 12 members was not provided. # Includes 7 members whose service was not provided.							
01/01/09 - 12/31/09	Average Monthly Benefit	\$ 782	\$ 1,513	\$ 1,695	\$ 2,089	\$ 1,920	\$ 3,127	\$ 1,670
	Final Average Pay*	\$ 38,776	\$ 40,569	\$ 38,456	\$ 41,916	\$ 46,016	\$ 57,664	\$ 37,129
	Number of Active Retirees	59	38	39	27	27	7	5
	* Final Average Pay for 23 members was not provided. # Includes 12 members whose service was not provided.							
01/01/10 - 12/31/10	Average Monthly Benefit	\$ 833	\$ 1,529	\$ 1,654	\$ 2,249	\$ 1,983	\$ 2,927	\$ 1,790
	Final Average Pay*	\$ 40,455	\$ 41,349	\$ 38,642	\$ 44,531	\$ 47,090	\$ 56,912	\$ 34,567
	Number of Active Retirees	65	41	46	28	42	17	5
	* Final Average Pay for 40 members was not provided. # Includes 41 members whose service was not provided.							
01/01/11 - 12/31/11	Average Monthly Benefit	\$ 800	\$ 1,509	\$ 1,651	\$ 2,287	\$ 2,166	\$ 3,269	\$ 1,832
	Final Average Pay*	\$ 40,532	\$ 43,674	\$ 42,089	\$ 45,855	\$ 47,735	\$ 59,494	\$ 34,235
	Number of Active Retirees	81	52	61	37	56	47	5
	* Final Average Pay for 47 members was not provided. # Includes 49 members whose service was not provided.							

Schedule of Retirements by Type of Benefit and Department

LOPFI Volunteer Police

Retirement Effective Dates January 1, 2002 to December 31, 2011			Service at Retirement						
			0-4	5-9	10-14	15-19	20-24	25-29	30+
01/01/02 - 12/31/02	Average Monthly Benefit	\$ -	\$ -	\$ 46	\$ 54	\$ -	\$ -	\$ -	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	-	-	1	1	-	-	-	-
01/01/03 - 12/31/03	Average Monthly Benefit	\$ -	\$ -	\$ 46	\$ 74	\$ -	\$ -	\$ -	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	-	-	1	2	-	-	-	-
01/01/04 - 12/31/04	Average Monthly Benefit	\$ 11	\$ 33	\$ 48	\$ 74	\$ -	\$ 133	\$ -	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	2	1	1	2	-	2	-	-
01/01/05 - 12/31/05	Average Monthly Benefit	\$ 9	\$ 34	\$ 49	\$ 77	\$ -	\$ 136	\$ -	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	3	1	1	2	-	2	-	-
01/01/06 - 12/31/06	Average Monthly Benefit	\$ 8	\$ 35	\$ -	\$ 79	\$ -	\$ 140	\$ -	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	4	1	-	2	-	2	-	-
01/01/07 - 12/31/07	Average Monthly Benefit	\$ 8	\$ 34	\$ -	\$ 82	\$ -	\$ 144	\$ -	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	4	5	-	2	-	2	-	-
01/01/08 - 12/31/08	Average Monthly Benefit	\$ 10	\$ 35	\$ -	\$ 84	\$ -	\$ 148	\$ -	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	5	5	-	2	-	2	-	-
01/01/09 - 12/31/09	Average Monthly Benefit	\$ 12	\$ 36	\$ -	\$ 89	\$ -	\$ 153	\$ -	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	8	5	-	3	-	2	-	-
01/01/10 - 12/31/10	Average Monthly Benefit	\$ 12	\$ 38	\$ 71	\$ 103	\$ -	\$ 157	\$ 201	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	13	5	2	2	-	2	1	-
01/01/11 - 12/31/11	Average Monthly Benefit	\$ 11	\$ 38	\$ 71	\$ 106	\$ -	\$ 162	\$ 207	\$ -
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	20	9	2	2	-	2	1	-

Includes 1 member whose service was not provided.

Schedule of Retirements by Type of Benefit and Department

LOPFI Volunteer Fire

Retirement Effective Dates January 1, 2002 to December 31, 2011		Service at Retirement						
		0-4#	5-9	10-14	15-19	20-24	25-29	30+
01/01/02 - 12/31/02	Average Monthly Benefit	\$ 26	\$ 51	\$ 43	\$ 65	\$ 72	\$ 103	\$ 108
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	6	15	19	21	26	6	4
# Includes 5 members whose service was not provided.								
01/01/03 - 12/31/03	Average Monthly Benefit	\$ 28	\$ 45	\$ 57	\$ 71	\$ 79	\$ 111	\$ 111
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	8	21	32	32	34	7	4
# Includes 5 members whose service was not provided.								
01/01/04 - 12/31/04	Average Monthly Benefit	\$ 21	\$ 45	\$ 49	\$ 79	\$ 89	\$ 119	\$ 128
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	20	32	44	50	55	10	7
# Includes 5 members whose service was not provided.								
01/01/05 - 12/31/05	Average Monthly Benefit	\$ 21	\$ 42	\$ 51	\$ 76	\$ 93	\$ 125	\$ 128
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	18	46	51	54	62	13	10
# Includes 2 members whose service was not provided.								
01/01/06 - 12/31/06	Average Monthly Benefit	\$ 31	\$ 43	\$ 55	\$ 74	\$ 98	\$ 120	\$ 138
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	21	52	64	63	75	16	13
# Includes 5 members whose service was not provided.								
01/01/07 - 12/31/07	Average Monthly Benefit	\$ 19	\$ 36	\$ 56	\$ 78	\$ 102	\$ 132	\$ 148
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	31	78	77	76	103	29	19
# Includes 5 members whose service was not provided.								
01/01/08 - 12/31/08	Average Monthly Benefit	\$ 21	\$ 37	\$ 60	\$ 82	\$ 106	\$ 139	\$ 166
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	49	92	95	83	135	49	24
# Includes 20 members whose service was not provided.								
01/01/09 - 12/31/09	Average Monthly Benefit	\$ 34	\$ 42	\$ 65	\$ 93	\$ 114	\$ 147	\$ 173
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	139	93	112	109	191	106	52
# Includes 46 members whose service was not provided.								
01/01/10 - 12/31/10	Average Monthly Benefit	\$ 36	\$ 42	\$ 66	\$ 95	\$ 116	\$ 151	\$ 177
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	172	128	140	118	227	127	67
# Includes 121 members whose service was not provided.								
01/01/11 - 12/31/11	Average Monthly Benefit	\$ 38	\$ 43	\$ 68	\$ 98	\$ 119	\$ 155	\$ 182
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	223	166	162	145	252	153	81
# Includes 155 members whose service was not provided.								

Schedule of Retirements by Type of Benefit and Department

Local Plan Paid Police

Retirement Effective Dates January 1, 2002 to December 31, 2011		Service at Retirement						
		0-4#	5-9	10-14	15-19	20-24	25-29	30+
01/01/02 - 12/31/02	Average Monthly Benefit	\$ 777	\$ 1,096	\$ 1,335	\$ 1,444	\$ 1,683	\$ 1,328	\$ 1,182
	Final Average Pay	\$ 34,511	\$ 17,949	\$ 25,647	\$ 34,836	\$ 37,793	\$ 32,358	\$ 42,637
	Number of Active Retirees	77	4	11	17	101	78	99
* Final Average Pay for 272 members was not provided. # Includes 77 members whose service was not provided.								
01/01/03 - 12/31/03	Average Monthly Benefit	\$ 948	\$ 1,129	\$ 1,353	\$ 1,477	\$ 1,716	\$ 1,387	\$ 1,187
	Final Average Pay	\$ 29,786	\$ 17,949	\$ 25,647	\$ 34,836	\$ 38,052	\$ 33,538	\$ 42,637
	Number of Active Retirees	84	4	11	17	101	83	98
* Final Average Pay for 281 members was not provided. # Includes 83 members whose service was not provided.								
01/01/04 - 12/31/04	Average Monthly Benefit	\$ 940	\$ 1,163	\$ 1,274	\$ 1,481	\$ 1,725	\$ 1,418	\$ 1,141
	Final Average Pay	\$ 29,786	\$ 17,949	\$ 25,647	\$ 34,836	\$ 38,034	\$ 33,205	\$ 41,171
	Number of Active Retirees	84	4	12	17	106	93	112
* Final Average Pay for 301 members was not provided. # Includes 82 members whose service was not provided.								
01/01/05 - 12/31/05	Average Monthly Benefit	\$ 850	\$ 1,198	\$ 1,291	\$ 1,505	\$ 1,797	\$ 1,513	\$ 1,215
	Final Average Pay	\$ 16,425	\$ 17,949	\$ 25,647	\$ 34,232	\$ 38,497	\$ 34,151	\$ 40,283
	Number of Active Retirees	76	4	12	18	106	99	116
* Final Average Pay for 302 members was not provided. # Includes 74 members whose service was not provided.								
01/01/06 - 12/31/06	Average Monthly Benefit	\$ 1,230	\$ 1,234	\$ 1,298	\$ 1,464	\$ 1,739	\$ 1,501	\$ 1,199
	Final Average Pay	\$ 37,553	\$ 17,949	\$ 25,647	\$ 34,232	\$ 38,497	\$ 35,299	\$ 40,221
	Number of Active Retirees	97	4	12	19	99	96	115
* Final Average Pay for 310 members was not provided. # Includes 94 members whose service was not provided.								
01/01/07 - 12/31/07	Average Monthly Benefit	\$ 942	\$ 1,271	\$ 1,305	\$ 1,564	\$ 1,786	\$ 1,639	\$ 1,321
	Final Average Pay	\$ 34,880	\$ 17,949	\$ 25,647	\$ 34,232	\$ 38,497	\$ 35,540	\$ 40,191
	Number of Active Retirees	87	4	12	18	103	108	117
* Final Average Pay for 316 members was not provided. # Includes 84 members whose service was not provided.								
01/01/08 - 12/31/08	Average Monthly Benefit	\$ 927	\$ 1,427	\$ 1,293	\$ 1,589	\$ 1,767	\$ 1,715	\$ 1,373
	Final Average Pay	\$ 34,880	\$ 17,949	\$ 25,647	\$ 34,232	\$ 40,382	\$ 41,303	\$ 47,486
	Number of Active Retirees	73	3	11	18	103	111	135
* Final Average Pay for 293 members was not provided. # Includes 70 members whose service was not provided.								
01/01/09 - 12/31/09	Average Monthly Benefit	\$ 1,065	\$ 1,470	\$ 1,357	\$ 1,705	\$ 1,806	\$ 1,824	\$ 1,558
	Final Average Pay	\$ 31,815	\$ 17,949	\$ 25,216	\$ 35,739	\$ 41,361	\$ 47,748	\$ 45,432
	Number of Active Retirees	154	3	8	12	95	95	95
* Final Average Pay for 303 members was not provided. # Includes 80 members whose service was not provided.								
01/01/10 - 12/31/10	Average Monthly Benefit	\$ 1,099	\$ 1,434	\$ 1,573	\$ 1,899	\$ 1,775	\$ 1,900	\$ 1,655
	Final Average Pay	\$ 53,479	\$ 17,949	\$ 25,216	\$ 35,739	\$ 41,371	\$ 47,606	\$ 43,606
	Number of Active Retirees	175	7	11	26	127	97	89
* Final Average Pay for 388 members was not provided. # Includes 175 members whose service was not provided.								
01/01/11 - 12/31/11	Average Monthly Benefit	\$ 1,131	\$ 1,469	\$ 1,527	\$ 1,918	\$ 1,798	\$ 1,942	\$ 1,740
	Final Average Pay	\$ 57,053	\$ 17,949	\$ 25,216	\$ 35,739	\$ 41,396	\$ 57,958	\$ 43,738
	Number of Active Retirees	179	7	10	26	127	98	84
* Final Average Pay for 386 members was not provided. # Includes 179 members whose service was not provided.								

Gabriel Roder Smith & Company

5/29/2012



Schedule of Retirements by Type of Benefit and Department

Local Plan Paid Fire

Retirement Effective Dates			Service at Retirement						
			0-4#	5-9	10-14	15-19	20-24	25-29	30+
01/01/02 - 12/31/02	Average Monthly Benefit	\$ 996	\$ -	\$ 1,181	\$ 1,440	\$ 1,528	\$ 1,537	\$ 1,405	
	Final Average Pay	\$ 24,015	\$ -	\$ 28,350	\$ 28,122	\$ 33,601	\$ 33,281	\$ 38,605	
	Number of Active Retirees	166	-	1	12	90	85	185	
	* Final Average Pay for 280 members was not provided.								
	# Includes 165 members whose service was not provided.								
01/01/03 - 12/31/03	Average Monthly Benefit	\$ 1,103	\$ -	\$ 1,181	\$ 1,405	\$ 1,563	\$ 1,556	\$ 1,431	
	Final Average Pay	\$ 26,675	\$ -	\$ 28,350	\$ 28,122	\$ 34,199	\$ 33,506	\$ 38,495	
	Number of Active Retirees	175	-	1	12	90	91	184	
	* Final Average Pay for 284 members was not provided.								
	# Includes 174 members whose service was not provided.								
01/01/04 - 12/31/04	Average Monthly Benefit	\$ 1,107	\$ -	\$ 1,181	\$ 1,425	\$ 1,590	\$ 1,549	\$ 1,480	
	Final Average Pay	\$ 25,982	\$ -	\$ 28,350	\$ 28,122	\$ 34,458	\$ 32,893	\$ 38,768	
	Number of Active Retirees	171	-	1	12	95	91	192	
	* Final Average Pay for 292 members was not provided.								
	# Includes 170 members whose service was not provided.								
01/01/05 - 12/31/05	Average Monthly Benefit	\$ 1,010	\$ -	\$ 1,181	\$ 1,448	\$ 1,607	\$ 1,580	\$ 1,591	
	Final Average Pay	\$ 21,206	\$ -	\$ 28,350	\$ 28,122	\$ 35,091	\$ 33,261	\$ 39,582	
	Number of Active Retirees	150	-	1	12	95	105	211	
	* Final Average Pay for 303 members was not provided.								
	# Includes 149 members whose service was not provided.								
01/01/06 - 12/31/06	Average Monthly Benefit	\$ 1,413	\$ -	\$ 1,181	\$ 1,496	\$ 1,612	\$ 1,569	\$ 1,528	
	Final Average Pay	\$ 25,781	\$ -	\$ 28,350	\$ 28,122	\$ 34,851	\$ 33,281	\$ 39,079	
	Number of Active Retirees	178	-	1	12	91	98	190	
	* Final Average Pay for 294 members was not provided.								
	# Includes 177 members whose service was not provided.								
01/01/07 - 12/31/07	Average Monthly Benefit	\$ 1,218	\$ 3,056	\$ 1,796	\$ 1,534	\$ 1,644	\$ 1,695	\$ 1,690	
	Final Average Pay	\$ 24,272	\$ -	\$ 28,350	\$ 28,122	\$ 34,742	\$ 33,533	\$ 39,582	
	Number of Active Retirees	143	1	2	12	93	115	205	
	* Final Average Pay for 293 members was not provided.								
	# Includes 140 members whose service was not provided.								
01/01/08 - 12/31/08	Average Monthly Benefit	\$ 1,423	\$ 3,056	\$ 1,796	\$ 1,535	\$ 1,666	\$ 1,713	\$ 1,685	
	Final Average Pay	\$ 25,727	\$ 39,805	\$ 40,394	\$ 28,122	\$ 34,252	\$ 38,941	\$ 43,016	
	Number of Active Retirees	118	1	2	13	92	130	223	
	* Final Average Pay for 266 members was not provided.								
	# Includes 114 members whose service was not provided.								
01/01/09 - 12/31/09	Average Monthly Benefit	\$ 1,442	\$ 3,056	\$ 2,285	\$ 1,616	\$ 1,695	\$ 1,770	\$ 1,899	
	Final Average Pay	\$ 29,800	\$ 43,364	\$ 53,299	\$ 28,122	\$ 34,356	\$ 39,717	\$ 43,633	
	Number of Active Retirees	192	1	1	12	80	119	161	
	* Final Average Pay for 259 members was not provided.								
	# Includes 118 members whose service was not provided.								
01/01/10 - 12/31/10	Average Monthly Benefit	\$ 1,511	\$ 3,056	\$ 1,174	\$ 1,614	\$ 1,603	\$ 1,808	\$ 1,962	
	Final Average Pay	\$ 31,565	\$ 38,605	\$ 56,362	\$ 28,122	\$ 34,536	\$ 39,453	\$ 43,792	
	Number of Active Retirees	216	1	3	14	97	123	165	
	* Final Average Pay for 340 members was not provided.								
	# Includes 211 members whose service was not provided.								
01/01/11 - 12/31/11	Average Monthly Benefit	\$ 1,528	\$ 3,056	\$ 1,278	\$ 1,637	\$ 1,611	\$ 1,869	\$ 2,047	
	Final Average Pay	\$ 31,833	\$ 38,605	\$ 53,846	\$ 28,122	\$ 34,630	\$ 39,120	\$ 44,768	
	Number of Active Retirees	240	1	3	14	97	120	162	
	* Final Average Pay for 356 members was not provided.								
	# Includes 235 members whose service was not provided.								

Schedule of Retirements by Type of Benefit and Department

Local Plan Volunteer Fire

Retirement Effective Dates January 1, 2002 to December 31, 2011	Service at Retirement							
	0-4#	5-9	10-14	15-19	20-24	25-29	30+	
01/01/02 - 12/31/02	Average Monthly Benefit	\$ 70	\$ -	\$ -	\$ 103	\$ 133	\$ 104	\$ 112
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	79	-	-	9	17	17	13
	# Includes 79 members whose service was not provided.							
01/01/03 - 12/31/03	Average Monthly Benefit	\$ 93	\$ 110	\$ 138	\$ 108	\$ 117	\$ 133	\$ 166
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	96	2	2	10	19	19	22
	# Includes 96 members whose service was not provided.							
01/01/04 - 12/31/04	Average Monthly Benefit	\$ 93	\$ 123	\$ 150	\$ 108	\$ 114	\$ 131	\$ 124
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	97	3	1	10	26	47	93
	# Includes 96 members whose service was not provided.							
01/01/05 - 12/31/05	Average Monthly Benefit	\$ 109	\$ 123	\$ 150	\$ 108	\$ 121	\$ 128	\$ 127
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	95	3	1	10	34	76	155
	# Includes 95 members whose service was not provided.							
01/01/06 - 12/31/06	Average Monthly Benefit	\$ 109	\$ 130	\$ 127	\$ 107	\$ 125	\$ 131	\$ 130
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	95	4	2	11	46	99	219
	# Includes 95 members whose service was not provided.							
01/01/07 - 12/31/07	Average Monthly Benefit	\$ 112	\$ 130	\$ 128	\$ 107	\$ 127	\$ 133	\$ 131
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	125	4	2	11	48	106	228
	# Includes 125 members whose service was not provided.							
01/01/08 - 12/31/08	Average Monthly Benefit	\$ 131	\$ 117	\$ 150	\$ 111	\$ 128	\$ 133	\$ 132
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	277	3	1	11	50	118	227
	# Includes 273 members whose service was not provided.							
01/01/09 - 12/31/09	Average Monthly Benefit	\$ 126	\$ 117	\$ 150	\$ 111	\$ 130	\$ 136	\$ 140
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	500	3	1	11	46	105	164
	# Includes 427 members whose service was not provided.							
01/01/10 - 12/31/10	Average Monthly Benefit	\$ 125	\$ 113	\$ 113	\$ 114	\$ 129	\$ 144	\$ 141
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	436	4	4	18	109	141	161
	# Includes 432 members whose service was not provided.							
01/01/11 - 12/31/11	Average Monthly Benefit	\$ 126	\$ 113	\$ 113	\$ 115	\$ 131	\$ 146	\$ 142
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	456	4	4	17	105	139	154
	# Includes 452 members whose service was not provided.							

LOPFI
Top Ten Participating Employers

	2011		2010		2009		2008		2007		2006		2005		2004		2003		2002	
	No.	% of Covered Employees	No.	% of Covered Employees	No.	% of Covered Employees	No.	% of Covered Employees	No.	% of Covered Employees	No.	% of Covered Employees	No.	% of Covered Employees	No.	% of Covered Employees	No.	% of Covered Employees	No.	% of Covered Employees
Fayetteville Paid Police	114	1.9%	114	1.9%	118	2.0%	120	2.1%	120	2.1%	115	2.2%	115	2.2%	105	2.1%	101	2.1%	89	1.9%
Fort Smith Paid Fire	124	2.1%	119	2.0%	120	2.0%	119	2.1%	119	2.1%	115	2.2%	113	2.2%	111	2.2%	109	2.2%	105	2.2%
Fort Smith Paid Police	162	2.7%	157	2.6%	163	2.8%	159	2.8%	152	2.7%	158	3.0%	148	2.9%	149	3.0%	141	2.9%	123	2.6%
Jonesboro Paid Police	145	2.4%	147	2.5%	143	2.4%	131	2.3%	127	2.3%	119	2.2%	117	2.3%	118	2.4%	118	2.4%	105	2.2%
Little Rock Paid Fire	373	6.2%	360	6.1%	354	6.0%	316	5.6%	324	5.8%	312	5.9%	310	6.1%	293	5.9%	290	6.0%	280	5.9%
Little Rock Paid Police	485	8.1%	495	8.3%	492	8.3%	480	8.5%	476	8.5%	460	8.6%	438	8.6%	420	8.5%	413	8.5%	426	9.0%
North Little Rock Paid Fire	138	2.3%	134	2.3%	134	2.3%	130	2.3%	131	2.3%	126	2.4%	115	2.2%	115	2.3%	109	2.2%	109	2.3%
North Little Rock Paid Police	181	3.0%	181	3.0%	176	3.0%	177	3.1%	181	3.2%	177	3.3%	185	3.6%	183	3.7%	180	3.7%	181	3.8%
Pine Bluff Paid Police	145	2.4%	147	2.5%	140	2.4%	131	2.3%	127	2.3%	132	2.5%	126	2.5%	129	2.6%	134	2.8%	128	2.7%
Springdale Paid Police	119	2.0%	116	1.9%	117	2.0%	115	2.0%	110	2.0%	99	1.9%	93	1.8%	91	1.8%	91	1.9%	91	1.9%