
Arkansas Local Police and Fire Retirement System

LOPFI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

December 31, 2012



Thirtieth
Comprehensive Annual
Financial Report
Fiscal Year Ended
December 31, 2012

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

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

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Introductory Section

BOARD OF TRUSTEES



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



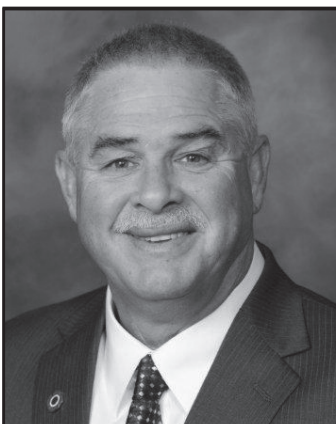
MIKE GASKILL
Employer Trustee
Paragould
Term Expires Jan. 1, 2015



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



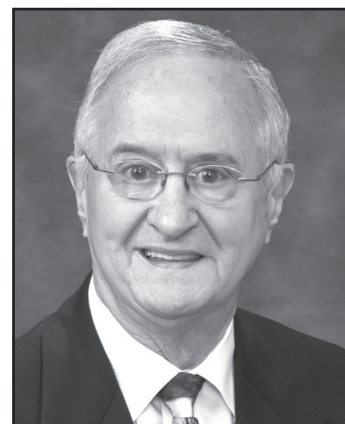
TERRY HENSON
Fire Employee Trustee
Little Rock
Term Expires Jan. 1, 2016



JOHN NEAL
Retired Fire Employee Trustee
Harrison
Term Expires Jan. 1, 2016



JACK "TIM" HILL
Retired Fire Employee Trustee
Springdale
Term Expires Jan. 1, 2016



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, 2011

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.



Christopher P. Moivell

President

Jeffrey R. Emer

Executive Director

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

Letter of Transmittal

June 6, 2013

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

620 W. 3rd, Suite 200
Little Rock, Arkansas 72201-2223
Telephone: (501) 682-1745
Toll-Free: (866) 859-1745
Fax: (501) 682-1751
email: info@lopfi-prb.com
website: www.lopfi-prb.com

Dear Trustees:

We are 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, 2012. This CAFR recognizes LOPFI's 30th year of administering retirement benefits for the covered police officers and firefighters.

LOPFI was created by the 1981 General Assembly for the 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, 2012 and December 31, 2011.

| | <u>December 31, 2012</u> | <u>December 31, 2011</u> |
|------------|---------------------------------|---------------------------------|
| Additions | \$ 211,374,910 | \$ 92,181,617 |
| Deductions | \$ 54,274,002 | \$ 46,290,630 |
| Net Change | \$ 157,100,908 | \$ 45,890,987 |

The change in Additions was attributable to the robust investment performance experienced in the 2012-year. Due to the age of the retirement system, deductions continued their expected increase as a result of members who have attained eligibility for retirement and elected to exercise that option. Further information regarding the financial condition can be located in the Management's Discussion and Analysis beginning on page 20 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 32 of this report shows the system continues to meet this objective. As of December 31, 2012, the funded ratio for the entire portfolio was 65%, which remained unchanged from the previous year. Greater details regarding the funded condition of LOPFI can be found in the Actuarial Section of this report.

Investment Results

The retirement system's portfolio concluded the 2012-year with a 12.30% return. This proved to be quite a successful year for the system with its investments. Since LOPFI's inception in 1983 the retirement system has averaged an investment return of 10.12%. The benchmark for the system's investments is to generate an 8% return each year. Therefore, over the long term the retirement system has exceeded the assumed rate of return. This is important because investments are structured so as 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, 2011. This was the tenth 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 report was the direct result of the collective efforts of system staff and advisors. The purpose of the CAFR is to provide confidence in the plan's management and in a consistent manner as 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 18 of this report.

Each year LOPFI's CAFR is posted to the system's website and as such 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 to interested parties.

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, values 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 member of staff to provide your feedback.

David B. Clark
Executive Director

Robert A. Bartholmey
Chief Financial Officer

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*

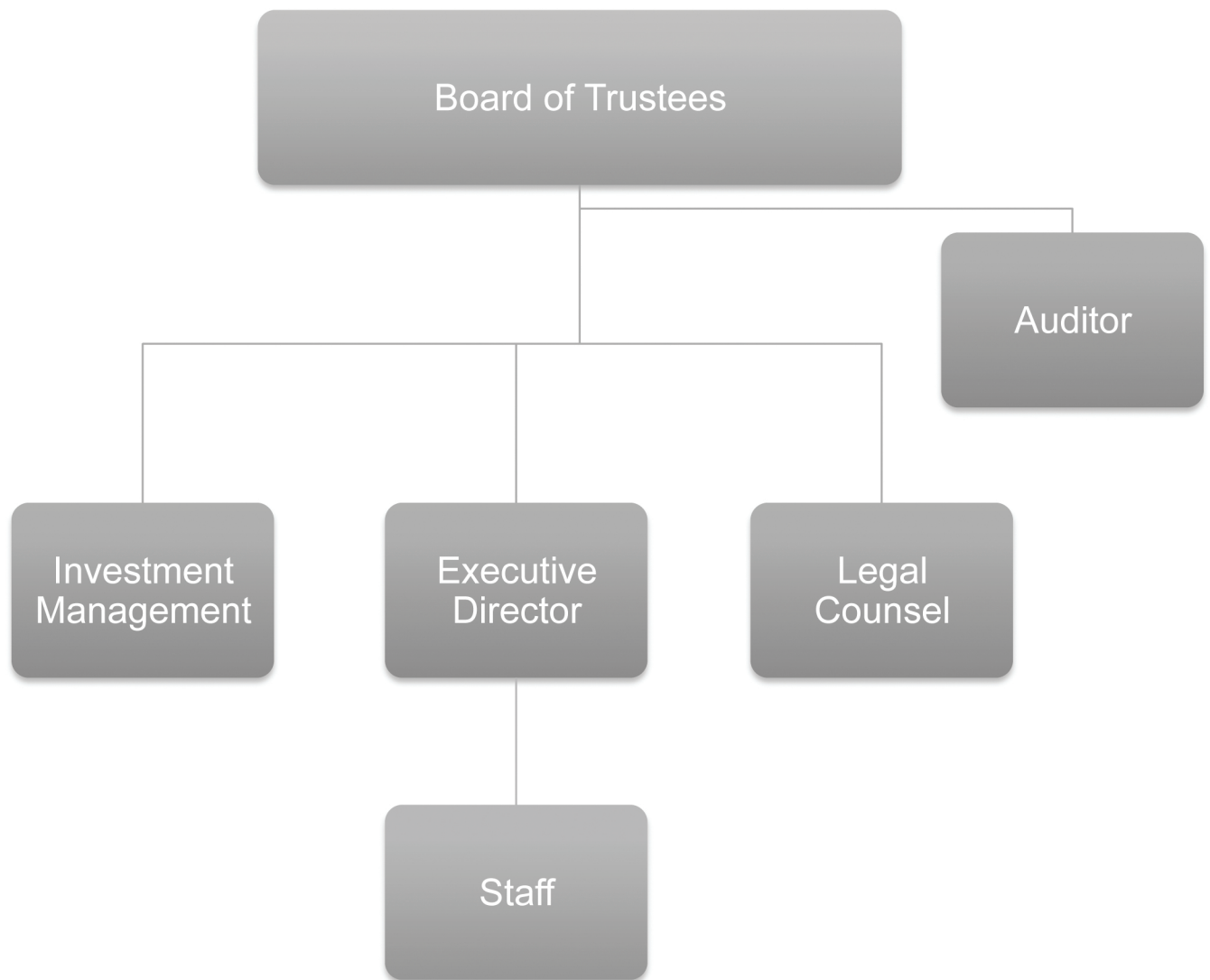
INVESTMENT MANAGEMENT

- *300 North Capital
Pasadena, California*
- *Aberdeen Asset Management
Philadelphia, Pennsylvania*
- *Advent Capital Management
New York, New York*
- *Alternative Investment 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 ζ 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 37.*

Organization Chart

Members



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

$\$6.17 \text{ per month} \times \text{Years of Service}$ (The \$6.17 Benefit is indexed annually for inflation).

The maximum benefit for paid service is 100% of FAP. For volunteer service the maximum benefit is \$246.80 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 ACA 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 ACA 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 ACA 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

ONE FINANCIAL CENTRE
650 S. SHACKLEFORD, SUITE 400
LITTLE ROCK, ARKANSAS 72211

TELEPHONE (501) 223-3581
FAX (501) 604-9880
E-MAIL wtkcpa@windstream.net

Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Arkansas Local Police and Fire Retirement System defined benefit pension plan, which comprise the statement of plan net assets as of December 31, 2012 and 2011, and the related statements changes in plan net assets for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 as of December 31, 2012 and 2011, and the related changes in plan net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

My audit was 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 required schedule of funding progress and employer contributions 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 information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



May 13, 2013
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 2012 and 2011.

**Arkansas Local Police and Fire Retirement System
Year ended December 31, 2012**

Summary of Comparative Statements of Plan Net Assets

| | <u>As of</u> <u>December 31, 2012</u> | <u>As of</u> <u>December 31, 2011</u> | <u>Percent</u> <u>Change</u> |
|---|--|--|---------------------------------|
| Cash and short-term investments | \$ 68,706,018 | \$ 108,574,126 | (36.71) % |
| Invested securities lending collateral | 15,064,884 | 7,356,607 | 104.78 |
| Total receivables | 8,348,274 | 8,263,903 | 1.02 |
| Prepaid expense and other assets | 5,039,385 | 4,007,176 | 25.75 |
| Investments | 1,084,539,812 | 878,183,092 | 23.49 |
| Land, building, furniture and equipment | 3,472,816 | 3,624,912 | (4.19) |
| Total assets | <u>\$ 1,185,171,189</u> | <u>\$ 1,010,009,816</u> | 17.34 % |
| Accounts payable and accrued expenses | \$ 596,185 | \$ 438,139 | 36.07 % |
| Refunds payable | 205,765 | 82,318 | 149.96 |
| Due to Pension Review Board | 120,458 | 166,758 | (27.76) |
| Due to brokers-unsettled trades | 10,410,150 | 293,155 | n/a |
| Collateral for securities on loan | 15,064,884 | 7,356,607 | 107.78 |
| Total liabilities | <u>26,397,442</u> | <u>8,336,977</u> | 216.63 |
| Net assets held for pension benefits | <u>1,158,773,747</u> | <u>1,001,672,839</u> | 15.68 |
| Total liabilities and net assets held for pension benefits | <u>\$ 1,185,171,189</u> | <u>\$ 1,010,009,816</u> | 17.34 % |

Cash and short-term investments decreased as a result of the funding of commitments to alternative asset managers that were outstanding at the end of 2011. The increase in total investments reflects the improved performance of the financial markets in 2012 coupled with increased contributions and the receipt of \$2.3 million in assets received as a result of several local plans consolidating into LOPFI. A slight increase in total receivables reflects continued growth of the system. Book value of land, building, furniture and equipment decreased as a result of the normal process of depreciating fixed assets. Securities lending collateral increased due to an increase in securities lending activity.

**Arkansas Local Police and Fire Retirement System
Year ended December 31, 2012**

Summary of Comparative Statements of Changes in Plan Net Assets

| | Year ended December 31, 2012 | Year ended December 31, 2011 | Percent Change |
|--|---------------------------------|---------------------------------|-------------------|
| Contributions | \$ 92,245,475 | \$ 88,220,814 | 4.56 % |
| Net investment income | 119,129,435 | 3,960,803 | n/a |
| Total additions | <u>211,374,910</u> | <u>92,181,617</u> | 129.30 |
| Benefits paid | 48,234,606 | 41,402,892 | 16.50 |
| Refunds of contributions | 1,504,764 | 1,097,813 | 37.06 |
| Administrative expenses | 2,083,484 | 1,696,390 | 22.81 |
| Deferred retirement option distributions | 2,451,148 | 2,093,535 | 17.08 |
| Total deductions | <u>54,274,002</u> | <u>46,290,630</u> | 17.24 |
| Net increase in plan net assets | 157,100,908 | 45,890,987 | 242.33 |
| Plan net assets-beginning of year | 1,001,672,839 | 955,781,852 | 4.80 |
| Plan net assets-end of year | <u>\$ 1,158,773,747</u> | <u>\$ 1,001,672,839</u> | 15.68 % |

Contributions increased as a result of a 1% increase in active membership coupled with increased wages reported by LOPFI covered employer groups. The improved performance of the financial markets in 2012 resulted in a significant increase in investment income over the previous year. Benefits paid increased by 16.5% 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. The increase in administrative expenses is primarily the result of increased data processing costs due to several special projects designed to increase work flow efficiencies. Deferred Retirement Option Plan (DROP) distributions increased as a natural result of more DROP participants retiring in the current year.

Arkansas Local Police and Fire Retirement System
Year ended December 31, 2012

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, 2012**

Summary of Comparative Statements of Changes in Plan Net Assets

| | Year ended December 31, 2011 | Year ended December 31, 2010 | Percent Change |
|--|---------------------------------|---------------------------------|-------------------|
| 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

Statement of Plan Net Assets

December 31, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|---|---------------------------------------|--------------------------------------|
| <u>Assets</u> | | |
| Cash and short-term investments | \$ 68,706,018 | \$ 108,574,126 |
| Receivables: | | |
| Contributions receivable | 6,440,359 | 6,466,028 |
| Accrued interest and dividends | 1,876,422 | 1,761,717 |
| Other receivables | 31,493 | 36,158 |
| Total receivables | <u>8,348,274</u> | <u>8,263,903</u> |
| Prepaid expense | <u>5,010,530</u> | <u>3,992,521</u> |
| Investments at fair value: | | |
| U. S. Government, agencies, and state obligations | 87,364,340 | 56,493,742 |
| Collateralized mortgage obligations-non govt. | 14,766,036 | 12,938,181 |
| Corporate and municipal obligations | 61,803,944 | 56,750,545 |
| Foreign bonds | 894,807 | 648,455 |
| Fixed income collective trusts | 239,702,106 | 267,296,700 |
| Common and preferred stocks | 112,476,114 | 92,923,467 |
| Special situation properties, etc. | 107,632,680 | 75,387,250 |
| Equity mutual collective trusts | 459,899,785 | 315,744,752 |
| Total investments | <u>1,084,539,812</u> | <u>878,183,092</u> |
| Invested securities lending collateral | 15,064,884 | 7,356,607 |
| Land, building, furniture and equipment-at cost | 3,472,816 | 3,624,912 |
| Other assets | <u>28,855</u> | <u>14,655</u> |
| Total Assets | <u><u>\$ 1,185,171,189</u></u> | <u><u>\$1,010,009,816</u></u> |
| | | |
| <u>Liabilities and net assets held in trust for pension benefits</u> | | |
| <u>Liabilities:</u> | | |
| Accounts payable and accrued expenses | \$ 596,185 | \$ 438,139 |
| Refunds payable | 205,765 | 82,318 |
| Due to Pension Review Board | 120,458 | 166,758 |
| Collateral for securities on loan | 15,064,884 | 7,356,607 |
| Due to brokers-unsettled trades | 10,410,150 | 293,155 |
| Total liabilities | <u>26,397,442</u> | <u>8,336,977</u> |
| | | |
| Net assets held in trust for pension benefits | <u>1,158,773,747</u> | <u>1,001,672,839</u> |
| | | |
| Total Net Assets and Liabilities | <u><u>\$ 1,185,171,189</u></u> | <u><u>\$1,010,009,816</u></u> |

See accompanying notes.

Arkansas Local Police and Fire Retirement System

Statement of Changes in Plan Net Assets

Years ended December 31, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|----------------------------|----------------------------|
| <u>Additions:</u> | | |
| Contributions: | | |
| Member contributions | \$ 19,338,663 | \$ 19,340,191 |
| Employer contributions | 70,576,887 | 63,814,398 |
| Local plan administrative mergers and paid military time | 2,329,925 | 5,066,225 |
| Total contributions | 92,245,475 | 88,220,814 |
| Investment income: | | |
| Net (decrease) increase in fair value of investments | 97,341,414 | (11,844,263) |
| Interest, dividends, and other income | 25,134,651 | 18,896,135 |
| Investment expenses | (3,388,646) | (3,134,429) |
| Total investing income before securities lending | 119,087,419 | 3,917,443 |
| From securities lending activity: | | |
| Securities lending income-gross cash earnings | 39,434 | 35,239 |
| Securities lending expenses: | | |
| Borrower (rebates) credits | 16,654 | 22,595 |
| Management fees | (14,072) | (14,474) |
| Net income from securities lending activities | 42,016 | 43,360 |
| Total investment income | 119,129,435 | 3,960,803 |
| Total additions | 211,374,910 | 92,181,617 |
| <u>Deductions:</u> | | |
| Benefits paid | 48,234,606 | 41,402,892 |
| Refunds of contributions | 1,504,764 | 1,097,813 |
| Administrative expenses | 2,083,484 | 1,696,390 |
| Deferred retirement option distributions | 2,451,148 | 2,093,535 |
| Total deductions | 54,274,002 | 46,290,630 |
| Net increase in plan net assets | 157,100,908 | 45,890,987 |
| Plan net assets-beginning of year | 1,001,672,839 | 955,781,852 |
| Plan net assets-end of year | \$1,158,773,747 | \$1,001,672,839 |

See accompanying notes.

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2012 and 2011

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, 2012 and 2011, the number of participating political subdivisions was 488 and 481 respectively. At that date membership consisted of the following:

| <u>Membership classification</u> | <u>Number of employees</u> | |
|---|----------------------------|-------------|
| | <u>2012</u> | <u>2011</u> |
| Retirees and beneficiaries currently receiving benefits: | | |
| LOPFI staff | 1 | 1 |
| LOPFI police without social security | 227 | 198 |
| Local plan police without social security | 385 | 352 |
| LOPFI police with social security | 651 | 554 |
| LOPFI policemen benefit program 2 without social security | 58 | 49 |
| LOPFI fire without social security | 350 | 275 |
| LOPFI fire with social security | 23 | 21 |
| Local plan fire without social security | 624 | 637 |
| LOPFI volunteer fire | 1,374 | 1,182 |
| Local volunteer fire | 854 | 879 |
| Local plan police with social security | 177 | 179 |
| LOPFI volunteer police | 57 | 36 |
| LOPFI firemen benefit program 2-with social security | 6 | 6 |
| LOPFI policemen benefit program 2-with social security | 9 | 8 |
| LOPFI firemen benefit program 2 without social security | 56 | 37 |
| Subtotal for retirees and beneficiaries | 4,852 | 4,414 |
| Active employees: | | |
| LOPFI staff | 8 | 8 |
| Local police with social security | 0 | 0 |
| LOPFI police with social security | 1,871 | 1,862 |
| LOPFI police without social security | 1,214 | 1,174 |
| Local plan police without social security | 3 | 4 |
| LOPFI firemen with social security | 57 | 59 |
| LOPFI firemen without social security | 2,123 | 2,094 |
| Local plan firemen without social security | 4 | 6 |
| LOPFI volunteer firemen | 6,805 | 6,804 |
| Local plan volunteer firemen | 10 | 13 |
| LOPFI volunteer police | 224 | 230 |
| LOPFI firemen benefit program 2 with social security | 37 | 38 |
| LOPFI firemen benefit program 2 without social security | 300 | 291 |
| LOPFI policemen benefit program 2 with social security | 52 | 48 |
| LOPFI police benefit program 2 without social security | 370 | 373 |
| Local plan part paid contributory firemen | 1 | 2 |
| Subtotal for active employees | 13,079 | 13,006 |
| Terminated Vested Members | 5,753 | 5,113 |
| Total membership | 23,684 | 22,533 |

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2012 and 2011

Note 1: Plan Description (continued):

Included in the above figures for 2012 and 2011 respectively are 2,058 and 2,072 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, 2012, for each year of volunteer service, \$6.17 per month, to a maximum of \$246.80 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, 2012 and 2011

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, 2012 and 2011, the DROP accounts totaled \$15,407,993 and \$14,509,546 respectively.

Subsequent Events

Management has evaluated subsequent events through May 13, 2013, 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 2012 and 2011 was \$168,850 and \$142,846 respectively.

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2012 and 2011

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

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, 2012 and 2011, 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.

| <u>Ratings Dispersion Detail</u> | <u>2012</u> | | <u>2011</u> | |
|----------------------------------|------------------------------------|-----------------------------|------------------------------------|-----------------------------|
| | <u>Corporate and Foreign Bonds</u> | <u>Mortgage Obligations</u> | <u>Corporate and Foreign Bonds</u> | <u>Mortgage Obligations</u> |
| Agencies | | \$ 46,462,175 | | \$ 37,225,808 |
| AAA | \$ 1,383,225 | 1,546,620 | \$ 558,853 | 1,976,407 |
| AA | 3,418,802 | 460,318 | 12,159,194 | 642,222 |
| A | 29,808,209 | 641,597 | 31,058,798 | 216,596 |
| BAA | 26,275,555 | 859,722 | 12,626,687 | 743,267 |
| BA | 1,040,325 | 561,170 | 1,627,416 | 306,969 |
| B | 138,651 | 1,103,495 | 425,241 | 1,418,717 |
| CAA | | 1,882,169 | | 2,554,453 |
| CA | | 561,323 | | 695,464 |
| Unrated | 633,984 | 7,149,641 | 517,811 | 4,384,086 |
| Total | <u>\$ 62,698,751</u> | <u>\$ 61,228,230</u> | <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 for 2012 using the weighted average maturity method ranges from 3.43 to 7.38 years and averages 5.03 years. For 2011 the range was 3.89 to 7.88 years and averaged 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, 2012 and 2011

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, 2012 and 2011, 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, 2012 and 2011 LOPFI had lending arrangements outstanding with a total market value for securities lent of \$15,064,884 and \$7,356,607, and a total market value for securities received as collateral of \$15,423,735 and \$7,539,576, 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 \$42,016 for 2012 and \$43,360 for 2011.

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>2012</u> | <u>2011</u> |
|---------------------------------|-------------------------|-------------------------|
| Member's Deposit Account | \$ 179,003,176 | \$ 157,307,599 |
| Employer Accumulation Account | 524,053,539 | 446,809,445 |
| Retirement Reserve Account | 440,209,039 | 383,046,249 |
| Income-Expense Account | 0 | 0 |
| Deferred Retirement Option Plan | 15,507,993 | 14,509,546 |
| | <u>\$ 1,158,773,747</u> | <u>\$ 1,001,672,839</u> |

Arkansas Local Police and Fire Retirement System

Notes to the Financial Statements

December 31, 2012 and 2011

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 2010, 2011, and 2012, LOPFI recorded as administrative expense of \$99,068, \$109,845, and \$122,093 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, 2012, the actuarial value of plan assets was \$1,169,357,127 and the actuarial accrued liability was \$1,805,815,641, resulting in a total unfunded actuarial liability of \$636,458,514 and a funded ratio of 65%. In addition, for 2012 the annual covered payroll was \$284,595,308, and the ratio of the total unfunded actuarial accrued liability to annual covered payroll was 224%.

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, 2012 valuations varies from group to group. 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 |
|--------------------------|-------------------------------|---|-------------------------|------------------|------------------------|---|
| 12/31/03 + # | 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 |
| 12/31/12 * + | 1,169,357,127 | 1,805,815,641 | 636,458,514 | 65 | 284,595,308 | 224 |

* 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 |
|--------------------|------------------------------|---------------------|
| 12/31/03 | 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% |
| 12/31/12 | 66,648,849 | 100% |

Note to the required supplementary information

Actuarial methods & assumptions for valuation performed December 31, 2012

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, 2012 valuations varies from group to group. 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, 2012 and 2011

| <u>Personnel Services</u> | <u>2012</u> | <u>2011</u> |
|---|--------------|--------------|
| Staff salaries | \$ 366,270 | \$ 344,600 |
| Social security tax | 39,487 | 37,429 |
| Staff retirement plan contribution | 122,094 | 109,845 |
| Health insurance | 53,101 | 55,399 |
| Unemployment insurance | 1,615 | 1,368 |
| Total personnel services | 582,567 | 548,641 |
| <u>Professional Services</u> | | |
| Actuarial services | 313,950 | 247,300 |
| Professional accounting services | 9,350 | 9,300 |
| Legal consultation | 95,000 | 92,930 |
| Data processing | 675,835 | 427,960 |
| Medical advisor | 62,898 | 50,323 |
| Total professional services | 1,157,033 | 827,813 |
| <u>Communications</u> | | |
| Printing | 18,717 | 21,618 |
| Telephone | 11,441 | 13,103 |
| Postage | 22,776 | 21,448 |
| Meetings and travel | 17,702 | 14,607 |
| Total communications | 70,636 | 70,776 |
| <u>Miscellaneous</u> | | |
| Insurance-bond and property | 78,206 | 76,642 |
| Office equipment rent | 11,505 | 12,068 |
| Depreciation | 168,850 | 142,846 |
| Publications | 653 | 353 |
| Office supplies | 11,638 | 15,151 |
| Other miscellaneous | 2,396 | 2,100 |
| Total miscellaneous | 273,248 | 249,160 |
| Total administrative expenses | 2,083,484 | 1,696,390 |
| <u>Investment expenses</u> | | |
| Investment manager fees | 2,796,646 | 2,601,429 |
| Custodial fees | 216,000 | 216,000 |
| Investment consulting fee | 300,000 | 250,000 |
| Investment monitoring fee | 76,000 | 67,000 |
| Total investment expenses | 3,388,646 | 3,134,429 |
| Total administrative and investment expenses | \$ 5,472,130 | \$ 4,830,819 |

See accompanying Independent Auditor's Report.

Arkansas Local Police and Fire Retirement System

Schedule of Actual versus Budgeted Expenses

Year ended December 31, 2012

| | <u>Budgeted</u> | <u>Actual</u> | Favorable (Unfavorable) |
|---|--------------------|--------------------|----------------------------|
| <u>Personnel Services</u> | \$626,563 | \$582,567 | \$43,996 |
| <u>Professional Services</u> | | | |
| Actuarial services | 320,050 | 313,950 | 6,100 |
| Professional accounting services | 9,500 | 9,350 | 150 |
| Legal consultation | 95,000 | 95,000 | - |
| Data processing | 743,900 | 675,835 | 68,065 |
| Medical advisor (1) | 52,000 | 62,898 | (10,898) |
| Total professional services | <u>1,220,450</u> | <u>1,157,033</u> | <u>63,417</u> |
| <u>Communications</u> | | | |
| Printing | 24,900 | 18,717 | 6,183 |
| Telephone | 16,900 | 11,441 | 5,459 |
| Postage | 23,400 | 22,776 | 624 |
| Meetings and travel | 31,000 | 17,702 | 13,298 |
| Total communications | <u>96,200</u> | <u>70,636</u> | <u>25,564</u> |
| <u>Miscellaneous</u> | | | |
| Insurance-bond and property (2) | 77,400 | 78,206 | (806) |
| Office equipment rent | 15,300 | 11,505 | 3,795 |
| Depreciation | 168,850 | 168,850 | - |
| Publications | 2,200 | 653 | 1,547 |
| Office supplies | 19,500 | 11,638 | 7,862 |
| Other miscellaneous | 3,000 | 2,396 | 604 |
| Total miscellaneous | <u>286,250</u> | <u>273,248</u> | <u>13,002</u> |
| Total administrative expenses | <u>2,229,463</u> | <u>2,083,484</u> | <u>145,979</u> |
| <u>Investment expenses</u> | | | |
| Investment manager fees | 4,161,038 | 2,796,646 | 1,364,392 |
| Custodial fees | 216,000 | 216,000 | - |
| Investment consulting fee | 300,000 | 300,000 | - |
| Investment monitoring fee | 76,000 | 76,000 | - |
| Total investment expenses | <u>4,753,038</u> | <u>3,388,646</u> | <u>1,364,392</u> |
| Total administrative and investment expenses | <u>\$6,982,501</u> | <u>\$5,472,130</u> | <u>\$1,510,371</u> |

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

(2) The final premium for 2012 property insurance exceeded the estimate provided by the carrier at the time the budget was prepared.

See accompanying Independent Auditor's Report.



Stephens Inc.

May 2013

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 12/31/12 | Permissible Range |
|--------------------------------|--------------------------------------|------------------------------|
| Domestic Equities | | |
| Value | 15 | 15-30% |
| Growth | 13 | 15-30% |
| Small | 5 | 10-20% |
| Foreign Equities | 7 | 0-10% |
| Index | 11 | 5-15% |
| US Bonds | 30 | 20-50% |
| Foreign Bonds | 6 | 0-10% |
| Alternative Investments | 10 | 0-10% |
| Cash | 3 | 0-20% |

LOPFI's portfolio was up 12.30%* for the fiscal year ended 2012 versus the comparative index return of 11.47%*.

The ending market value of the LOPFI portfolio as of December 31, 2012 was \$1.126 billion which includes balances held in the liquidation account (as reported by the custodian, Regions Wealth Management).

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, the foreign currency exposure is less than 1% of the bond portion of the portfolio.

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 |
| 12/31/03 | 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] |
| 12/31/12 | 12.30% [\$1,126,128] | 4.7% | 16.30% [\$683,028] | 7.48% [\$412,214] | 5.27% [\$30,886] |

QUARTERLY VALUES (RETURNS)

| Period Ended | Total Fund | Equities | Fixed Income |
|--------------|------------|----------|--------------|
| 12/31/2012 | 1.17% | 1.71% | -0.01% |

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 Local Police & Fire 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, 2012

| | Current Quarter | YTD | One Year | Three Years | Five Years | Calendar Year End | | | | |
|---|--------------------|--------|----------|-------------|------------|-------------------|--------|--------|---------|-------|
| | | | | | | 2011 | 2010 | 2009 | 2008 | 2007 |
| TOTAL FUND NET OF FEES (Inc. 12/31/1997) | | | | | | | | | | |
| Fund Return | 1.17% | 12.30% | 12.30% | 7.37% | 1.70% | -0.42% | 10.68% | 18.07% | -25.54% | 8.98% |
| Fund Ranking | 59 | 41 | 41 | 95 | 87 | 81 | 100 | 100 | 19 | 7 |
| Policy Return * | 1.02% | 11.47% | 11.47% | 9.13% | 3.70% | 2.24% | 14.05% | 19.60% | -22.87% | 5.75% |
| Policy Ranking | 72 | 72 | 72 | 22 | 4 | 13 | 33 | 99 | 3 | 58 |
| TOTAL EQUITIES (including cash)(Inc. 12/31/1997) | | | | | | | | | | |
| Fund Return | 1.71% | 16.30% | 16.30% | 8.68% | -0.38% | -3.47% | 14.33% | 26.99% | -39.82% | 9.38% |
| Fund Ranking | 22 | 37 | 37 | 91 | 98 | 79 | 93 | 84 | 76 | 22 |
| Policy Return ** | 1.05% | 16.61% | 16.61% | 10.95% | 1.97% | -0.83% | 18.12% | 28.06% | -36.98% | 4.05% |
| Policy Ranking | 52 | 28 | 28 | 21 | 41 | 31 | 25 | 72 | 33 | 77 |
| TOTAL FIXED INCOME (including cash)(Inc. 12/31/1997) | | | | | | | | | | |
| Fund Return | -0.01% | 7.48% | 7.48% | 6.32% | 6.06% | 3.92% | 7.58% | 11.13% | 0.51% | 7.62% |
| Fund Ranking | 96 | 43 | 43 | 63 | 39 | 86 | 43 | 71 | 15 | 2 |
| Policy Return *** | -0.16% | 3.82% | 3.82% | 5.59% | 5.59% | 6.87% | 6.12% | 4.85% | 6.33% | 8.12% |
| Policy Ranking | 99 | 93 | 93 | 80 | 56 | 43 | 61 | 98 | 2 | 1 |

* 13.5% R1000V, 13.5% R1000G, 10% S&P500, 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



continued on next page

**Arkansas Local Police & Fire 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
(Continued)

December 31, 2012

| | <u>Current Quarter</u> | <u>One Year</u> | <u>Three Years</u> | <u>Five Years</u> | <u>2011</u> | <u>Calendar Year End</u> | | <u>2008</u> | <u>2007</u> |
|--|----------------------------|-----------------|--------------------|-------------------|-------------|--------------------------|-------------|-------------|-------------|
| | | | | | | <u>2010</u> | <u>2009</u> | | |
| WELLINGTON EQUITY (Inc. 12/31/1997) | | | | | | | | | |
| Return | 1.87% | 19.35% | 9.31% | 1.19% | -8.57% | 19.69% | 35.69% | -40.14% | 15.93% |
| Ranking (Broad Large Cap Growth) | 6 | 11 | 67 | 67 | 96 | 9 | 39 | 58 | 28 |
| Policy Return (R1000G) | -1.32% | 15.26% | 11.35% | 3.12% | 2.64% | 16.71% | 37.21% | -38.44% | 11.81% |
| Policy Ranking (Broad Large Cap Growth) | 73 | 70 | 22 | 21 | 10 | 31 | 33 | 43 | 52 |
| BARROW HANLEY LARGE CAP VALUE (Inc. 12/31/2005) | | | | | | | | | |
| Return | 0.93% | 14.92% | 9.14% | 0.77% | 1.99% | 10.92% | 23.19% | -35.12% | 3.50% |
| Ranking (Broad Large Cap Value) | 38 | 62 | 68 | 62 | 30 | 90 | 62 | 29 | 54 |
| Policy Return (R1000V) | 1.52% | 17.51% | 10.86% | 0.59% | 0.39% | 15.51% | 19.69% | -36.85% | -0.17% |
| Policy Ranking (Broad Large Cap Value) | 23 | 14 | 20 | 64 | 59 | 16 | 78 | 48 | 80 |
| 300 NORTH CAPITAL SMALL CAP EQUITY (Inc. 12/31/1997) [formerly PIC] | | | | | | | | | |
| Return | -3.64% | 6.70% | 7.62% | -1.75% | -8.26% | 27.34% | 38.05% | -46.81% | 15.22% |
| Ranking (Broad Small Cap Growth) | 100 | 100 | 100 | 100 | 99 | 45 | 39 | 93 | 33 |
| Policy Return (R2000G) | 0.45% | 14.59% | 12.82% | 3.49% | -2.91% | 29.09% | 34.47% | -38.54% | 7.05% |
| Policy Ranking (Broad Small Cap Growth) | 66 | 57 | 55 | 52 | 60 | 33 | 57 | 30 | 66 |
| FISHER INVESTMENTS INTERNATIONAL EQUITY (12/31/2001) | | | | | | | | | |
| Return | 7.97% | 17.43% | 4.79% | -2.64% | -12.00% | 11.34% | 40.34% | -45.82% | 17.02% |
| Ranking (International Equity) | 17 | 62 | 38 | 39 | 29 | 44 | 21 | 61 | 24 |
| Policy Return (MSCI ACWI ex US) | 5.89% | 17.39% | 3.45% | -3.54% | -13.33% | 8.82% | 32.46% | -43.06% | 11.63% |
| Policy Ranking (International Equity) | 63 | 62 | 65 | 52 | 44 | 66 | 51 | 42 | 51 |

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

continued on next page



**Arkansas Local Police & Fire 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

(Continued)

December 31, 2012

| | Current Quarter | Calendar Year End | | | | | | | |
|---|--------------------|-------------------|-------------|------------|---------|--------|--------|---------|--------|
| | | One Year | Three Years | Five Years | 2011 | 2010 | 2009 | 2008 | 2007 |
| EAFE i-SHARES (Inc. 5/31/2004) | | | | | | | | | |
| Return | 7.79% | 16.38% | 3.64% | -3.46% | -10.73% | 7.16% | 24.33% | -39.40% | 9.85% |
| Ranking (International Equity) | 19 | 72 | 61 | 51 | 18 | 80 | 85 | 13 | 64 |
| Policy Return (MSCI EAFE) | 6.60% | 17.90% | 4.04% | -3.21% | -11.73% | 8.21% | 32.46% | -43.06% | 11.63% |
| Policy Ranking (International Equity) | 42 | 57 | 52 | 47 | 26 | 72 | 51 | 42 | 51 |
| SSGA FLAGSHIP INDEX FUND[Flagship only Inc. 03/31/2011] (Inc. 01/31/2005) | | | | | | | | | |
| Return | -0.39% | 16.19% | 10.48% | 0.67% | 2.09% | 13.69% | 25.35% | -38.85% | 2.61% |
| Ranking (Broad Large Cap Core) | 62 | 37 | 37 | 77 | 16 | 65 | 77 | 83 | 87 |
| Policy Return (S&P 500) | -0.38% | 16.00% | 10.87% | 1.66% | 2.11% | 15.06% | 26.46% | -37.00% | 5.49% |
| Policy Ranking (Broad Large Cap Core) | 60 | 43 | 19 | 34 | 16 | 50 | 60 | 31 | 40 |
| GLOBAL CURRENTS INTERNATIONAL EQUITY (Inc. 1/31/2005)[formerly Brandywine] | | | | | | | | | |
| Return | 8.17% | 20.99% | 4.11% | -3.11% | -10.86% | 4.62% | 32.89% | -43.05% | 7.95% |
| Ranking (International Equity) | 15 | 24 | 51 | 46 | 19 | 93 | 49 | 42 | 78 |
| Policy Return (MSCI EAFE) | 6.60% | 17.90% | 4.04% | -3.21% | -11.73% | 8.21% | 32.46% | -43.06% | 11.63% |
| Policy Ranking (International Equity) | 42 | 57 | 52 | 47 | 26 | 72 | 51 | 42 | 51 |
| DODGE & COX LARGE CAP EQUITY (Inc. 12/31/2005) | | | | | | | | | |
| Return | 2.85% | 22.23% | 9.95% | -0.22% | -4.08% | 13.36% | 31.26% | -43.31% | 5.14% |
| Ranking (Broad Large Cap Core) | 1 | 1 | 56 | 89 | 89 | 68 | 29 | 100 | 55 |
| Policy Return (S&P 500) | -0.38% | 16.00% | 10.87% | 1.66% | 2.11% | 15.06% | 26.46% | -37.00% | 5.49% |
| Policy Ranking (Broad Large Cap Core) | 60 | 43 | 19 | 34 | 16 | 50 | 60 | 31 | 40 |

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

continued on next page



**Arkansas Local Police & Fire 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

(Continued)

| December 31, 2012 | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|----------------|-------------------|---------|----------------|------|
| | Current | | | | | Calendar Year End | | | |
| | Quarter | One Year | Three Years | Five Years | 2011 | 2010 | 2009 | 2008 | 2007 |
| N.B. CROSSROADS PRIVATE EQUITY (Inc. 06/30/2007) | | | | | | | | | |
| Return | 0.58% | 7.06% | 14.68% | 2.77% | 25.97% | 11.84% | -23.57% | -0.57% | n/a |
| Policy Return (LPX Private Equity ETF Index) | 8.06% | 26.57% | 13.37% | -1.70% | -17.84% | 40.14% | 51.23% | -58.35% | n/a |
| CITIGROUP PRIVATE EQUITY (Inc. 07/31/2007) | | | | | | | | | |
| Return | 0.00% | 15.49% | 2.85% | 0.05% | -5.80% | 0.00% | 12.80% | -18.31% | n/a |
| Policy Return (LPX Private Equity ETF Index) | 8.06% | 26.57% | 13.37% | -1.70% | -17.84% | 40.14% | 51.23% | -58.35% | n/a |
| ADVENT PRIVATE EQUITY (Inc. 10/31/2009) | | | | | | | | | |
| | | | <u>2-Year</u> | <u>3-Year</u> | | | | | |
| Return | 11.87% | 54.32% | 16.34% | 10.95% | -12.30% | 0.90% | n/a | n/a | n/a |
| Policy Return (LPX Private Equity ETF Index) | 8.06% | 26.57% | 1.97% | 13.37% | -17.84% | 40.14% | n/a | n/a | n/a |
| J.P. MORGAN REAL ESTATE (Inc. 09/30/2007) | | | | | | | | | |
| Return | 2.54% | 11.03% | 12.80% | -0.92% | 14.85% | 12.54% | -26.95% | -8.93% | n/a |
| Policy Return (NCREIF Property Index) | 2.54% | 10.54% | 12.63% | 2.13% | 14.26% | 13.11% | -16.86% | -6.46% | n/a |
| CHICKASAW CAPITAL MLP (Inc. 6/30/2010) | | | | | | | | | |
| | | <u>2-Qtrs</u> | <u>1-Year</u> | <u>2-Year</u> | | | | | |
| Return | 0.28% | 14.09% | 16.62% | 19.27% | 21.98% | n/a | n/a | n/a | n/a |
| Policy Return (Alerian MLP Infrastructure Index) | 0.82% | 2.28% | 3.54% | -2.86% | -8.87% | n/a | n/a | n/a | n/a |
| MACQUARIE INFRASTRUCTURE (Inc. 12/31/2008) | | | | | | | | | |
| | | | <u>4-Year</u> | | | | | | |
| Return | -10.65% | -4.27% | 4.57% | 3.16% | 22.76% | -2.70% | -0.94% | n/a | n/a |
| Policy Return (IGF Global Infrastructure Index) | 0.00% | 8.42% | 4.07% | 8.78% | -0.97% | 5.00% | 24.23% | n/a | n/a |
| JP MORGAN INFRASTRUCTURE (Inc. 12/31/2008) | | | | | | | | | |
| | | | <u>4-Year</u> | | | | | | |
| Return | 4.42% | 11.75% | 3.77% | 2.82% | 0.00% | 0.00% | 0.00% | n/a | n/a |
| Policy Return (IGF Global Infrastructure Index) | 0.00% | 8.42% | 4.07% | 8.78% | -0.97% | 5.00% | 24.23% | n/a | n/a |

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

continued on next page



Arkansas Local Police & Fire 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
(Continued)

December 31, 2012

| | <u>Current</u> <u>Quarter</u> | <u>One Year</u> | <u>Three Years</u> | <u>Five Years</u> | <u>2011</u> | <u>Calendar Year End</u> | | | |
|--|----------------------------------|-----------------|--------------------|-------------------|-------------|--------------------------|-------------|-------------|-------------|
| | | | | | | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| MEZZANINE PARTNERS KKR (Inception 8/31/2010) | | | | | | | | | |
| | | <u>2-Years</u> | | | | | | | |
| Return | 2.45% | 11.38% | -32.76% | n/a | -59.40% | n/a | n/a | n/a | n/a |
| Policy Return (LPX Private Equity ETF Index) | 8.06% | 26.57% | 1.97% | n/a | -17.84% | n/a | n/a | n/a | n/a |
| CITCO LIMITED PARTNERSHIP (Inception 01/31/2011) | | | | | | | | | |
| | | <u>2-Qtrs</u> | <u>3-Qtrs</u> | <u>1-Year</u> | | | | | |
| Return | 2.28% | 4.03% | 5.20% | 4.67% | n/a | n/a | n/a | n/a | n/a |
| Policy Return (Event Driven Distressed Index) | 3.22% | 6.97% | 5.13% | 11.31% | 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>1-Year</u> | | | | | |
| Return | 17.29% | 17.29% | 26.71% | 26.87% | n/a | n/a | n/a | n/a | n/a |
| Policy Return (Credit Suisse Leveraged Loan Index) | 1.52% | 4.31% | 5.37% | 5.37% | n/a | n/a | n/a | n/a | n/a |
| GOLDMAN SACHS COMMODITY OPPORTUNITES (Inception 09/30/2011) | | | | | | | | | |
| | | <u>2-Qtrs</u> | <u>3-Qtrs</u> | <u>1-Year</u> | | | | | |
| Return | -0.42% | -0.94% | -2.05% | -1.94% | n/a | n/a | n/a | n/a | n/a |
| Policy Return (DJ UBS Commodity Index) | NA | 0.00% | 0.00% | 0.88% | n/a | n/a | n/a | n/a | n/a |
| AIM THIRTEEN PARTNERS (Inception 3/31/2012) | | | | | | | | | |
| | | <u>2-Qtrs</u> | <u>3-Qtrs</u> | | | | | | |
| Return | 0.60% | 3.03% | 1.05% | n/a | n/a | n/a | n/a | n/a | n/a |
| Policy Return (HFRX Global Hedge Fund Index) | 0.82% | 2.28% | 0.38% | 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

continued on next page



**Arkansas Local Police & Fire 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
(Concluded)

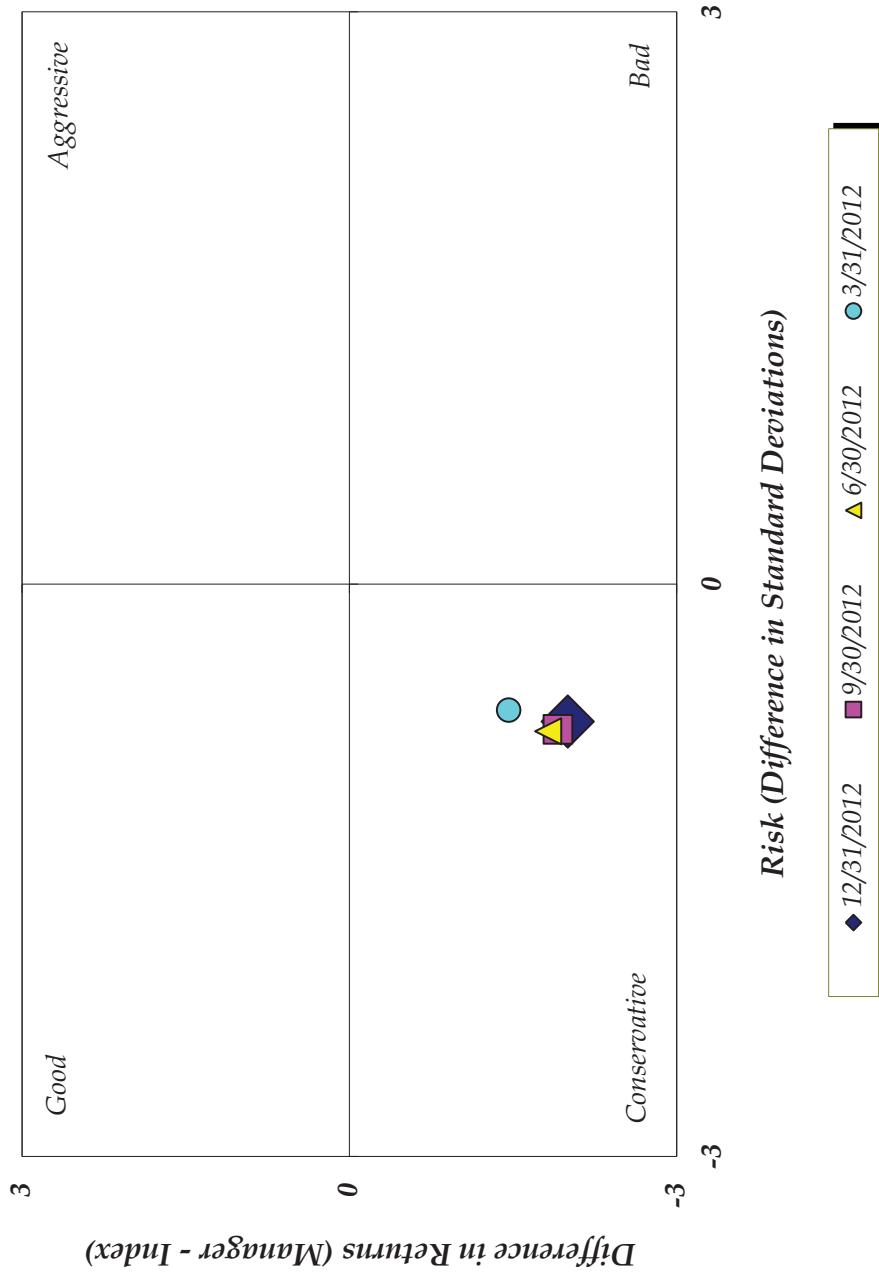
December 31, 2012

| | <u>Current Quarter</u> | <u>One Year</u> | <u>Three Years</u> | <u>Five Years</u> | <u>2011</u> | <u>Calendar Year End</u> | | | |
|---|----------------------------|-----------------|--------------------|-------------------|-------------|--------------------------|---------------|--------------|--------------|
| | | | | | | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| ABERDEEN ASSET MANAGEMENT INTERNATIONAL BOND (Inc. 12/31/1997) | | | | | | | | | |
| Return | -2.27% | 1.15% | 3.11% | 4.66% | 3.51% | 4.71% | 7.02% | 7.00% | 9.52% |
| Policy Return (Citigroup Non US Dollar Bond) | -2.36% | 1.50% | 3.95% | 5.24% | 5.17% | 5.21% | 4.39% | 10.11% | 11.46% |
| PIMCO INTERMEDIATE BOND (Inc. 09/30/2002) | | | | | | | | | |
| Return | 1.28% | 10.34% | 7.15% | 7.26% | 4.15% | 7.06% | 9.15% | 5.71% | 8.42% |
| Ranking (Intermediate Fixed) | 19 | 11 | 40 | 22 | 86 | 59 | 76 | 6 | 1 |
| Policy Return (BCIGC) | 0.35% | 3.89% | 5.19% | 5.18% | 5.80% | 5.89% | 5.24% | 5.08% | 7.40% |
| Policy Ranking (Intermediate Fixed) | 70 | 88 | 91 | 77 | 62 | 71 | 95 | 10 | 7 |
| WAMCO AGGREGATE BOND (Inc. 09/30/2002) | | | | | | | | | |
| Return | -0.96% | 6.73% | 7.18% | 5.05% | 4.12% | 10.80% | 18.25% | -12.15% | 5.33% |
| Ranking (Broad Fixed) | 100 | 53 | 38 | 61 | 71 | 16 | 34 | 70 | 28 |
| Policy Return (BCAB) | 0.21% | 4.22% | 6.20% | 5.96% | 7.86% | 6.56% | 5.93% | 5.24% | 6.96% |
| Policy Ranking (Broad Fixed) | 73 | 74 | 55 | 34 | 39 | 42 | 83 | 10 | 10 |
| GHA FIXED INCOME (Inc 01/31/2005) | | | | | | | | | |
| Return | 0.90% | 9.19% | 6.51% | 6.87% | 3.47% | 6.94% | 10.09% | 4.80% | 7.96% |
| Ranking (Broad Fixed) | 38 | 31 | 50 | 21 | 76 | 39 | 68 | 11 | 6 |
| Policy Return (BCGC) | 0.37% | 4.82% | 6.70% | 6.06% | 8.72% | 6.59% | 4.53% | 5.71% | 7.25% |
| Policy Ranking (Broad Fixed) | 65 | 70 | 46 | 32 | 34 | 42 | 68 | 9 | 9 |



ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM
Total Fund Trailing 5-Years

December 31, 2012



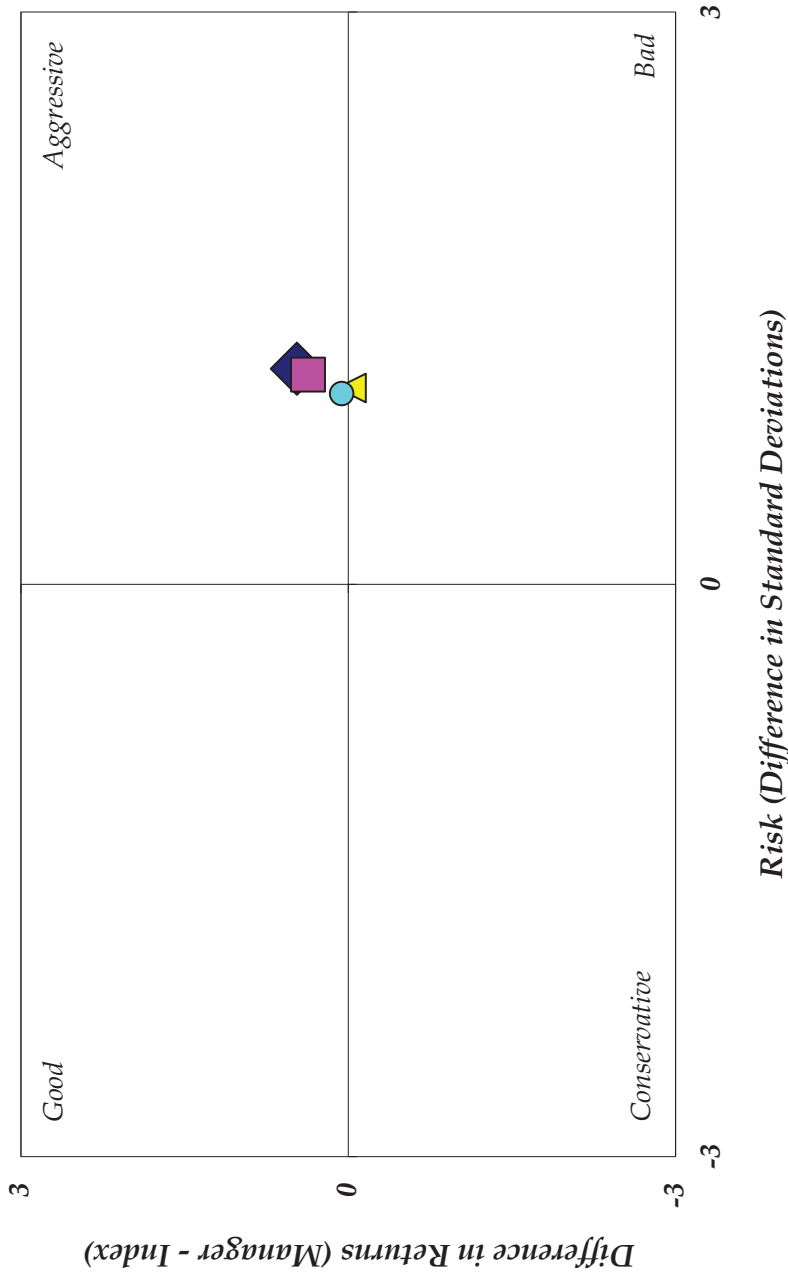
ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM
Total Equities Trailing 5-Years

December 31, 2012



ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM
Total Fixed Trailing 5-Years

December 31, 2012



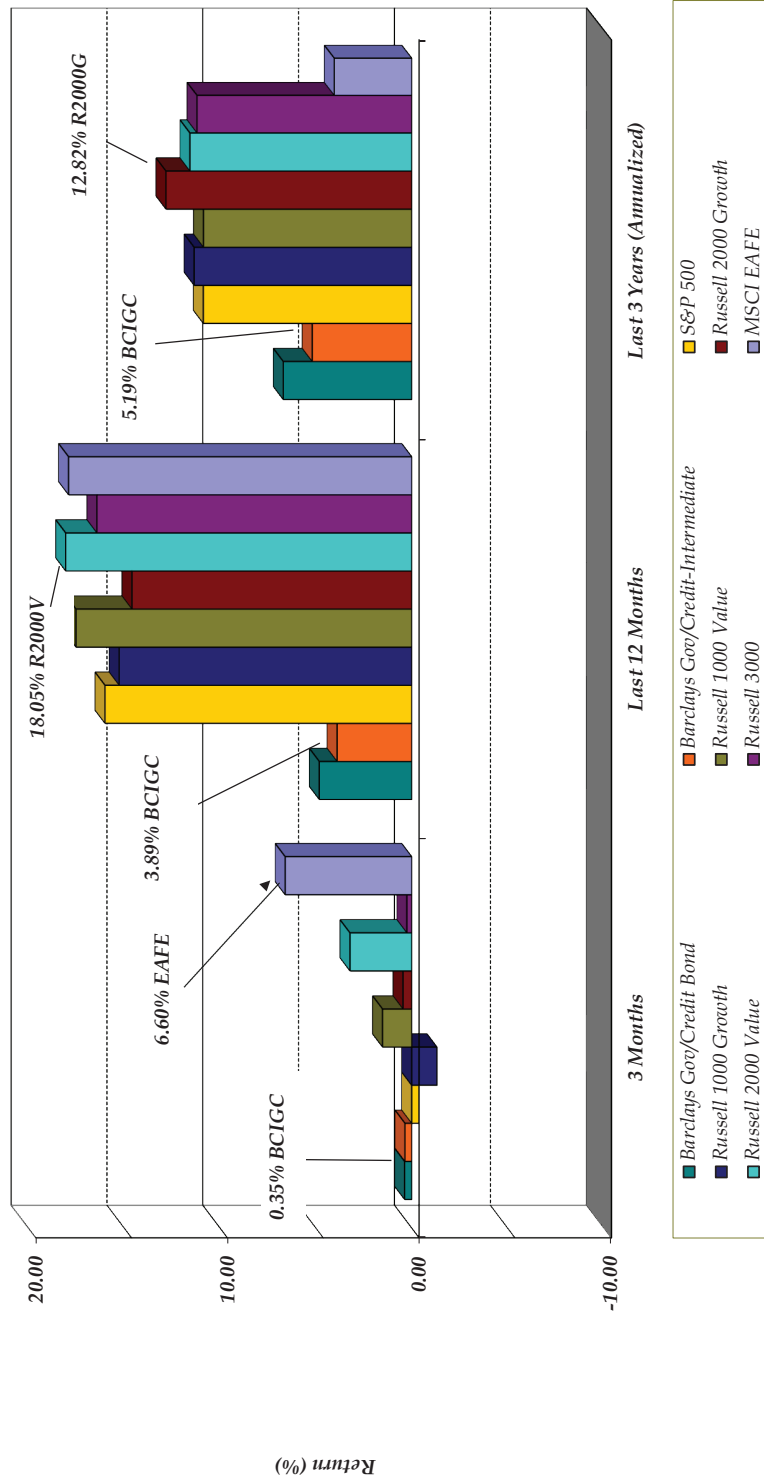
ARKANSAS LOPFI RETIREMENT SYSTEM

TOTAL ANNUAL RETURNS 2008 - 2012 (Net of Investment Management Fees beginning 2008)
(Thistle Asset Consulting's calculations are time-weighted and based on the trade date of all transactions)

| Manager | Annual Return | | | | | 5 Years Annualized (Shorter periods as indicated) |
|---------------------------|----------------|---------------|---------------|---------------|---------------|---|
| | 2008 | 2009 | 2010 | 2011 | 2012 | |
| Wellington | -39.89% | 36.22% | 20.16% | -8.57% | 19.35% | 1.19% |
| Barrow Hanley | -34.84% | 23.74% | 11.36% | 1.99% | 14.92% | 0.77% |
| 300 North Capital | -46.25% | 39.46% | 28.96% | -8.26% | 6.70% | -1.75% |
| Fisher | -45.41% | 41.39% | 11.34% | -12.00% | 17.43% | -2.64% |
| EAFE I-Shares | -39.40% | 24.33% | 7.16% | -10.73% | 16.38% | -3.46% |
| PIMCO | 6.04% | 9.47% | 7.38% | 4.15% | 10.34% | 7.26% |
| WAMCO | -12.06% | 18.36% | 12.61% | 4.12% | 6.73% | 5.05% |
| Aberdeen | 7.23% | 7.47% | 5.03% | 3.51% | 1.15% | 4.66% |
| SSGA Index Plus | -38.69% | 25.59% | 13.95% | 2.09% | 16.19% | 0.67% |
| Global Currents Intl. Eq. | -42.67% | 33.73% | 5.27% | -10.86% | 20.99% | -3.11% |
| GHA | 5.06% | 10.37% | 7.20% | 3.47% | 9.19% | 6.87% |
| Dodge & Cox | -43.31% | 31.27% | 13.36% | -4.08% | 22.23% | -0.22% |
| N.B. Crossroads | -0.57% | -23.57% | 11.84% | 25.97% | 7.06% | 2.77% |
| Citigroup Private Equity | -18.31% | 12.80% | 0.00% | -5.80% | 15.49% | 0.05% |
| JP Morgan R.E. | -8.93% | -26.95% | 12.54% | 14.85% | 11.03% | -0.92% |
| JP Morgan Infrastructure | | 0.00% | 0.00% | 0.00% | 11.75% | 2.82% |
| Macquarie | | -0.94% | -2.70% | 22.76% | -4.27% | 3.16% |
| Advent | | | 0.90% | -12.30% | 54.32% | 10.34% |
| Chickasaw | | | | 21.98% | 16.62% | 25.49% |
| Mezzanine Partners KKR | | | | -59.40% | 11.38% | -33.27% |
| CITCO | | | | | 4.67% | 4.39% |
| PIMCO Bravo | | | | | 26.87% | 17.63% |
| Goldman Sachs | | | | | -1.94% | -2.92% |
| AIM 13 Partners | | | | | | 1.05% |
| TOTAL FUND | -25.54% | 18.07% | 10.68% | -0.42% | 12.30% | 1.70% |

Index Comparison

December 31, 2012



Arkansas Local Police & Fire Retirement System
 Schedule of Investment Expenses
 As of December 31, 2012

| Professional / Consultant | Nature of Service | Amount |
|---|-----------------------|------------------------|
| 300 North Capital - Small Cap Growth Equity | Money Manager | \$ 470,587.00 |
| Aberdeen Asset - International Fixed Income | Money Manager | \$ 245,838.41 |
| Barrow, Hanley - Large Cap Value - Equity | Money Manager | \$ 273,971.00 |
| Chickasaw | Money Manager | \$ 199,932.96 |
| Fisher Investments - International Equity | Money Manager | \$ 199,423.84 |
| Garcia Hamilton - Core Fixed Income | Money Manager | \$ 141,310.54 |
| Global Currents - International Equity | Money Manager | \$ 142,874.97 |
| JP Morgan | Money Manager | \$ 35,860.23 |
| KKR | Money Manager | \$ 21,866.00 |
| State Street - Large Cap Core Equity | Money Manager | \$ 46,680.93 |
| WAMCO - Aggregate Fixed Income | Money Manager | \$ 468,442.90 |
| Wellington - Large Cap Growth - Equity | Money Manager | \$ 550,357.52 |
| Total Investment Fees | | <u>\$ 2,797,146.30</u> |
| Regions Bank | Custodial Service | <u>\$ 216,000.00</u> |
| Stephens | Investment Consultant | <u>\$ 300,000.00</u> |
| Thistle Asset Consulting, Inc. | Investment Monitoring | <u>\$ 76,000.00</u> |

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 34.

Arkansas Local Police & Fire Retirement System
Schedule of Broker Commissions
Year Ending December 31, 2012

| Brk # | Broker Name | Broker Commissions | Gross Price of Assets |
|-------|--------------------------------------|-----------------------|-----------------------|
| 100 | CONVERGEX | \$4,142.94 | \$8,250,820.89 |
| 161 | MERRILL LYNCH. PIERCE. FENNER and | \$2,372.60 | \$3,273,500.89 |
| 180 | NOMURA SECURITIES INTERNATIONAL,INC. | \$1,554.75 | \$1,501,036.86 |
| 19 | JEFFERIES and CO, INC | \$656.44 | \$2,534,912.53 |
| 229 | BARCLAYS CAPITAL INC | \$290.81 | \$1,247,060.30 |
| 232 | RBC DAIN RAUSCHER INC | \$17,668.60 | \$8,853,686.26 |
| 295 | KNIGHT CLEARING SERVICES LLC | \$283.36 | \$1,686,320.27 |
| 355 | CREDIT SUISSE FIRST BOSTON LLC | \$4,523.89 | \$2,765,846.80 |
| 418 | CITIGROUP GLOBAL MARKETS INC. | \$1,875.00 | \$1,255,154.17 |
| 45 | HARRIS NESBITT CORP | \$3.50 | \$4,169.73 |
| 46171 | WELLS FARGO SECURITIES LLC | \$2,885.50 | \$2,141,736.90 |
| 5 | GOLDMAN SACHS and CO | \$522.35 | \$453,824.53 |
| 50 | MORGAN STANLEY | \$708.00 | \$1,465,296.60 |
| 50091 | LIQUIDNET INC | \$156.00 | \$244,796.92 |
| 57079 | J.P. MORGAN SECURITIES INC. | \$168.00 | \$238,542.43 |
| 573 | DEUTSCHE BANK SECURITIES, INC. | \$5,617.76 | \$3,821,505.58 |
| 58851 | BTIG LLC | \$483.00 | \$348,296.37 |
| 59055 | CAP INSTITUTIONAL SERVICES INC | \$259.00 | \$327,493.58 |
| 59964 | BLOOMBERG TRADEBOOK LLC | \$26.68 | \$176,009.57 |
| 61610 | BARCLAYS CAPITAL LE | \$2,596.14 | \$1,603,133.21 |
| 6164 | INVESTMENT TECHNOLOGY GROUP, INC | \$140.57 | \$1,173,395.51 |
| 62465 | KNIGHT EQUITY MARKETS LP | \$137.64 | \$761,181.17 |
| 62519 | STRATEGAS SECURITIES LLC | \$255.50 | \$293,777.78 |
| 6253 | BROADCOURT CAPITAL CORP | \$416.50 | \$211,414.21 |
| 642 | UBS SECURITIES LLC | \$6,701.77 | \$4,771,671.02 |
| 647 | DAIWA SECURITIES AMERICA INC | \$45.75 | \$407,285.41 |
| 67 | INSTINET CORPORATION | \$584.25 | \$1,208,652.51 |
| 6826 | INSTINET | \$2,610.52 | \$2,708,517.22 |
| 696 | CANTOR FITZGERALD AND CO. | \$2,792.44 | \$3,785,824.20 |
| 715 | DAVENPORT AND CO. OF VIRGINIA, INC. | \$346.50 | \$248,269.23 |
| 725 | RAYMOND JAMES and ASSOC. INC. | \$45.50 | \$98,805.72 |
| 77318 | COWEN AND COMPANY LLC | \$66.50 | \$107,364.06 |
| 77990 | GUGGENHEIM CAPITAL MARKETS LLC | \$164.50 | \$142,654.40 |
| 780 | MORGAN KEEGAN and CO., INC. | \$3.50 | \$4,182.22 |
| 793 | STIFEL, NICOLAUS AND CO.,INC. | \$98.00 | \$86,723.00 |
| 83213 | ISI GROUP, INC | \$350.00 | \$525,507.65 |
| 83620 | FIDELITY CAP MARKETS (DIV OF N | \$5.44 | \$52,718.45 |
| 8450 | CREDIT RESEARCH AND TRADING L.L.C. | \$32.98 | \$28,857.50 |
| 85704 | BUCKINGHAM RESEARCH GROUP, INC. | \$91.00 | \$89,112.66 |
| 96 | SCOTIA CAPITAL USA INC | \$98.00 | \$85,487.92 |
| 9883 | WEEDEN AND CO. | \$129.75 | \$419,614.31 |
| 99 | ITG INC | \$262.13 | \$456,840.06 |
| | TOTAL | \$62,173.06 | \$59,861,000.60 |

Arkansas Local Police & Fire Retirement System
Highest Portfolio Holdings by Manager
Top Three Securities
As Of December 31, 2012

| | FISHER | LIQUIDATION | BARROW, HANLEY | GARCIA HAMILTON | WAMCO |
|-----------------|--|--------------------------|---------------------------------|----------------------------------|------------------------------------|
| | SAP AG ONE ADR | REGIONS TRUST CASH SWEEP | PFIZER INC | FANNIE MAE CALLABLE DTD | OTHERS REPURCHASE AGREEMENT |
| 1 | REPRS | N/A | N/A | 9/19/2017-2014 | BARCLAYS |
| MATURITY | N/A | | | | 1/2/13 |
| Fair Value | \$1,026,855 | \$30,885,083 | \$2,909,901 | \$3,021,077 | \$10,984,000 |
| Book Value | \$707,874 | \$30,885,083 | \$2,622,896 | \$3,038,896 | \$10,984,000 |
| Percent of Fund | 3.61% | 100.00% | 3.51% | 5.09% | 9.77% |
| | TAIWAN SEMICONDUCTOR MFG LTD SPONSORED ADR | | PHILIP MORRIS INTERNATIONAL INC | BANC OF AMERICA FUNDING CORP DTD | UNITED STATES TREASURY DTD |
| 2 | ADR | N/A | N/A | 6/1/19 | 8/15/42 |
| MATURITY | N/A | | | | |
| Fair Value | \$856,936 | \$0 | \$2,852,124 | \$2,879,033 | \$5,693,354 |
| Book Value | \$573,347 | \$0 | \$1,117,704 | \$2,638,225 | \$5,751,490 |
| Percent of Fund | 3.02% | 0.00% | 3.44% | 4.85% | 5.07% |
| | SIEMENS AG SPONSORED ADR | | AMERICAN EXPRESS CO | GOLDMAN SACHS GROUP INC DTD | GOLDMAN SACHS REPURCHASE AGREEMENT |
| 3 | ADR | N/A | N/A | 38141EA25 | 1/2/13 |
| MATURITY | N/A | | | 8/7/19 | |
| Fair Value | \$804,605 | \$0 | \$2,609,592 | \$2,875,124 | \$3,316,000 |
| Book Value | \$634,627 | \$0 | \$2,258,149 | \$2,750,770 | \$3,316,000 |
| Percent of Fund | 2.83% | 0.00% | 3.15% | 4.85% | 2.95% |

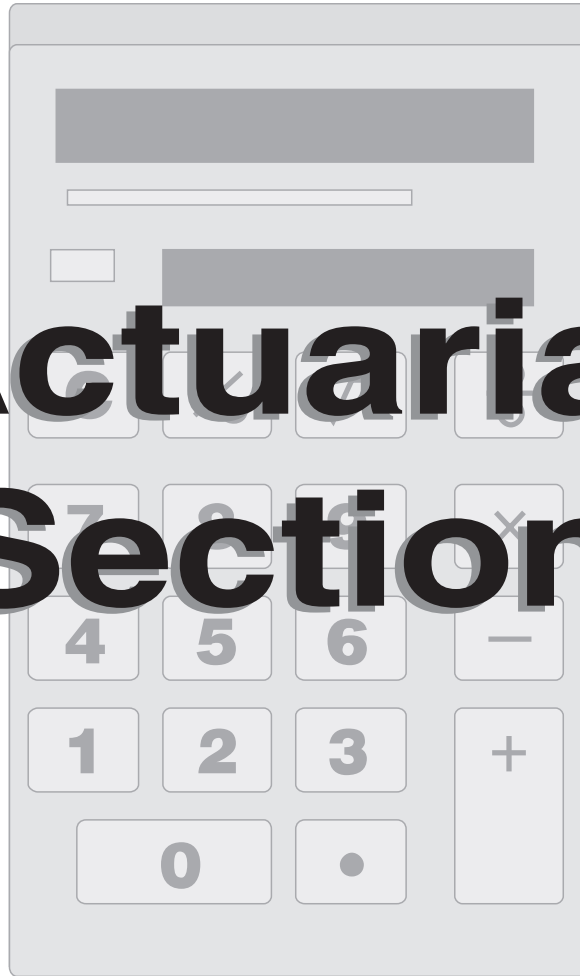
Arkansas Local Police & Fire Retirement System
Investment Summary
Year Ended December 31, 2012

| Type of Investment | December 31, 2012 | | % of Total |
|------------------------------------|-----------------------|-------------------------|----------------|
| | Cost Value | Fair Value | |
| Cash and Short Term Investments | \$ 68,706,018 | \$ 68,706,018 | 5.9% |
| Investments: | | | |
| U.S. Government Obligations | 86,452,767 | 87,244,184 | 7.5% |
| Corporate Obligations | 74,297,973 | 76,690,136 | 6.6% |
| Foreign Bonds | 1,074,022 | 894,807 | 0.1% |
| Fixed Income Collective Trusts | 215,248,431 | 295,314,444 | 25.5% |
| Common and Preferred Stocks | 96,384,821 | 112,476,114 | 9.7% |
| Special Situation Properties, etc. | 97,900,964 | 107,632,680 | 9.3% |
| Equity Mutual Collective Trusts | 345,546,417 | 404,287,448 | 35.0% |
| | <u>\$ 916,905,395</u> | <u>\$ 1,084,539,812</u> | <u>* 93.8%</u> |
| Land and Building | 3,472,816 | 3,472,816 | 0.3% |
| Total Investments | <u>\$ 989,084,229</u> | <u>\$ 1,156,718,646</u> | <u>100.0%</u> |

| Type of Investment | December 31, 2011 | | % of Total |
|------------------------------------|-----------------------|-----------------------|----------------|
| | Cost Value | Fair Value | |
| 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 | 3,624,912 | 3,624,912 | 0.4% |
| Total Investments | <u>\$ 919,584,925</u> | <u>\$ 990,382,130</u> | <u>100.0%</u> |

* Per Statements of Plan Net Assets on Page 25

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

June 13, 2013

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, 2012.

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, 2012, actuarial valuations were made for 783 employer groups. Summary information about the resulting new employer contribution rates is shown in the annual report. Results of the 2012 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 101% of the market value of assets as of December 31, 2012. These results include the 164 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, 2012 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2008-2011 period.

On the basis of the December 31, 2012 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 for LOPFI plans.

NON-ECONOMIC ASSUMPTIONS -----

The mortality table used to measure retired life mortality was the RP-2000 Combined Projected to 2017 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, one hundred percent of the post-retirement mortality tables were used. Fifty percent of deaths-in-service were assumed to be duty related. These assumptions include a margin for future mortality improvements.

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.

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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 Benefit Program 3 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 \$6.28 effective July 1, 2013 and is assumed to increase at the assumed rate of price inflation in future years. For Benefit Program 4 volunteer service plans the contribution rates from the December 31, 2012 valuation were developed based on a \$10.00 per month basic benefit factor. This factor is \$10.17 effective July 1, 2013 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 | |
| 12/31/2012 | 1 | 8 | 574,418 | 71,802 | 5.7% | 1.7 | |

* Includes DROP participants, if any.

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

| 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 |
| 12/31/2012 | 175 | 1,948 | 75,476,200 | 38,745 | 1.0 |

* Includes DROP participants, if any.

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

| Paid Police Not Covered by Social Security | Valuation Groups | Active Members* | | | Inflation Increase % (CPI) | |
|---|---------------------|-----------------|-------------------|----------------|----------------------------------|---------------|
| | | Number | Annual Payroll | Average Pay | | % Increase |
| 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 |
| 12/31/2012 | 14 | 1,604 | 83,272,934 | 51,916 | 2.0 | 1.7 |

* Includes DROP participants, if any.

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

| Paid Fire Covered by Social Security | Valuation Groups | Active Members* | | | Average Pay | % Increase | Inflation Increase % (CPI) |
|--------------------------------------|------------------|-----------------|----------------|----------------|-------------|------------|----------------------------|
| | | Number | Annual Payroll | 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 | |
| 12/31/2012 | 22 | 101 | 4,221,364 | 41,796 | 4.6 | 1.7 | |

* Includes DROP participants, if any.

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

| 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 | 1,003 | 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 | |
| 12/31/2012 | 60 | 2,478 | 118,625,189 | | 0.8 | 1.7 | |

* Includes DROP participants, if any.

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

| Total Paid | Valuation Groups | Active Members* | | | Average Pay | % Increase | Inflation Increase % (CPI) |
|------------|------------------|-----------------|----------------|----------|-------------|------------|----------------------------|
| | | Number | 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 | |
| 12/31/2012 | 272 | 6,139 | 282,170,105 | 45,964 | 1.4 | 1.7 | |

* Includes DROP participants, if any.

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

| 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 | 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 |
| 12/31/2012 | 69 | 224 | | | 1.7 |

* 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.

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

| 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 | 1,020 | | N/A | N/A |
| 12/31/1987 | 202 | 1,238 | | | N/A |
| 12/31/1988 | 207 | 1,422 | | | N/A |
| 12/31/1989 | 215 | 1,623 | | | N/A |
| 12/31/1990 | 218 | 1,823 | | | N/A |
| 12/31/1991 | 226 | 2,005 | | | 3.1 |
| 12/31/1992 | 232 | 2,167 | | | 2.9 |
| 12/31/1993 | 237 | 2,370 | | | 2.7 |
| 12/31/1994 | 239 | 2,452 | | | 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 |
| 12/31/2012 | 442 | 6,805 | | | 1.7 |

* 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.

continued on next page

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

| 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 | 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 |
| 12/31/2012 | 511 | 7,029 | | | 1.7 |

* 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, 2012
Attained Age And Years of Service**

| Attained Age | Years of Service at Valuation Date | | | | | | | Totals* | |
|---------------|------------------------------------|--------------|--------------|------------|------------|------------|-----------|--------------|-----------------------|
| | | | | | | | | No. | Annual Payroll |
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 Plus | | |
| Under 20 | 1 | | | | | | | 1 | \$ 22,465 |
| 20-24 | 229 | 19 | | | | | | 248 | 7,481,813 |
| 25-29 | 574 | 212 | 40 | | | | | 826 | 29,345,782 |
| 30-34 | 374 | 471 | 169 | 76 | | | | 1,090 | 44,515,731 |
| 35-39 | 187 | 280 | 400 | 155 | 71 | | | 1,093 | 50,677,663 |
| 40-44 | 124 | 145 | 312 | 379 | 151 | 38 | | 1,149 | 57,260,405 |
| 45-49 | 61 | 78 | 91 | 211 | 261 | 133 | 22 | 857 | 46,276,534 |
| 50-54 | 30 | 27 | 40 | 94 | 165 | 177 | 21 | 554 | 31,043,358 |
| 55-59 | 13 | 31 | 24 | 28 | 47 | 57 | 13 | 213 | 10,911,793 |
| 60-64 | 7 | 12 | 18 | 10 | 17 | 12 | 3 | 79 | 3,407,345 |
| 65-69 | 1 | 1 | 2 | 3 | 9 | 2 | 2 | 19 | 857,992 |
| 70+ | 3 | 1 | 3 | 1 | | 1 | 1 | 10 | 369,224 |
| Totals | 1,604 | 1,276 | 1,099 | 957 | 721 | 420 | 62 | 6,139 | \$ 282,170,105 |

Average Age: 39.1 years

Average Service: 11.9 years

Average Pay: \$45,964

* Includes DROP participants.

As a comparison, 6,016 paid service members participated in LOPFI on December 31, 2011.

**LOPFI (Excluding Local Funds)
 Volunteer Service Active Members – December 31, 2012
 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 | 72 | | | | | | | 72 |
| 20-24 | 613 | 52 | | | | | | 665 |
| 25-29 | 430 | 283 | 60 | | | | | 773 |
| 30-34 | 364 | 275 | 204 | 65 | | | | 908 |
| 35-39 | 290 | 195 | 185 | 134 | 65 | | | 869 |
| 40-44 | 253 | 236 | 182 | 163 | 128 | 34 | | 996 |
| 45-49 | 202 | 186 | 149 | 165 | 113 | 103 | 21 | 939 |
| 50-54 | 134 | 134 | 123 | 147 | 111 | 80 | 36 | 765 |
| 55-59 | 93 | 76 | 96 | 93 | 73 | 53 | 22 | 506 |
| 60-64 | 46 | 59 | 55 | 51 | 40 | 32 | 16 | 299 |
| 65-69 | 32 | 41 | 21 | 12 | 10 | 4 | 8 | 128 |
| 70+ | 18 | 39 | 23 | 11 | 3 | 5 | 10 | 109 |
| Totals | 2,547 | 1,576 | 1,098 | 841 | 543 | 311 | 113 | 7,029 |

Average Age: 41.0 years

Average Service: 9.9 years

As a comparison, 7,034 volunteer service members participated in LOPFI on December 31, 2011.

LOPFI

Computed Employer Contributions For Paid Service Members by Valuation Groups December 31, 2012

| 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 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| W/SS | 1,948 | | | | | | | | | | | | | | | | | 144 |
| W/O SS | 1,604 | 0 | 0 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 5 |
| Paid Fire | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 22 |
| W/SS | 101 | | | | | | | | | | | | | | | | | 48 |
| W/O SS | 2,478 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 60 |
| December 31, 2012 ** | 6,139 | 1 | 2 | 3 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 272 |
| December 31, 2011 @ | 6,016 | 3 | 3 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 275 |
| December 31, 2010 | 5,949 | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 274 |
| December 31, 2009 | 5,907 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 269 |
| December 31, 2008 ** | 5,640 | 13 | 7 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 258 |
| December 31, 2007 | 5,603 | 16 | 7 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 261 |
| December 31, 2006 | 5,328 | 13 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 247 |
| December 31, 2005 | 5,115 | 10 | 9 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 236 |
| December 31, 2004 # | 4,966 | 13 | 5 | 11 | 14 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 236 |
| December 31, 2003 * | 4,849 | 44 | 10 | 19 | 20 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 233 |
| December 31, 2002 # | 4,720 | 47 | 15 | 15 | 16 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 236 |
| December 31, 2001 | 4,573 | 116 | 10 | 31 | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 230 |
| December 31, 2000 ** | 4,493 | 81 | 19 | 19 | 15 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 228 |
| December 31, 1999 | 4,301 | 57 | 22 | 37 | 32 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 215 |
| December 31, 1998 ** | 3,998 | 56 | 16 | 25 | 44 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 208 |
| December 31, 1997 | 3,715 | 52 | 23 | 45 | 24 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 202 |
| December 31, 1996 ** | 3,472 | 46 | 16 | 42 | 29 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 188 |
| December 31, 1995 | 3,194 | 23 | 20 | 39 | 43 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 181 |
| December 31, 1994 | 2,807 | 20 | 15 | 39 | 39 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 168 |
| December 31, 1993 | 2,477 | 20 | 30 | 42 | 42 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 156 |
| December 31, 1992 | 2,224 | 21 | 26 | 45 | 45 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 142 |
| December 31, 1991 * | 2,007 | 6 | 18 | 38 | 45 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 138 |
| December 31, 1990 | 1,739 | 2 | 2 | 3 | 5 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 127 |

* After changes in actuarial valuation assumptions.
After legislated benefit changes.

continued on next page

LOPFI
Computed Employer Contributions
For Paid Service Members by Valuation Groups
December 31, 2012
(Continued)

| Group | Number of Active Members | Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Dollars Per Month Per Active Member | | | | | | | | | | | | | | Totals | |
|----------------------|--------------------------|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-----|-----|--------|-----|
| | | Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Dollars Per Month Per Active Member | | | | | | | | | | | | | | | |
| | | 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 | 224 | 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 | 69 |
| Volunteer Fire | 6,805 | 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 | 442 |
| December 31, 2012 | 7,029 | 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 | 511 |
| 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 | 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 | 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 | 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 | 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 | 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 | 341 |
| December 31, 2005 | 4,650 | 1 | 2 | 13 | 49 | 96 | 65 | 32 | 23 | 8 | 3 | 10 | 325 | 3 | 2 | 10 | 325 |
| December 31, 2004 | 4,406 | 1 | 1 | 13 | 49 | 109 | 62 | 27 | 15 | 14 | 3 | 10 | 306 | 2 | 2 | 10 | 306 |
| December 31, 2003 * | 4,088 | 2 | 5 | 26 | 80 | 95 | 44 | 11 | 7 | 10 | 3 | 4 | 290 | 3 | 3 | 4 | 290 |
| December 31, 2002 # | 3,858 | 10 | 17 | 54 | 103 | 47 | 22 | 8 | 6 | 4 | 1 | 2 | 280 | 2 | 2 | 6 | 280 |
| December 31, 2001 * | 3,601 | 62 | 114 | 55 | 18 | 7 | 3 | 3 | - | 2 | 1 | 1 | 265 | 1 | 1 | 1 | 265 |
| December 31, 2000 # | 3,490 | 79 | 81 | 60 | 16 | 12 | 3 | 4 | 1 | 1 | 1 | 1 | 262 | 3 | 3 | 1 | 262 |
| December 31, 1999 | 3,407 | 69 | 110 | 48 | 14 | 6 | 2 | 3 | 3 | 2 | - | 3 | 261 | 1 | 1 | 3 | 261 |

| Group | Number of Active Members | Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Dollars Per Month Per Active Member | | | | | | | | | | | | | | Totals |
|----------------------|--------------------------|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------|
| | | Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Dollars Per Month Per Active Member | | | | | | | | | | | | | | |
| | | Under \$4.00 | From \$4.00 to \$5.99 | From \$6.00 to \$6.99 | From \$7.00 to \$7.99 | From \$8.00 to \$8.99 | From \$9.00 to \$9.99 | From \$10.00 to \$10.99 | From \$11.00 to \$11.99 | From \$12.00 to \$12.99 | From \$13.00 to \$13.99 | From \$14.00 to \$14.99 | From \$15.00 to \$15.99 | From \$16.00 to \$16.99 | From \$17.00 to \$17.99 | |
| December 31, 1998 ** | 3,183 | 19 | 10 | 6 | 7 | 13 | 10 | 19 | 23 | 20 | 41 | 53 | 35 | 256 | 35 | 256 |
| December 31, 1997 | 3,077 | 14 | 11 | 7 | 5 | 8 | 11 | 17 | 33 | 19 | 49 | 53 | 31 | 258 | 31 | 258 |
| December 31, 1996 ** | 2,905 | 10 | 11 | 4 | 10 | 11 | 18 | 20 | 32 | 30 | 36 | 46 | 24 | 252 | 24 | 252 |
| December 31, 1995 | 2,693 | 28 | 12 | 17 | 26 | 27 | 36 | 20 | 26 | 18 | 11 | 13 | 12 | 246 | 12 | 246 |
| December 31, 1994 | 2,462 | 15 | 13 | 14 | 30 | 42 | 31 | 26 | 22 | 16 | 14 | 14 | 10 | 247 | 10 | 247 |
| December 31, 1993 | 2,375 | 13 | 14 | 20 | 47 | 33 | 24 | 35 | 14 | 14 | 12 | 7 | 8 | 241 | 7 | 241 |
| December 31, 1992 | 2,172 | 8 | 9 | 15 | 37 | 38 | 29 | 21 | 16 | 10 | 11 | 11 | 4 | 236 | 4 | 236 |
| December 31, 1991 * | 2,007 | 5 | 11 | 11 | 27 | 37 | 48 | 29 | 28 | 11 | 9 | 8 | 4 | 228 | 8 | 228 |
| December 31, 1990 | 1,824 | - | 1 | 1 | 2 | 10 | 22 | 40 | 60 | 40 | 32 | 8 | 4 | 220 | 4 | 220 |

* 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 |
|--------------------------|------------------------------|----------------------|
| Bella Vista Paid Police | 26 | \$ 1,138,167 |
| Bella Vista Paid Fire | 37 | 1,893,866 |
| Fayetteville Paid Police | 112 | 5,858,992 |
| Fayetteville Paid Fire | 108 | 5,526,340 |
| Fort Smith Paid Police | 163 | 7,882,524 |
| Fort Smith Paid Fire | 139 | 7,174,780 |
| Hot Springs Paid Police | 103 | 5,033,530 |
| Hot Springs Paid Fire | 77 | 3,850,197 |
| Marion Paid Police | 28 | 998,565 |
| Total BP2 | 793 | \$ 39,356,961 |

* 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)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| A. Funding Value Beginning of Year | \$653,546,976 | \$724,746,827 | \$827,546,002 | \$788,633,082 | \$878,958,364 | \$982,154,992 | \$1,070,685,918 |
| B. Market Value End of Year | 736,511,192 | 833,278,709 | 657,194,235 | 827,769,490 | 955,781,853 | 1,001,672,848 | 1,158,753,904 |
| C. Market Value Beginning of Year | 636,316,197 | 736,511,192 | 833,278,709 | 657,194,235 | 827,769,490 | 955,781,853 | 1,001,672,848 |
| D. Non-Investment Net Cash Flow | 24,082,243 | 31,978,254 | 39,182,990 | 49,499,030 | 46,538,504 | 43,975,999 | 42,804,915 |
| E. Investment Income | | | | | | | |
| E1. Market Total: B - C - D | 76,112,752 | 64,789,263 | (215,267,464) | 121,076,225 | 81,473,859 | 1,914,996 | 114,276,141 |
| 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 | 53,247,048 | 59,258,876 | 67,771,000 | 65,070,608 | 72,178,209 | 80,331,439 | 87,367,070 |
| E3. Amount for Phased-In Recognition E1-E2 | 22,865,704 | 5,530,387 | (283,038,464) | 56,005,617 | 9,295,650 | (78,416,443) | 26,909,071 |
| F. Phased-In Recognition of Investment Income | | | | | | | |
| F1. Current Year: 0.20 x E3 | 4,573,141 | 1,106,077 | (56,607,693) | 11,201,123 | 1,859,130 | (15,683,289) | 5,381,814 |
| F2. First Prior Year | (6,865,141) | 4,573,141 | 1,106,077 | (34,259,555) | 11,201,123 | 1,859,130 | (15,683,289) |
| F3. Second Prior Year | 1,319,258 | (6,865,141) | 4,573,141 | 1,106,077 | (34,259,555) | 11,201,123 | 1,859,130 |
| F4. Third Prior Year | 11,428,708 | 1,319,258 | (6,865,141) | 4,573,141 | 1,106,077 | (34,259,555) | 11,201,123 |
| F5. Fourth Prior Year | (16,585,406) | 11,428,710 | 1,319,258 | (6,865,142) | 4,573,140 | (1,106,079) | (34,259,554) |
| F6. Total Recognized Investment Gain | (6,129,440) | 11,562,045 | (56,474,358) | (24,244,356) | (15,520,085) | (35,776,512) | (31,500,776) |
| G. Funding Value End of Year: A + D + E2 + F6 | 724,746,827 | 827,546,002 | 878,025,634 | 878,958,364 | 982,154,992 | 1,070,685,918 | 1,169,357,127 |
| 120% Corridor | | | 788,633,082 | 993,323,388 | 1,146,938,224 | 1,202,007,418 | 1,390,504,685 |
| 80% Corridor | | | 525,755,388 | 662,215,592 | 764,625,482 | 801,338,278 | 927,003,123 |
| Funding Value End of Year: | | | 788,633,082 | 878,958,364 | 982,154,992 | 1,070,685,918 | 1,169,357,127 |
| H. Difference between Market & Funding Value | 11,764,365 | 5,732,707 | (131,438,847) | (51,188,874) | (26,373,139) | (69,013,070) | (10,603,223) |
| I. Recognized Rate of Return | 7.08% | 9.56% | (9.22%) | 5.02% | 6.28% | 4.44% | 5.12% |
| J. Market Rate of Return | 11.74% | 8.61% | (25.24%) | 17.75% | 9.57% | 0.20% | 11.17% |
| K. Ratio of Funding Value to Market Value | 98.40% | 99.31% | 120.00% | 106.18% | 102.76% | 106.89% | 100.92% |

from Asset derivation 2012-12-31.xls

LOPFI
Reported Accrued Assets Available for Benefits
December 31, 2012

| <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 | \$ 459,950 | \$ 45,898 | \$ - | \$ 505,848 |
| Paid Police W/SS | 175 | 86,138,270 | 7,428,696 | - | 93,566,966 |
| Paid Police W/O SS | 14 | 183,585,350 | 70,159,900 | - | 253,745,250 |
| Paid Fire W/SS | 22 | 5,760,921 | 1,262,779 | - | 7,023,700 |
| Paid Fire W/O SS | 60 | <u>270,027,695</u> | <u>97,761,114</u> | - | <u>367,788,809</u> |
| Subtotal | 271 | 545,512,236 | 176,612,489 | - | 722,124,725 |
| Volunteer Police and Fire | 511 | 23,080,534 | - | - | 23,080,534 |
| Retirants and Beneficiaries | - | - | - | <u>312,308,212</u> | <u>312,308,212</u> |
| Total | 783 | 569,052,720 | 176,658,387 | 312,308,212 | \$ 1,058,019,319 |

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, 2012. Totals include accounts for employers with no active participants as of December 31, 2012.

@ Does not include assets of \$94,370,460 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 |
|----------------|------------------|----------------|-------------------------------|------------------|---------------------|---------------------------|
| 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 |
| 12/31/2008 #+ | 258 | 5,640 | 825,417,767 | 662,380,764 | 80 | 15.30 |
| 12/31/2009 | 269 | 5,907 | 946,423,135 | 622,560,540 | 66 | 17.25 |
| 12/31/2010 | 274 | 5,949 | 1,012,194,055 | 664,246,931 | 66 | 17.03 |
| 12/31/2011 ^ | 275 | 6,016 | 1,077,498,958 | 698,331,958 | 65 | 18.01 |
| 12/31/2012 | 272 | 6,139 | 1,140,675,782 | 741,339,106 | 65 | 18.97 |
| 12/31/2012 # | 272 | 6,139 | 1,144,683,034 | 741,339,106 | 65 | 18.97 |
| 12/31/2012 #+ | 272 | 6,139 | 1,144,065,505 | 741,339,106 | 65 | 18.97 |

* 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 changes and board policy changes

continued on next page

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 Accrued Liabilities | Valuation Assets | Assets/Liabilities* | Average Contribution Rate |
|----------------|------------------|----------------|-------------------------------|------------------|---------------------|---------------------------|
| 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 |
| 12/31/2012 | 511 | 7,029 | 60,375,370 | 23,703,257 | 39 | 53.37 |
| 12/31/2012 # | 511 | 7,029 | 60,215,143 | 23,703,257 | 39 | 53.75 |

* 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 changes and board policy changes

continued on next page

LOPFI

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

Retirees and Beneficiaries

| Valuation Date | Valuation Groups | Active Members | Actuarial | | Valuation Assets | Assets/ Liabilities* |
|----------------|------------------|----------------|---------------------|--------|------------------|-------------------------|
| | | | Accrued Liabilities | 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 |
| 12/31/2012 | - | - | 300,498,018 | | 308,554,826 | 103 |
| 12/31/2012 # | - | - | 308,554,826 | | 308,554,826 | 100 |

* 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 changes and board policy changes

continued on next page

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* |
|----------------|------------------|----------------|------------------|---------------------|------------------|----------------------|
| | | | Valuation Groups | Accrued Liabilities | | |
| 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 | |
| 12/31/2012 | 783 | 13,168 | 1,501,549,170 | 1,073,597,189 | 71 | |
| 12/31/2012 # | 783 | 13,168 | 1,513,453,003 | 1,073,597,189 | 71 | |
| 12/31/2012 #+ | 783 | 13,168 | 1,512,835,474 | 1,073,597,189 | 71 | |

* 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 changes 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 Retirees and Beneficiaries | Active and Inactive Members, Employer Financed Portion | Actuarial Value of Assets | | | |
| | | | | | (1) | (2) | (3) |
| December 31 | (1) | (2) | (3) | Assets | (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 |
| 2012 | 176,658,387 | 282,746,539 | 964,017,395 | 1,031,482,975 | 98 | 100 | 59 |
| 2012 + | 176,658,387 | 290,143,869 | 968,024,647 | 1,031,482,975 | 99 | 100 | 58 |
| 2012 +* | 176,658,387 | 290,143,869 | 967,407,118 | 1,031,482,975 | 100 | 100 | 58 |

Local Paid Service

| Valuation Date | Actuarial Accrued Liabilities for | | | | Portion of Present Values Covered by Assets | | |
|----------------|-----------------------------------|------------------------------------|--|---------------------------|---|-----|-----|
| | Member Contributions | Current Retirees and Beneficiaries | Active and Inactive Members, Employer Financed Portion | Actuarial Value of Assets | | | |
| | | | | | (1) | (2) | (3) |
| December 31 | (1) | (2) | (3) | Assets | (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 | - |
| 2012 | 2,123,678 | 238,390,117 | 30,171,864 | 88,851,483 | 99 | 36 | - |
| 2012 + | 2,123,678 | 248,990,760 | 28,111,237 | 88,851,483 | 100 | 35 | - |

LOPFI Volunteer Service

| Valuation Date | Actuarial Accrued Liabilities for | | | | Portion of Present Values Covered by Assets | | |
|----------------|-----------------------------------|------------------------------------|--|---------------------------|---|-----|-----|
| | Member Contributions | Current Retirees and Beneficiaries | Active and Inactive Members, Employer Financed Portion | Actuarial Value of Assets | | | |
| | | | | | (1) | (2) | (3) |
| December 31 | (1) | (2) | (3) | Assets | (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 |
| 2012 | - | 17,751,479 | 60,375,370 | 42,114,214 | - | 100 | 40 |
| 2012 + | - | 18,410,957 | 60,215,143 | 42,114,214 | - | 100 | 39 |

Local Volunteer Service

| Valuation Date | Actuarial Accrued Liabilities for | | | | Portion of Present Values Covered by Assets | | |
|----------------|-----------------------------------|------------------------------------|--|---------------------------|---|-----|-----|
| | Member Contributions | Current Retirees and Beneficiaries | Active and Inactive Members, Employer Financed Portion | Actuarial Value of Assets | | | |
| | | | | | (1) | (2) | (3) |
| December 31 | (1) | (2) | (3) | Assets | (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 | - |
| 2012 | 17,401 | 12,751,112 | 295,468 | 6,908,455 | 99 | 54 | - |
| 2012 + | 17,401 | 13,196,487 | 540,604 | 6,908,455 | 100 | 52 | - |

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

***Derivation of Actuarial Gain (Loss)
Year Ended December 31, 2012
(LOPFI and Local Plans Combined)***

| | | | |
|------|--|-----------------|--------------|
| (1) | UAAL* at start of year | \$ | 583,470,169 |
| (2) | Employer normal cost from last valuation | | 34,917,118 |
| (3) | Actual employer contributions | | 66,648,849 |
| (4) | Interest accrual: (1) x .08 + [(2)-(3)] x (.08/2) | | 45,408,344 |
| (5) | Expected UAAL before changes: (1) + (2) - (3) + (4) | | 597,146,782 |
| (6) | Change from benefit changes* | | 224,522 |
| (7) | Change from revised actuarial assumptions | | 21,134,360 |
| (8) | Expected UAAL after changes | | 618,505,664 |
| (9) | Actual UAAL at end of year | | 636,458,514 |
| (10) | Gain (loss) (8) - (9) | | (17,952,850) |
| (11) | Gain (loss) as percent of actuarial accrued liabilities at start of year | \$1,654,156,087 | (1.1)% |

| Valuation Date December 31 | Actuarial Gain (Loss) as a Percentage of Beginning Accrued Liabilities |
|----------------------------------|---|
| 2002 | (5.2) % |
| 2003 | (1.5) |
| 2004 | (5.3) |
| 2005 | (3.5) |
| 2006 | (0.2) |
| 2007 | 0.3 |
| 2008 | (12.8) |
| 2009 | (2.9) |
| 2010 | (0.7) |
| 2011 | (1.9) |
| 2012 | (1.1) |

**Includes unfunded liability associated with Local Pension Funds added during year.*

Arkansas LOcal Police and Fire Retirement System
Brief Summary as of December 31, 2012 of LOPFI Coverage for
BENEFIT PROGRAM 1 PAID SERVICE
Benefits and Conditions Evaluated and/or Considered
(Section references are to Arkansas Code of 1987, including
amendments from 2013 General Assembly Session)

Voluntary Retirement. Section 24-10-604. A member may retire with an age & service annuity after both (i) completing 5 years (10 years for members hired on or after July 1, 2013) 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 2012 was \$1,307.

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 (10 years for members hired on or after July 1, 2013) 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 (10 or more years for members hired on or after July 1, 2013) 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 (10 years for members hired on or after July 1, 2013) 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. Individual member deposit accounts do not receive interest credit. 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). The duration of participation in the DROP shall not exceed 7 years. When a member has reached year 6 of participation in the DROP, the amount of the accrued benefit at the time of DROP election shall be redetermined. The redetermined amount shall be the amount of the benefit as of the immediately preceding July 1 increased by 3%. The redetermined amount shall be payable only when the member elects to cease employment and receive a service retirement and shall not be added to the plan account. 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 | \$ 1,084 | \$ 1,693 | \$ 2,201 | 94 % | 122 % |
| 2,200 | 2,070 | 1,366 | 1,224 | 2,070 | 2,590 | 94 | 118 |
| 2,600 | 2,446 | 1,614 | 1,364 | 2,446 | 2,978 | 94 | 115 |
| 3,000 | 2,822 | 1,862 | 1,504 | 2,822 | 3,366 | 94 | 112 |
| 3,400 | 3,199 | 2,111 | 1,644 | 3,199 | 3,755 | 94 | 110 |
| 28 Years of Service ⁽⁴⁾ | | | | | | | |
| \$1,800 | \$ 1,482 | \$ 978 | \$ 1,084 | \$ 1,482 | \$ 2,062 | 82 % | 115 % |
| 2,200 | 1,811 | 1,195 | 1,224 | 1,811 | 2,419 | 82 | 110 |
| 2,600 | 2,140 | 1,412 | 1,364 | 2,140 | 2,776 | 82 | 107 |
| 3,000 | 2,470 | 1,630 | 1,504 | 2,470 | 3,134 | 82 | 104 |
| 3,400 | 2,799 | 1,847 | 1,644 | 2,799 | 3,491 | 82 | 103 |
| 20 Years of Service ⁽⁴⁾ | | | | | | | |
| \$1,800 | \$ 1,058 | \$ 698 | \$ 1,084 | \$ 1,058 | \$ 1,782 | 59 % | 99 % |
| 2,200 | 1,294 | 854 | 1,224 | 1,294 | 2,078 | 59 | 94 |
| 2,600 | 1,529 | 1,009 | 1,364 | 1,529 | 2,373 | 59 | 91 |
| 3,000 | 1,764 | 1,164 | 1,504 | 1,764 | 2,668 | 59 | 89 |
| 3,400 | 1,999 | 1,319 | 1,644 | 1,999 | 2,963 | 59 | 87 |

(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. This is an estimate. Individuals can receive an estimate from the Social Security Administration based on their actual earnings history.

(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, 2012 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 2013 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, 2012
of LOPFI Coverage for *VOLUNTEER SERVICE*
Benefits and Conditions Evaluated and/or Considered
(Section references are to Arkansas Code of 1987, including
amendments from 2013 General Assembly Session)**

Voluntary Retirement. Section 24-10-604. A member may retire with an age & service annuity after both (i) completing 5 years (10 years for members hired on or after July 1, 2013) 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 2012 was \$1,307.

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 Benefit Program 3 Volunteer Service, \$5.00 monthly, to a maximum of \$200 monthly for all volunteer service. Beginning in 2003, each July 1 these amounts are indexed for inflation by any percentage increase in the inflation index for the period from December 2003 to the December immediately preceding July 1, for members retiring in the next 12 months. Accordingly, the basic benefit factor reflected in the December 31, 2012 valuations was \$6.28 monthly.

For each year of Benefit Program 4 Volunteer Service, \$10.00 monthly, to a maximum benefit of \$400 monthly for all volunteer service. Beginning in 2013, each July 1 these amounts are indexed for inflation by any percentage increase in the inflation index for the period from December 2011 to the December immediately preceding July 1, for members retiring in the next 12 months. Accordingly, the basic benefit factor reflected in the December 31, 2012 valuations was \$10.17 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 (10 years for members hired on or after July 1, 2013) 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 (10 or more years for members hired on or after July 1, 2013) 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 (10 years for members hired on or after July 1, 2013) 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 2017 Table
and 8.0% Interest
(first used for December 31, 2012 valuations)

| Sample Attained Ages | Value at Retirement: \$1.00 Monthly for Life | | Future Life Expectancy (years) | |
|-------------------------------------|---|--------------|---|--------------|
| | Men | Women | Men | Women |
| 45 | \$140.76 | \$144.71 | 35.48 | 40.05 |
| 50 | 135.22 | 140.50 | 30.80 | 35.29 |
| 55 | 127.96 | 134.83 | 26.25 | 30.61 |
| 60 | 118.85 | 127.35 | 21.90 | 26.04 |
| 65 | 107.86 | 117.98 | 17.83 | 21.70 |
| 70 | 94.81 | 106.88 | 14.07 | 17.68 |
| 75 | 80.17 | 94.15 | 10.72 | 14.02 |
| 80 | 64.67 | 79.99 | 7.83 | 10.76 |

| 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 | 92 | 65 |
| 70 | 156 | 84 | 70 |
| 75 | 181 | 73 | 75 |
| 80 | 209 | 56 | 80 |

Schedule A-2
Probabilities of Disability Retirement

PAID SERVICE MEMBERS
(first used for December 31, 2012 valuations)

| Sample Ages | Percent Becoming Disabled within Next Year | |
|------------------------|---|-------------|
| | Non-Duty | Duty |
| 20 | 0.07 % | 0.09 % |
| 25 | 0.07 | 0.09 |
| 30 | 0.10 | 0.11 |
| 35 | 0.13 | 0.16 |
| 40 | 0.20 | 0.24 |
| 45 | 0.31 | 0.37 |
| 50 | 0.52 | 0.63 |
| 55 | 0.91 | 1.09 |
| 60 | 1.36 | 1.63 |

VOLUNTEER SERVICE MEMBERS
(first used for December 31, 2003 valuations)

| Sample Ages | Percent Becoming Disabled within Next Year | |
|------------------------|---|-------------|
| | Non-Duty | Duty |
| 20 | 0.07 % | 0.00 % |
| 25 | 0.07 | 0.00 |
| 30 | 0.07 | 0.00 |
| 35 | 0.07 | 0.00 |
| 40 | 0.18 | 0.01 |
| 45 | 0.23 | 0.01 |
| 50 | 0.43 | 0.02 |
| 55 | 0.79 | 0.04 |
| 60 | 1.24 | 0.06 |

Schedule A-3
Probabilities of Retirement for Members Eligible to Retire
(first used for December 31, 2012 valuations)

PAID SERVICE MEMBERS

| Retirement Ages | Percents of Active Members Retiring within Next Year | | Years of Service | Percents of Active Members Retiring within Next Year |
|--------------------|--|--------|---------------------|--|
| | Early | Normal | | |
| 45-49 | 3 % | | | |
| 50-54 | 3 | | | |
| 55 | | 20 % | 28 | 25 % |
| 56 | | 20 | 29 | 15 |
| 57 | | 20 | 30 | 15 |
| 58 | | 20 | 31 | 20 |
| 59 | | 20 | 32 | 35 |
| 60 | | 20 | 33 | 40 |
| 61 | | 20 | 34 | 100 |
| 62 | | 25 | | |
| 63 | | 25 | | |
| 64 | | 25 | | |
| 65 | | 50 | | |
| 66 | | 60 | | |
| 67 | | 70 | | |
| 68 | | 80 | | |
| 69 | | 90 | | |
| 70+ | | 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).

continued on next page

Schedule A-3
Probabilities of Retirement for Members Eligible to Retire (Concluded)
(first used for December 31, 2012 valuations)
(Concluded)

VOLUNTEER SERVICE MEMBERS

| Retirement Ages | Percents of Active Members Retiring within Next Year | |
|----------------------------|---|---------------|
| | Early | Normal |
| Under 50 | | 20 % |
| 50-54 | 2 % | 20 |
| 55-59 | | 15 |
| 60-64 | | 15 |
| 65-69 | | 20 |
| 70-74 | | 30 |
| 75+ | | 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, 2012 valuations)

PAID SERVICE MEMBERS

| Sample Ages | Years of Service | % of Active Members Separating within Next Year |
|----------------|---------------------|--|
| ALL | 0 | 18.00 % |
| | 1 | 16.00 |
| | 2 | 13.00 |
| | 3 | 11.00 |
| | 4 | 10.00 |
| 25 | 5 & Over | 8.56 |
| 30 | | 7.20 |
| 35 | | 5.52 |
| 40 | | 4.40 |
| 45 | | 3.52 |
| 50 | | 2.80 |
| 55 | | 0.80 |
| 60 | | 0.00 |

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 | 8.50 |
| 30 | | 8.50 |
| 35 | | 8.50 |
| 40 | | 8.50 |
| 45 | | 8.50 |
| 50 | | 8.50 |
| 55 | | 8.50 |
| 60 | | 8.50 |

Schedule A-5
Pay Increase Assumptions
For an Individual Paid Service Member
(first used for December 31, 2012 valuations)

| Pay Increase Assumptions | | | |
|---------------------------------|------------------|-------------------|------------------|
| For an Individual Member | | | |
| Sample | Merit and | Base | Increase |
| Ages | Seniority | (Economic) | Next Year |
| 1 | 15.0% | 4.0% | 19.0% |
| 2 | 9.0% | 4.0% | 13.0% |
| 3 | 4.0% | 4.0% | 8.0% |
| 4 | 3.0% | 4.0% | 7.0% |
| 5 | 2.0% | 4.0% | 6.0% |
| 6 | 1.5% | 4.0% | 5.5% |
| 7 | 1.5% | 4.0% | 5.5% |
| 8 | 1.5% | 4.0% | 5.5% |
| 9 | 1.0% | 4.0% | 5.0% |
| 10 | 1.0% | 4.0% | 5.0% |
| 11 | 0.5% | 4.0% | 4.5% |
| 12 | 0.5% | 4.0% | 4.5% |
| 13 | 0.5% | 4.0% | 4.5% |
| 14 | 0.5% | 4.0% | 4.5% |
| 15 | 0.5% | 4.0% | 4.5% |
| 16 | 0.5% | 4.0% | 4.5% |
| 17 | 0.5% | 4.0% | 4.5% |
| 18 | 0.5% | 4.0% | 4.5% |
| 19 | 0.5% | 4.0% | 4.5% |
| 20+ | 0.5% | 4.0% | 4.5% |

Retirants and Beneficiaries Added to and Removed From Rolls Comparative Statement

LOPFI Paid Service

| | Added | | | Removed | | | End of Year | | | Average | | |
|---------------------|-------|------------------|-----|------------------|-------|------------------|-------------|------------------|--------------------------------|------------------|-------------------------|--|
| | No. | Annual Allowance | No. | Annual Allowance | No. | Annual Allowance | No. | Annual Allowance | % Increase in Annual Allowance | Annual Allowance | % Increase in Allowance | |
| December 31, 2007 | | | | | | | | | | | | |
| Retirement | 120 | \$ 1,834,311 | 14 | \$ 210,138 | 504 | \$ 7,320,959 | | | 28.51 | \$ 14,526 | 1.48 | |
| Survivor of active | 12 | 80,577 | 5 | 22,320 | 68 | 361,411 | | | 19.22 | 5,315 | 6.94 | |
| Survivor of retired | 3 | 28,971 | 3 | 9,917 | 22 | 137,368 | | | 16.10 | 6,244 | 16.10 | |
| December 31, 2008 | | | | | | | | | | | | |
| Retirement | 120 | 1,896,855 | 6 | 25,908 | 618 | 9,191,906 | | | 25.56 | 14,874 | 2.40 | |
| Survivor of active | 7 | 50,387 | 0 | 0 | 75 | 411,798 | | | 13.94 | 5,491 | 3.31 | |
| Survivor of retired | 1 | 4,408 | 2 | 8,225 | 21 | 133,551 | | | (2.78) | 6,360 | 1.86 | |
| December 31, 2009 | | | | | | | | | | | | |
| Retirement | 106 | 2,288,426 | 13 | 136,647 | 711 | 11,343,685 | | | 23.41 | 15,955 | 7.27 | |
| Survivor of active | 14 | 106,529 | 3 | 13,914 | 86 | 504,413 | | | 22.49 | 5,865 | 6.81 | |
| Survivor of retired | 3 | 26,940 | 1 | 4,677 | 23 | 155,814 | | | 16.67 | 6,775 | 6.53 | |
| December 31, 2010 | | | | | | | | | | | | |
| Retirement | 138 | 2,819,765 | 11 | 144,330 | 838 | 14,019,120 | | | 23.59 | 16,729 | 4.85 | |
| Survivor of active | 10 | 100,894 | 8 | 62,685 | 88 | 542,622 | | | 7.58 | 6,166 | 5.13 | |
| Survivor of retired | 25 | 191,680 | 19 | 144,024 | 29 | 203,470 | | | 30.59 | 7,016 | 3.56 | |
| December 31, 2011 | | | | | | | | | | | | |
| Retirement | 193 | 4,940,414 | 12 | 88,382 | 1,019 | 18,871,152 | | | 34.61 | 18,519 | 10.70 | |
| Survivor of active | 11 | 63,152 | 4 | 28,540 | 95 | 577,234 | | | 6.38 | 6,076 | (1.46) | |
| Survivor of retired | 7 | 66,463 | 1 | 6,838 | 35 | 263,095 | | | 29.30 | 7,517 | 7.14 | |
| December 31, 2012 | | | | | | | | | | | | |
| Retirement | 244 | 4,714,486 | 14 | 140,145 | 1,249 | 23,445,493 | | | 24.24 | 18,771 | 1.36 | |
| Survivor of active | 6 | 60,138 | 9 | 30,482 | 92 | 606,890 | | | 5.14 | 6,597 | 8.57 | |
| Survivor of retired | 9 | 107,013 | 3 | 44,081 | 41 | 326,027 | | | 23.92 | 7,952 | 5.79 | |

* Includes DROP members.

continued on next page

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

LOPFI Volunteer Service

| | Added | | Removed | | End of Year | | Average | | |
|---------------------|-------|------------------|---------|------------------|-------------|------------------|--------------------------------|------------------|-------------------------|
| | No. | Annual Allowance | No. | Annual Allowance | No. | Annual Allowance | % Increase in Annual Allowance | Annual Allowance | % Increase in Allowance |
| December 31, 2007 | | | | | | | | | |
| Retirement | 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 | | | | | | | | | |
| Retirement | 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 | | | | | | | | | |
| Retirement | 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 | | | | | | | | | |
| Retirement | 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 | | | | | | | | | |
| Retirement | 195 | 232,470 | 18 | 17,746 | 1,064 | 1,240,040 | 20.94 | 1,165 | 0.78 |
| Survivor of active | 21 | 9,896 | 0 | - | 96 | 36,089 | 37.78 | 376 | 7.74 |
| Survivor of retired | 18 | 16,523 | 2 | 771 | 58 | 53,405 | 41.83 | 921 | 2.68 |
| December 31, 2012 | | | | | | | | | |
| Retirement | 215 | 229,048 | 24 | 25,481 | 1,255 | 1,443,607 | 16.42 | 1,150 | (1.29) |
| Survivor of active | 15 | 3,735 | 3 | 868 | 108 | 38,956 | 7.94 | 361 | (3.99) |
| Survivor of retired | 14 | 15,241 | 4 | 3,162 | 68 | 65,484 | 22.62 | 963 | 4.56 |

continued on next page

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

Local Paid 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, 2007 | | | | | | | | | |
| Retirement | 20 | \$ 719,958 | 18 | \$ 234,794 | 796 | \$ 15,720,379 | 3.18 | \$ 19,749 | 2.92 |
| 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 | | | | | | | | | |
| Retirement | 39 | 1,076,014 | 25 | 384,056 | 810 | 16,412,337 | 4.40 | 20,262 | 2.60 |
| Survivor of active | 3 | 83,382 | 0 | 0 | 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 | | | | | | | | | |
| Retirement | 10 | 438,424 | 22 | 292,992 | 798 | 16,557,769 | 0.89 | 20,749 | 2.40 |
| 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 | | | | | | | | | |
| Retirement | 118 | 2,666,918 | 28 | 406,946 | 888 | 18,817,741 | 13.65 | 21,191 | 2.13 |
| Survivor of active | 0 | 1,890 | 0 | 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 | | | | | | | | | |
| Retirement | 34 | 991,101 | 21 | 321,147 | 901 | 19,487,695 | 3.56 | 21,629 | 2.07 |
| 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 |
| December 31, 2012 | | | | | | | | | |
| Retirement | 35 | 1,122,749 | 25 | 431,333 | 911 | 20,179,111 | 3.55 | 22,151 | 2.41 |
| Survivor of active | 0 | 2,005 | 1 | 4,214 | 23 | 342,996 | (0.64) | 14,913 | 3.68 |
| Survivor of retired | 28 | 631,844 | 19 | 210,681 | 252 | 4,003,542 | 11.76 | 15,887 | 7.77 |

* Includes DROP members.

** Data corrections in 2010.

continued on next page

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

Local Volunteer Service

| | Added | | Removed | | End of Year | | Average | | |
|---------------------|-------|------------------|---------|------------------|-------------|------------------|--------------------------------|------------------|-------------------------|
| | No. | Annual Allowance | No. | Annual Allowance | No. | Annual Allowance | % Increase in Annual Allowance | Annual Allowance | % Increase in Allowance |
| December 31, 2007 | | | | | | | | | |
| Retirement | 39 | \$ 65,303 | 14 | \$ 22,176 | 401 | \$ 632,065 | 7.32 | \$ 1,576 | 0.64 |
| Survivor of active | 1 | 1,846 | | | 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 | | | | | | | | | |
| Retirement | 130 | 240,216 | 5 | 7,007 | 526 | 865,274 | 36.90 | 1,645 | 4.38 |
| Survivor of active | 3 | 5,327 | 0 | 0 | 5 | 8,701 | 157.89 | 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 | | | | | | | | | |
| Retirement | 128 | 196,439 | 20 | 30,294 | 634 | 1,031,419 | 19.20 | 1,627 | (1.09) |
| Survivor of active | 9 | 12,556 | 0 | 0 | 14 | 21,257 | 144 | 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 | | | | | | | | | |
| Retirement | 48 | 87,376 | 23 | 34,348 | 659 | 1,084,447 | 5.14 | 1,646 | 1.17 |
| Survivor of active | 0 | 211 | 0 | 0 | 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 | | | | | | | | | |
| Retirement | 21 | 37,674 | 25 | 35,673 | 655 | 1,086,448 | 0.18 | 1,659 | 0.79 |
| Survivor of active | 0 | 217 | 0 | 0 | 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 |
| December 31, 2012 | | | | | | | | | |
| Retirement | 9 | 24,510 | 24 | 38,642 | 640 | 1,072,316 | (1.30) | 1,675 | 0.96 |
| Survivor of active | 0 | 185 | 2 | 2,511 | 12 | 19,359 | (10.73) | 1,613 | 4.13 |
| Survivor of retired | 14 | 24,689 | 22 | 30,267 | 202 | 284,255 | (1.92) | 1,407 | 1.96 |

* Data corrections in 2010.



Statistical Section Summary

Retirement

Page 105 reflects Demographic Data for active, inactive vested, retirees and survivors as of December 31, 2012. Annualized benefits payable as of December 31, 2012 by Option Type is shown on page 106.

Assets vs. Liabilities

Page 107 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 108 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. Page 109 provides a breakdown of benefits paid by type for the last 10 years.

Schedule of Revenues by Source

Page 108 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 108 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 110-122 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, 2012

Active Paid Members

| | |
|--------------------------------|------------|
| Number..... | 6,139 |
| Average Age..... | 39.1 years |
| Average Length of Service..... | 11.9 years |
| Average Annual Salary..... | \$45,964 |

Active Volunteer Members

| | |
|--------------------------------|------------|
| Number..... | 7,029 |
| Average Age..... | 41.0 years |
| Average Length of Service..... | 9.9 years |

Inactive Vested Members

5,753

Total Retirees and Survivors

| | |
|------------------------------|--------|
| Number..... | 2,813 |
| Average Monthly Benefit..... | \$768@ |

2012 Retirees and Survivors

| | <u>Normal</u> | | <u>Duty Related Disability</u> |
|---------------------------|-------------------------------------|---------------------------|------------------------------------|
| Number | 2,081 | Number | 267 |
| Average Age | 62.3 years | Average Age | 49.7 years |
| Average Length of Service | 15.1 years | Average Length of Service | 10.1 years |
| Average Monthly Benefit | \$629 | Average Monthly Benefit | \$2,289 |
| | | | |
| | <u>Survivors (Death in Service)</u> | | <u>Non-Duty Related Disability</u> |
| Number | 200 | Number | 265 |
| Average Age | 37.9 years | Average Age | 50.0 years |
| Average Monthly Benefit | \$269 | Average Length of Service | 9.4 years |
| | | Average Monthly Benefit | \$702 |

@ Average monthly benefit is \$1,470 and \$90 for paid service members and volunteer service members, respectively.

LOPFI
Benefit by Type, Last Ten Years

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Type of Benefit | | | | | | | | | | |
| Age and service benefits: | | | | | | | | | | |
| Retirees | 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 | 34,443,325 |
| Survivors | 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 | 4,108,817 |
| Death in service benefits | 149,526 | 144,802 | 321,658 | 372,308 | 421,281 | 564,159 | 898,742 | 936,616 | 980,215 | 1,008,201 |
| Disability benefits: | | | | | | | | | | |
| Retirees - duty | 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 | 9,051,595 |
| Retirees - non-duty | 486,693 | 551,710 | 665,900 | 772,410 | 1,054,652 | 1,283,033 | 1,680,756 | 2,001,873 | 2,371,096 | 2,645,607 |
| Survivors | 383,037 | 446,938 | 423,452 | 437,643 | 447,447 | 506,442 | 299,158 | 481,592 | 572,584 | 570,491 |
| Total benefits | 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 | 51,828,036 |
| Refunds | 877,252 | 1,346,832 | 836,941 | 1,280,366 | 1,019,140 | 995,285 | 1,027,093 | 814,866 | 1,097,813 | 1,504,764 |

Note : Benefit amounts shown above are the annualized monthly benefits in effect on December 31 of each year. Actual benefits paid by type are reflected on page 109.

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Entry Age Actuarial Liability (AAL) (b) | Unfunded AAL (UAAL) (c) = (b) - (a) | Funded Ratio (d) = (a)/(b) | Annual Covered Payroll (e) | UAAL as a Percentage of Covered Payroll (f) = (c)/(e) |
|--------------------------|-------------------------------|---|-------------------------------------|----------------------------|----------------------------|---|
| 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% |
| 12/31/2012 | \$ 1,169,357,127 | \$ 1,805,815,641 | \$ 636,458,514 | 65% | \$ 284,595,308 | 224% |

* After legislated benefit increases for LOPFI members

+ After changes in actuarial assumptions

LOPFI
Expenses by Type
Last Ten Calendar Years

Member Contribution

| Year | Benefits Paid - * | Refunds | Administrative Expenses | DROP Distributions | Total Expenses |
|------|-------------------|-------------|-------------------------|--------------------|----------------|
| 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 |
| 2012 | \$48,234,606 | \$1,504,764 | \$2,083,484 | \$2,451,148 | \$54,274,002 |

* - See page 109 for a breakdown of Benefits Paid by Type

LOPFI
Revenues by Source
Last Ten Calendar Years

| Year | Member Contributions | Employer Contributions | Local Plan Merger / Military Purchase | Investment Income (Loss) | Total Income (Loss) |
|------|----------------------|------------------------|--|-----------------------------|---------------------|
| 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 |
| 2012 | \$19,338,663 | \$70,576,887 | \$2,329,925 | \$119,129,435 | \$211,374,910 |

LOPFI
Changes in Net Assets
Last Ten Calendar Years

| Year | Change in Plan Net Assets |
|------|------------------------------|
| 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 |
| 2012 | \$ 157,100,908 |

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

LOPFI
Benefit Deductions by Type
Last Ten Calendar Years

| Year | Normal Age & Service | Age & Service - Survivor | Disability | Disability - Survivor | Total Benefit Payments |
|------|-------------------------|-----------------------------|--------------|--------------------------|---------------------------|
| 2003 | \$11,132,911 | \$2,055,307 | \$3,254,236 | \$685,102 | \$17,127,556 |
| 2004 | \$11,427,080 | \$2,099,470 | \$3,431,851 | \$711,463 | \$17,669,863 |
| 2005 | \$13,474,705 | \$2,417,750 | \$4,194,321 | \$501,643 | \$20,588,418 |
| 2006 | \$15,246,008 | \$2,771,396 | \$4,455,022 | \$472,724 | \$22,945,150 |
| 2007 | \$16,086,268 | \$3,026,261 | \$5,637,420 | \$483,398 | \$25,233,346 |
| 2008 | \$17,105,377 | \$3,243,470 | \$6,823,408 | \$498,922 | \$27,671,177 |
| 2009 | \$18,842,923 | \$3,894,023 | \$7,570,781 | \$361,528 | \$30,669,255 |
| 2010 | \$22,567,958 | \$4,771,760 | \$8,808,114 | \$438,688 | \$36,586,520 |
| 2011 | \$25,675,743 | \$5,111,809 | \$10,067,425 | \$547,915 | \$41,402,892 |
| 2012 | \$31,066,686 | \$5,395,501 | \$11,162,781 | \$609,638 | \$48,234,606 |

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 | 1 | 1 | - | - | - | - | - | - | - | - | - | 1 |
| 501-1,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| 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

continued on next page



**Paid Police (Excluding Local Plan)
(Continued)**

| 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 | 303 | 215 | 3 | 1 | 52 | 3 | 29 | 108 | 61 | 66 | 68 |
| 501-1,000 | 172 | 98 | 2 | 3 | 32 | 8 | 29 | 82 | 21 | 43 | 26 |
| 1,001-1,500 | 106 | 65 | 5 | 12 | 18 | 5 | 1 | 49 | 15 | 22 | 20 |
| 1,501-2,000 | 112 | 34 | 3 | 52 | 14 | 9 | - | 68 | 11 | 19 | 14 |
| 2,001-2,500 | 105 | 39 | - | 49 | 9 | 8 | - | 56 | 9 | 25 | 15 |
| 2,501-3,000 | 68 | 27 | - | 33 | 4 | 4 | - | 43 | 6 | 11 | 8 |
| 3,001-3,500 | 40 | 18 | - | 15 | 3 | 4 | - | 21 | 2 | 8 | 9 |
| 3,501-4,000 | 21 | 15 | 1 | 3 | - | 2 | - | 12 | 2 | 5 | 2 |
| Over \$4,000 | 18 | 13 | - | 3 | - | 2 | - | 11 | 3 | 2 | 2 |
| Total | 945 | 524 | 14 | 171 | 132 | 45 | 59 | 450 | 130 | 201 | 164 |

* 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

continued on next page

**Paid Fire (Excluding Local Plan)
(Continued)**

| 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 | 64 | 36 | - | - | 10 | 3 | 15 | 32 | 10 | 18 | 4 |
| 501-1,000 | 52 | 20 | 1 | 1 | 9 | 7 | 14 | 34 | 4 | 9 | 5 |
| 1,001-1,500 | 66 | 39 | 1 | 6 | 8 | 10 | 2 | 31 | 11 | 12 | 12 |
| 1,501-2,000 | 72 | 32 | 1 | 18 | 7 | 13 | 1 | 39 | 12 | 12 | 9 |
| 2,001-2,500 | 54 | 16 | - | 23 | 3 | 11 | 1 | 37 | 4 | 10 | 3 |
| 2,501-3,000 | 62 | 25 | - | 29 | 2 | 6 | - | 41 | 4 | 11 | 6 |
| 3,001-3,500 | 32 | 10 | - | 14 | 2 | 6 | - | 16 | 5 | 8 | 3 |
| 3,501-4,000 | 23 | 13 | - | 3 | 2 | 5 | - | 13 | 2 | 6 | 2 |
| Over \$4,000 | 11 | 10 | - | - | - | 1 | - | 6 | - | 5 | - |
| Total | 436 | 201 | 3 | 94 | 43 | 62 | 33 | 249 | 52 | 91 | 44 |

* 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

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Gabriel Roeder Smith & Company

**Volunteer Police (Excluding Local Plan)
(Continued)**

| Monthly Benefit | No. of Retirants | Type of Retirement* | | | | | | | Option Selected# | | |
|-----------------|------------------|---------------------|----------|----------|----------|----------|-----------|-----------|------------------|-----------|--|
| | | 1 | 2 | 3 | 4 | 5 | Life | Opt. A | Opt. B | Opt. C | |
| \$1-50 | 49 | 45 | - | - | 4 | - | 19 | 7 | 5 | 18 | |
| 51-75 | 1 | 1 | - | - | - | - | - | 1 | - | - | |
| 76-100 | 1 | 1 | - | - | - | - | - | - | 1 | - | |
| 101-125 | 3 | 3 | - | - | - | 1 | 1 | 1 | - | 1 | |
| 126-150 | 1 | 1 | - | - | - | - | - | 1 | - | - | |
| 151-175 | - | - | - | - | - | - | - | - | - | - | |
| 176-200 | 1 | 1 | - | - | - | - | 1 | - | - | - | |
| 201-225 | 1 | 1 | - | - | - | - | - | 1 | - | - | |
| Over \$225 | - | - | - | - | - | - | - | - | - | - | |
| Total | 57 | 53 | - | - | 4 | - | 21 | 11 | 6 | 19 | |

* 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

continued on next page

Gabriel Roeder Smith & Company

**Volunteer Fire (Excluding Local Plan)
(Continued)**

| Monthly Benefit | No. of Retirants | Type of Retirement* | | | | | Option Selected# | | | |
|-----------------|------------------|---------------------|-----------|----------|-----------|------------|------------------|------------|------------|------------|
| | | 1 | 2 | 3 | 4 | 5 | Life | Opt. A | Opt. B | Opt. C |
| \$1-50 | 368 | 235 | 1 | 1 | 43 | 88 | 154 | 39 | 80 | 95 |
| 51-75 | 217 | 177 | 1 | - | 20 | 19 | 71 | 43 | 37 | 66 |
| 76-100 | 158 | 141 | 4 | - | 12 | 1 | 51 | 39 | 13 | 55 |
| 101-125 | 224 | 205 | 9 | - | 10 | - | 64 | 58 | 26 | 76 |
| 126-150 | 162 | 160 | 1 | - | 1 | - | 43 | 33 | 11 | 75 |
| 151-175 | 146 | 145 | - | 1 | - | - | 41 | 35 | 11 | 59 |
| 176-200 | 83 | 83 | - | - | - | - | 28 | 5 | 9 | 41 |
| 201-225 | 16 | 16 | - | - | - | - | 5 | 3 | 2 | 6 |
| Over \$225 | - | - | - | - | - | - | - | - | - | - |
| Total | 1,374 | 1,162 | 16 | 2 | 86 | 108 | 457 | 255 | 189 | 473 |

* 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

continued on next page

Gabriel Roeder Smith & Company

Schedule of Retirements by Type of Benefit and Department

LOPFI Staff

| Retirement Effective Dates January 1, 2009 to December 31, 2012 | | | Service at Retirement | | | | | | |
|--|--|--------|-----------------------|------|-------|-------|-------|-------|-----|
| | | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ |
| 01/01/09 - 12/31/09 | Average Monthly Benefit | \$ 644 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| | Final Average Pay* | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| | Number of Active Retirees | 1 | - | - | - | - | - | - | |
| | * Final Average Pay for 1 member was not provided. | | | | | | | | |
| 01/01/10 - 12/31/10 | Average Monthly Benefit | \$ 663 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| | Final Average Pay* | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| | Number of Active Retirees | 1 | - | - | - | - | - | - | |
| | * Final Average Pay for 1 member was not provided. | | | | | | | | |
| 01/01/11 - 12/31/11 | Average Monthly Benefit | \$ 683 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| | Final Average Pay* | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| | Number of Active Retirees | 1 | - | - | - | - | - | - | |
| | * Final Average Pay for 1 member was not provided. | | | | | | | | |
| 01/01/12 - 12/31/12 | Average Monthly Benefit | \$ 437 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| | Final Average Pay* | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| | Number of Active Retirees | 1 | - | - | - | - | - | - | |
| | * Final Average Pay for 1 member was not provided. | | | | | | | | |

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Gabriel Roder Smith & Company



Schedule of Retirements by Type of Benefit and Department (Continued)

LOPFI Paid Police

| Retirement Effective Dates January 1, 2003 to December 31, 2012 | | Service at Retirement | | | | | | | |
|--|---|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| | | 0-4# | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | |
| 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. | | | | | | | | |
| 01/01/12 - 12/31/12 | Average Monthly Benefit | \$ 482 | \$ 1,015 | \$ 1,449 | \$ 1,981 | \$ 2,350 | \$ 2,933 | \$ 2,393 | |
| | Final Average Pay* | \$ 32,902 | \$ 37,103 | \$ 39,452 | \$ 45,223 | \$ 47,880 | \$ 56,643 | \$ 47,194 | |
| | Number of Active Retirees | 304 | 207 | 146 | 108 | 123 | 50 | 7 | |
| | * Final Average Pay for 125 members was not provided. # Includes 106 members whose service was not provided. | | | | | | | | |

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Gabriel Roder Smith & Company



Schedule of Retirements by Type of Benefit and Department (Continued)

LOPFI
Paid Fire

| Retirement Effective Dates January 1, 2003 to December 31, 2012 | | Service at Retirement | | | | | | |
|--|---|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 0-4# | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ |
| 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. | | | | | | | |
| 01/01/12 - 12/31/12 | Average Monthly Benefit | \$ 807 | \$ 1,339 | \$ 1,696 | \$ 2,261 | \$ 2,266 | \$ 3,287 | \$ 2,118 |
| | Final Average Pay* | \$ 42,036 | \$ 47,251 | \$ 43,525 | \$ 49,422 | \$ 48,163 | \$ 58,761 | \$ 41,705 |
| | Number of Active Retirees | 92 | 85 | 71 | 54 | 66 | 62 | 6 |
| | * Final Average Pay for 72 members was not provided. # Includes 52 members whose service was not provided. | | | | | | | |

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Gabriel Roder Smith & Company

Schedule of Retirements by Type of Benefit and Department (Continued)

LOPFI Volunteer Police

| Retirement Effective Dates January 1, 2003 to December 31, 2012 | | | Service at Retirement | | | | | | | | |
|--|---|----------|--|-------|-------|-------|--------|--------|--------|--------|------|
| | | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | | |
| 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 | 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 | 1 |
| | | | # Includes 1 member whose service was not provided. | | | | | | | | |
| 01/01/12 | - | 12/31/12 | Average Monthly Benefit | \$ 10 | \$ 36 | \$ 74 | \$ 109 | \$ 122 | \$ 167 | \$ 213 | \$ - |
| | | | Final Average Pay | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | | | Number of Active Retirees | 34 | 15 | 2 | 2 | 1 | 2 | 1 | 1 |
| | | | # Includes 2 members whose service was not provided. | | | | | | | | |

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Gabriel Roder Smith & Company

Schedule of Retirements by Type of Benefit and Department (Continued)

LOPFI Volunteer Fire

| Retirement Effective Dates January 1, 2003 to December 31, 2012 | | | Service at Retirement | | | | | |
|--|--|-------|-----------------------|-------|--------|--------|--------|--------|
| | | | 0-4# | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 |
| 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. | | | | | | | |
| 01/01/12 - 12/31/12 | Average Monthly Benefit | \$ 36 | \$ 44 | \$ 70 | \$ 100 | \$ 122 | \$ 159 | \$ 187 |
| | Final Average Pay | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Number of Active Retirees | 285 | 198 | 187 | 154 | 284 | 177 | 89 |
| | # Includes 177 members whose service was not provided. | | | | | | | |

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Gabriel Roder Smith & Company

Schedule of Retirements by Type of Benefit and Department (Continued)

Local Plan Paid Police

| Retirement Effective Dates January 1, 2003 to December 31, 2012 | | Service at Retirement | | | | | | |
|---|---------------------------|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 0-4# | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ |
| 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. | | | | | | | | |
| 01/01/12 - 12/31/12 | Average Monthly Benefit | \$ 1,345 | \$ 1,504 | \$ 1,534 | \$ 1,940 | \$ 1,825 | \$ 1,989 | \$ 1,804 |
| | Final Average Pay | \$ 83,946 | \$ 17,949 | \$ 25,216 | \$ 35,739 | \$ 40,886 | \$ 58,349 | \$ 45,533 |
| | Number of Active Retirees | 214 | 7 | 10 | 26 | 125 | 96 | 84 |
| * Final Average Pay for 417 members was not provided. # Includes 214 members whose service was not provided. | | | | | | | | |

continued on next page

Gabriel Roder Smith & Company



Schedule of Retirements by Type of Benefit and Department

(Continued)
Local Plan
Paid Fire

| Retirement Effective Dates January 1, 2003 to December 31, 2012 | | | Service at Retirement | | | | | | |
|---|---------------------------|-----------|-----------------------|-----------|-----------|-----------|-----------|-----------|-----|
| | | | 0-4# | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ |
| 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. | | | | | | | | | |
| 01/01/12 - 12/31/12 | Average Monthly Benefit | \$ 1,555 | \$ 3,056 | \$ 1,316 | \$ 1,662 | \$ 1,645 | \$ 1,906 | \$ 2,106 | |
| | Final Average Pay | \$ 32,949 | \$ 38,605 | \$ 51,831 | \$ 28,122 | \$ 35,205 | \$ 39,430 | \$ 45,236 | |
| | Number of Active Retirees | 235 | 1 | 3 | 14 | 95 | 121 | 155 | |
| * Final Average Pay for 348 members was not provided. # Includes 230 members whose service was not provided. | | | | | | | | | |

continued on next page

Gabriel Roder Smith & Company



Schedule of Retirements by Type of Benefit and Department (Concluded) Local Plan Volunteer Fire

| Retirement Effective Dates January 1, 2003 to December 31, 2012 | | Service at Retirement | | | | | | |
|--|---------------------------|-----------------------|--------|--------|--------|--------|--------|--------|
| | | 0-4# | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ |
| 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. | | | | | | | | |
| 01/01/12 - 12/31/12 | Average Monthly Benefit | \$ 129 | \$ 113 | \$ 113 | \$ 116 | \$ 133 | \$ 146 | \$ 144 |
| | Final Average Pay | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Number of Active Retirees | 443 | 4 | 4 | 16 | 101 | 136 | 150 |
| # Includes 439 members whose service was not provided. | | | | | | | | |

Gabriel Roder Smith & Company

LOPFI
Top Ten Participating Employers

| | 2012 | | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | |
|-------------------------------|------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|------------------------|
| | 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 |
| Conway Paid Police | 116 | 1.9% | 108 | 1.9% | 112 | 1.9% | 112 | 2.0% | 106 | 2.1% | 103 | 2.1% | 94 | 1.8% | 92 | 2.0% | 97 | 2.0% | 94 | 1.9% |
| Fort Smith Paid Fire | 139 | 2.3% | 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% |
| Fort Smith Paid Police | 163 | 2.7% | 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% |
| Jonesboro Paid Police | 145 | 2.4% | 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% |
| Little Rock Paid Fire | 393 | 6.4% | 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% |
| Little Rock Paid Police | 522 | 8.5% | 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% |
| North Little Rock Paid Fire | 139 | 2.3% | 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% |
| North Little Rock Paid Police | 184 | 3.0% | 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% |
| Pine Bluff Paid Police | 151 | 2.5% | 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% |
| Springdale Paid Police | 122 | 2.0% | 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% |