
Arkansas Local Police and Fire Retirement System

LOPFI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended
December 31, 2013 and
December 31, 2012



LOPFI

Thirty-First
Comprehensive Annual
Financial Report
Fiscal Years Ended
December 31, 2013 and
December 31, 2012

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

Introductory Section

BOARD OF TRUSTEES



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



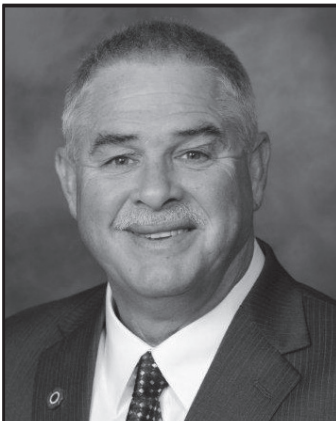
MIKE GASKILL
Employer Trustee
Paragould
Term Expires Jan. 1, 2015



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



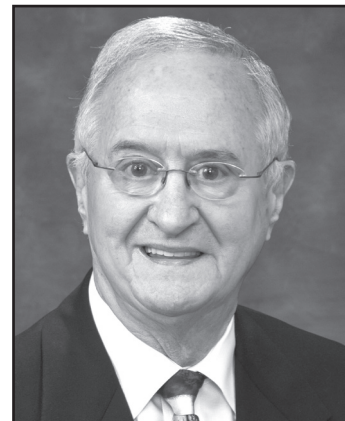
TERRY HENSON
Fire Employee Trustee
Little Rock
Term Expires Jan. 1, 2016



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



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



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

Certificate of Achievement



Government Finance Officers Association

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, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

Letter of Transmittal

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Little Rock, Arkansas 72201-2223
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email: info@lopfi-prb.com
website: www.lopfi-prb.com

June 6, 2014

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

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, 2013. This publication recognizes the conclusion of LOPFI's 31st 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 frequently reviewed in an effort to detect and correct potential errors before they occur. 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, 2013 and December 31, 2012.

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Additions	\$ 373,317,262	\$ 211,374,910
Deductions	\$ 64,115,030	\$ 54,274,002
Net Change	\$ 309,202,232	\$ 157,100,908

The change in additions was attributable to the healthy investment performance experienced in the 2013-year as well as the assets transferred in from several Local Plans that assigned administration to LOPFI. 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 21 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 36 of this report shows the system continues to meet this objective. As of December 31, 2013, the funded ratio for the entire portfolio was 67%, which was an improvement from the previous year. When viewing the LOPFI-only portion of the system i.e. not including the Local Plans administered by LOPFI, the funded percentage for LOPFI was 74%, which, too, was an increase from the previous year. Greater details regarding the funded condition of LOPFI can be found in the Actuarial Section of this report.

Investment Results

For the 2013-year, the system realized a solid 17.76% investment return---a net result i.e. post investment management fees. This type of robust return will prove useful in maintaining a fiscally sound retirement system. Since inception LOPFI has, on average, surpassed its actuarial assumed rate of return, which is currently set at 8%. Achieving this type of performance helps reinforce that assets will always be available to pay the promised retired lifetime benefits for each covered police officer and firefighter. It is essential that Members have that confidence after having provided a career in public safety. Please see the Investment Section of this report for additional details regarding the system's investments.

Accomplishments During the 2013-Year

In 2013 the LOPFI Board of Trustees, staff, and with open support from the membership pursued a number of legislative changes viewed as prudent in distancing LOPFI from experiencing financial challenges a limited number of defined benefit plans have faced and that have been publicized in the national arena. Thankfully, the Arkansas Legislature and Governor agreed with the requested changes and permitted items to be enacted into law such as increasing the vesting period for new hires, the cessation of awarding interest to member deposit accounts, no longer refunding interest that had been awarded in the past to member deposit accounts for those who terminate employment and chose to remove their member contributions from the retirement system (instead such interest remains in the retirement system to help fund benefits earned by members who chose to retire after providing a career in public safety), extending the maximum period that a member can participate in the deferred retirement option plan (DROP), and adding a cost of living adjustment to the original benefit calculated at the time of entry into DROP should the member remain in the DROP for the sufficient period. These changes will aid in improving the funded position of the retirement system over the years ahead, while also easing upward pressure on employer contribution rates. Plus, none of the changes negatively impacted the value of the retirement benefit earned by any LOPFI member.

Another very important accomplishment in 2013 was the hiring of a new audit firm. The LOPFI Board of Trustees selected BKD CPAs & Advisors to serve as its auditor. The depth of the examination that LOPFI experienced was significantly greater than in times past. The ability to have a nationally recognized and credentialed audit agency bring their professionalism in auditing LOPFI not only helps the Trustees fulfill their fiduciary duties, but also provided guidance to staff on how to further enhance the system's internal controls. The audit section of this report will show the reader that LOPFI received a clean audit for the 2013-year. In addition, the expectation is that LOPFI will continue to reap many benefits over the years ahead through its continued examination by the BKD audit team.

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, 2012. This was the eleventh 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

This report was through the combined work of system staff and advisors. The CAFR is intended to provide confidence in the plan's management and consistent with previous years, LOPFI received an unqualified opinion from its independent auditor regarding its financial statements, which are a part of this CAFR. The auditor's opinion can be located on page 20 of this report.

Each year LOPFI presents its CAFR on the system's website and as such is made available to the public, Legislative Audit, Legislative Council and all participating employer groups. The straightforward layout is meant to provide a report that is understandable as well as being a useful resource to interested parties.

LOPFI is administered by a professional team who strives to provide exceptional service to the covered police officers, firefighters, and their employers. Staff is well-aware that the covered police officers and firefighters are an indispensable part of the citizenry of Arkansas. With that fact in mind, LOPFI will be here to provide a respectable lifetime benefit to each retired career service police officer and firefighter.

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

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

BKD CPAs & Advisors
Andy Richards, 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

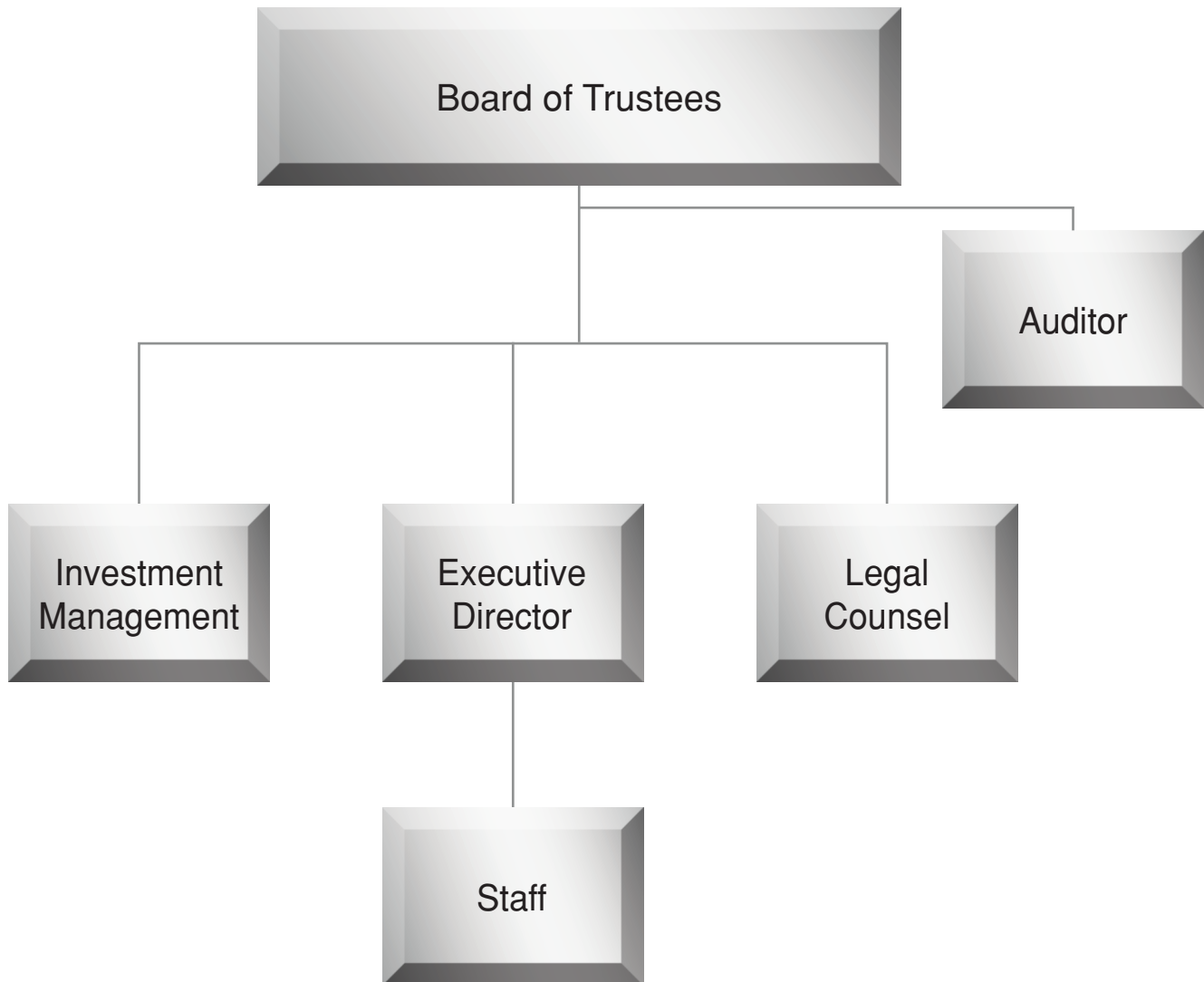
INVESTMENT MANAGEMENT

- *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
- *Candlewood Credit Value Fund*
New York, New York
- *Chickasaw Capital Management*
Memphis, Tennessee
- *Citigroup Private Equity*
New York, New York
- *Clear Bridge*
Wilmington, Delaware
- *Congress Asset Management*
Boston, Massachusetts
- *Dodge & Cox*
Braintree, Massachusetts
- *Fisher Investments*
(International Bond & Emerging Markets)
Woodside, California
- *Garcia, Hamilton, Jackson & Associates*
Houston, Texas
- *Goldman Sachs*
New York, New York
- *JP Morgan Investment Management, Inc.*
(Real Estate & Infrastructure)
New York, New York
- *KKR Mezzanine Partners*
San Francisco, California
- *Lazard Asset Management*
New York, New York
- *Macquarie Infrastructure Partners, Inc.*
New York, New York
- *Neuberger Berman*
(Private Equity & Private Debt)
Dallas, Texas
- *New South Capital Management*
Memphis, Tennessee
- *Pacific Investment Management Company*
(PIMCO) (International Bond & Distressed Debt)
Newport Beach, California
- *State Street Global Advisors*
Boston, Massachusetts
- *Wellington Management Company*
Boston, Massachusetts
- *Western Asset Management Company*
(WAMCO) (Domestic Bonds & High Yield)
Pasadena, California

Detailed information regarding investment management can be found in the Investment Section beginning on page 38.

Organization Chart

Members of the Retirement System



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-pro 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 (7) member Board of Trustees. All Trustees are appointed by the Governor. The normal term of office for a Trustee is four (4) years. Four (4) 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 (2) 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 a Member's total accrued years and months of paid service and/or volunteer service with one or more LOPFI-covered employer. Service may be granted simultaneously for both paid and volunteer service with the same location, but as separate departments (Ex: paid police officer who also serves as a volunteer firefighter or a paid firefighter who also serves as a volunteer police officer). Members are limited to earning paid or volunteer service at one LOPFI-covered 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 (5) years, unless hired on or after July 1, 2013, which means the member must have ten (10) years of actual LOPFI credited service, the minimum age is 60 or a member may retire at any age with 28 years of credited service.

EARLY RETIREMENT

An active 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 $\frac{1}{2}$ of 1% per month for each month that the retirant is younger than 55.

DEFERRED RETIREMENT

When the Member is eligible for a deferred benefit, benefit payments will begin when normal retirement age is attained (age 55 with 20 years of credited service, age 60 with 5 years of credited service for Members hired prior to July 1, 2013, age 60 with 10 years of actual LOPFI service credit for Members hired on or after July 1, 2013, or any age with 28 years of credited service).

The deferred benefit is computed in the same manner as a normal benefit; however, when the effective date of the annuity is at least twelve (12) full months after termination the FAP is adjusted for changes in inflation. The amount of the adjustment is one-half of any percentage increase in the Consumer Price Index (CPI) for the period from three (3) months immediately preceding termination to three (3) months immediately preceding the effective date of retirement. In addition, if the Member's paid service was covered by Social Security the 1% temporary annuity shall not be paid.

FINAL AVERAGE PAY

Final Average Pay (FAP) 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 FAP are limited by the following tests: Pays during any twelve (12) consecutive months shall be usable only to the extent that the pays do not exceed thirty-one percent (31%) of the total pays in the final average pay period; and that if the final average pay period is less than four (4) full years, the maximum usable 31% shall be increased proportionally. FAP 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 FAP. 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
 $\$6.28 \text{ per month} \times \text{Years of Service}$
(The \$6.28 benefit is indexed annually for inflation).

The maximum benefit for paid service is 100% of the member's FAP. For volunteer service the maximum benefit is \$251.20 per month, indexed annually for inflation.

DUTY DISABILITY BENEFIT

A member who becomes totally and permanently disabled from duty-related injury or disease is eligible for a disability benefit. The benefit shall either be equal to 65% of FAP 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) years of credited service, unless hired on or after July 1, 2013, which means the member must have ten (10) years of actual LOPFI 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 FAP at time of disability.

SURVIVOR BENEFIT

Upon the death of a member from duty-related causes, regardless of length of service, the designated beneficiary benefit is computed as if the member had 25 years of credited service and elected Option B50. When a paid member dies from non-duty related causes, who has at least five (5) years or more of credited service, unless hired on or after July 1, 2013, which means the member must have ten (10) years of actual LOPFI credited service the designated beneficiary benefit is computed as if the member had retired on the death date and elected Option B50.

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 (4) optional forms and the member selects the one that best fits his/her retirement needs. Once the member's first benefit payment is remitted the option is irrevocable, except with a life changing event. 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 eligible 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 designated eligible 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

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

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

When a paid member elects to enter DROP, their future monthly retirement benefit is calculated as though the member was leaving employment at the time of entry into DROP. For members who have at least 28 years of service before electing to participate in DROP, 75% of the member's monthly benefit is placed into the member's DROP account. Members who have at least 20 years of service, 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 6% annual interest and is awarded based on the average balance in the member's DROP account. During DROP the member contributions and employer contributions shall continue and are credited to the retirement system.

The member may remain in DROP up to a maximum of seven (7) years. DROP participants will begin receiving a 3% compound cost of living adjustment (COLA) to their future monthly retirement benefit in July once they reach year six (6) in DROP. At the conclusion of DROP, the member shall terminate employment and begin receiving the full monthly retirement benefit calculated at the time they entered DROP plus any applicable COLA. At the option of the member, the DROP account balance can be received either as 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 to be paid in the form of the benefit option elected at the time of enrollment in DROP, which is also effective with the first retirement benefit payment.

If a DROP annuity is chosen and the member dies during the DROP annuity period and before the total of the monthly DROP annuity payments equals or exceeds the original DROP account balance prior to distribution, that difference shall be paid to the member's survivor(s), or if none, the member's estate. The survivor(s) may choose to either continue the DROP annuity payments or accept a lump-sum distribution. If the balance is paid to an estate it shall be paid in a lump-sum distribution.

If a member becomes disabled while participating in DROP, the member shall be treated as though they had concluded DROP.

PARTIAL-ANNUITY and LUMP-SUM OPTION

Any active vested member who is eligible for an unreduced retirement benefit and was not eligible or did not elect to participate in the DROP, may elect to participate in the partial-annuity and lump-sum (PALS) option.

A member who elects to participate in this PALS option shall be eligible to receive, at the time of retirement, a lump-sum distribution in an amount not exceeding one (1) 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 PALS 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

Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Trustees
Arkansas Local Police and Fire
Retirement System

Report on the Financial Statements

We have audited the accompanying financial statements of the Arkansas Local Police and Fire Retirement System (the System), which comprise the statements of plan net position as of December 31, 2013, and the related statements of changes in plan net position for the year 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Arkansas Local Police and Fire
Retirement System

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arkansas Local Police and Fire Retirement System as of December 31, 2013, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Audited by Other Auditors

The 2012 financial statements were audited by other auditors and their report thereon, dated May 13, 2013, expressed an unmodified opinion.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and schedule of employer contributions listed in the table of contents be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BKD, LLP

Little Rock, Arkansas
May 14, 2014

Arkansas Local Police and Fire Retirement System

Management's Discussion and Analysis

December 31, 2013 and 2012

This discussion and analysis of the Arkansas Local Police and Fire Retirement System (hereafter referred to as LOPFI) is for the years ended December 31, 2013 and 2012. This analysis provides a summary of the financial position of LOPFI, including highlights and comparisons. For more detailed information regarding the Arkansas Local Police and Fire Retirement System financial activities, the reader should also review the actual financial statements, including notes and supplementary schedules.

The basic financial statements consist of:

The *Statement of Plan Net Position*, which reports the pension fund assets, liabilities, and net assets available at the end of the calendar year. The *Statement of Plan Net Position* 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 Position*, which reports the pension fund transactions that occurred during the calendar year where Additions – Deductions = Change in Net Position. 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 LOPFI.

The following pages contain summary comparative statements of LOPFI's pension trust fund for years 2013 and 2012.

Arkansas Local Police and Fire Retirement System

Management's Discussion and Analysis

December 31, 2013 and 2012

Summary Statement of Net Position Available for Benefits

	2013	2012	2011	2013 Percentage Change	2012 Percentage Change
Cash and cash equivalents	\$ 107,915,063	\$ 68,706,018	\$ 108,574,126	57.07%	-36.72%
Total receivables	5,620,451	8,348,274	8,263,903	-32.68%	1.02%
Prepaid expenses	5,329,793	5,010,530	4,007,176	6.37%	25.04%
Total investments, at fair value	1,346,910,154	1,084,539,812	878,173,092	24.19%	23.50%
Property and equipment, net	3,311,438	3,472,816	3,624,912	-4.65%	-4.20%
Other assets	36,002	28,855	-	24.77%	n/a
Total assets	\$ 1,469,122,901	\$ 1,170,106,305	\$ 1,002,643,209	25.55%	16.70%
Accounts payable and accrued expenses	806,461	596,185	438,139	35.27%	36.07%
Refunds payable	160,305	205,765	82,318	-22.09%	149.96%
Due to Pension Review Board	180,156	120,458	166,758	49.56%	-27.76%
Due to brokers-unsettled trades	-	10,410,150	293,155	-100.00%	3451.07%
Total liabilities	1,146,922	11,332,558	980,370	-89.88%	1055.95%
Net Position Available for Benefits	1,467,975,979	1,158,773,747	1,001,672,839	26.68%	15.68%
Total Net Position and Liabilities	\$ 1,469,122,901	\$ 1,170,106,305	\$ 1,002,653,209	25.55%	16.70%

December 31, 2013

Cash and cash equivalents increased as a result of additional alternative asset managers added to the portfolio, resulting in additional capital commitments that will need to be funded in the near term. The decrease in total receivables is in part due to an increased number of LOPFI covered employers using the LOPFI e-Payment feature, which allows the system to process the payments in a more timely manner. The increase in total investments reflects the continuing improvements of the financial markets in 2013 coupled with increased contributions and the receipt of \$65.2 million in assets from several local plans that consolidated into LOPFI. Property and equipment, net of accumulated depreciation decreased as a result of the normal process of depreciating fixed assets.

December 31, 2012

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 2012. 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

Management's Discussion and Analysis

December 31, 2013 and 2012

Summary Statement of Changes in Net Position Available for Benefits

	2013	2012	2011	2013 Percentage Change	2012 Percentage Change
Total contributions	\$ 161,829,397	\$ 92,245,477	\$ 88,220,814	75.43%	4.56%
Net investment income	211,487,865	119,129,433	3,960,803	77.53%	2907.71%
Total additions	373,317,262	211,374,910	92,181,617	76.61%	129.30%
Benefits paid to participants	55,152,120	48,234,605	41,402,892	14.34%	16.50%
Refunds of contributions	1,499,210	1,504,764	1,097,813	-0.37%	37.07%
Administrative expenses	2,082,784	2,083,485	1,696,390	-0.03%	22.82%
Deferred retirement option distributions	5,380,916	2,451,148	2,093,535	119.53%	17.08%
Total deductions	64,115,030	54,274,002	46,290,630	18.13%	17.25%
Changes in net position	\$ 309,202,232	\$ 157,100,908	\$ 45,890,987	96.82%	242.33%

December 31, 2013

In addition to the \$65.2 million received from local plan consolidations, contributions increased as a result of a 1.2% increase in active membership coupled with increased wages reported by LOPFI covered employer groups. The financial markets sustained growth in 2013 resulting in a considerable increase in net investment income over last year. A 14.3% increase in benefits paid to participants is a combination 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 decreased slightly in 2013 indicating that fewer members terminating coverage with the system elected to remove their member contributions. In addition, due to a legislative change in 2013 pursued by system staff, effective July 1, 2013, interest accrued in member contribution accounts was no longer refundable to the member. Administrative expenses decreased slightly due to improved work flow efficiencies. Deferred retirement option plan (DROP) distributions increased as a natural result of more DROP participants, both LOPFI and local plans administered by LOPFI, retiring in the current year.

December 31, 2012

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 additions 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

Statements of Plan Net Position

December 31, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	\$ 107,915,063	\$ 68,706,018
Receivables		
Contributions	3,715,047	6,440,359
Interest and dividends	1,876,422	1,876,422
Other receivables	28,982	31,493
Total receivables	5,620,451	8,348,274
Prepaid expenses	5,329,793	5,010,530
Investments, at fair value		
Equity securities – U.S. companies	235,133,003	97,253,928
Equity securities – international companies	54,255,770	35,389,984
Mutual funds	732,310,138	699,601,891
U.S. Treasury securities	29,881,663	30,121,728
Corporate bonds	59,769,239	61,803,944
Foreign bonds	1,527,783	894,807
Mortgage-backed securities	43,886,807	57,122,457
Collateralized mortgage obligations	21,604,245	14,766,036
Municipal obligations	120,156	120,156
Alternative investments	168,421,350	87,464,881
Total investments, at fair value	1,346,910,154	1,084,539,812
Property and equipment, net of accumulated depreciation; 2013 – \$1,333,344, 2012 – \$1,165,216	3,311,438	3,472,816
Other assets	36,002	28,855
Total assets	\$ 1,469,122,901	\$ 1,170,106,305
Liabilities and Net Position Available for Benefits		
Accounts payable and accrued expenses	\$ 806,461	\$ 596,185
Refunds payable	160,305	205,765
Due to Pension Review Board	180,156	120,458
Due to brokers-unsettled trades	-	10,410,150
Total liabilities	1,146,922	11,332,558
Net position available for benefits	1,467,975,979	1,158,773,747
Total net position and liabilities	\$ 1,469,122,901	\$ 1,170,106,305

See Notes to Financial Statements

Arkansas Local Police and Fire Retirement System

Statements of Changes in Plan Net Position

Years Ended December 31, 2013 and 2012

	2013	2012
Additions		
Contributions		
Member contributions	\$ 20,169,412	\$ 19,338,663
Employer contributions	76,454,536	70,576,889
Local plan administrative mergers and paid military time	65,205,449	2,329,925
	161,829,397	92,245,477
Investment Income		
Net appreciation in fair value of investments	172,697,610	97,341,413
Interest, dividends and other income	42,562,431	25,134,650
Less investment expenses	(3,853,066)	(3,388,646)
Net income from securities lending activities	80,890	42,016
	211,487,865	119,129,433
Net investment income	211,487,865	119,129,433
Total additions	373,317,262	211,374,910
Deductions		
Benefits paid to participants	55,152,120	48,234,605
Refunds of contributions	1,499,210	1,504,764
Administrative expenses	2,082,784	2,083,485
Deferred retirement option distributions	5,380,916	2,451,148
	64,115,030	54,274,002
Total deductions	64,115,030	54,274,002
Change in Net Position	309,202,232	157,100,908
Net Position Available for Benefits, Beginning of Year	1,158,773,747	1,001,672,839
Net Position Available for Benefits, End of Year	\$ 1,467,975,979	\$ 1,158,773,747

See Notes to Financial Statements

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2013 and 2012

Note 1: Reporting Entity and Summary of Significant Accounting Policies

The Arkansas Local Police and Fire Retirement System (the System or LOPFI), maintains a defined benefit pension plan for local police officers and firefighters hired by the respective local government unit after January 1, 1983. LOPFI is an agent Public Employee Retirement System (PERS) responsible for the operation and maintenance of the plan in accordance with Act 364 of the 1981 Arkansas General Assembly.

Basis of Accounting

The accounting policies of the System have been established to conform to generally accepted accounting principles for state and local governments as promulgated by authoritative pronouncements issued by the Governmental Accounting Standards Board. The System is accounted for on an economic resources measurement focus using the accrual basis of accounting.

Valuation of Investments

Investments are stated at fair value in the accompanying statements of plan net position. The fair value of marketable investments, including U.S. government securities, mutual funds, corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statement of plan net position dates. Investments that do not have an established market are reported at the trustee's best estimate of fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net appreciation in fair value of investments reflected in the accompanying statements of changes in plan net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. The change in net unrealized gains or losses on investments represents the change in the difference between the cost and fair value of investments at the beginning versus the end of the year.

Securities Lending Transactions

The System's investment policy permits the pension trust funds to participate in a securities lending program. Securities lending provides an additional investment option by enhancing current 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 initiated, 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.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2013 and 2012

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the System's management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the actuarial valuation of the System's benefits at the date of the financial statements and the reported changes in plan net position during the reporting period. Actual results may differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in plan net assets.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2013 and 2012

Note 2: Plan Description

As of December 31, 2013 and 2012, the number of participating political subdivisions was 503 and 488 respectively. At December 31, 2013 and 2012, the System's membership consisted of the following:

Membership Classification	Number of Employees	
	2013	2012
Retirees and beneficiaries currently receiving benefits:		
LOPFI staff	1	1
Local plan police without social security	682	385
Local plan police with social security	175	177
LOPFI police with social security	733	651
LOPFI police without social security	284	227
LOPFI volunteer police	79	57
LOPFI police benefit program 2 - with social security	11	9
LOPFI police benefit program 2 - without social security	70	58
Local plan fire without social security	701	624
LOPFI fire with social security	27	23
LOPFI fire without social security	437	350
LOPFI volunteer fire	1,596	1,374
Local plan volunteer fire	900	854
LOPFI fire benefit program 2 - with social security	8	6
	76	56
Subtotal for retirees and beneficiaries	5,780	4,852
Active employees:		
LOPFI staff	8	8
Local plan police without social security	3	3
Local plan police with social security	-	-
LOPFI police with social security	1,902	1,871
LOPFI police without social security	1,222	1,214
LOPFI volunteer police	293	224
LOPFI police benefit program 2 - with social security	50	52
LOPFI police benefit program 2 - without social security	374	300
Local plan fire without social security	2	4
LOPFI fire with social security	62	57
LOPFI fire without social security	2,119	2,123
LOPFI volunteer fire	6,847	6,805
Local plan volunteer fire	12	10
LOPFI fire benefit program 2 - with social security	37	37
LOPFI fire benefit program 2 - without social security	309	370
Local plan part paid contributory fire	2	1
Subtotal for active employees	13,242	13,079
Terminated vested members	6,036	5,753
Total membership	25,058	23,684

Included in the above figures for 2013 and 2012 are 2,477 and 2,058 members, respectively, 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.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2013 and 2012

Contributions: 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. Paid service-benefit program 2: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date
- d. Volunteer service: no employee contribution

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 (ten or more years for members hired after July 1, 2013) of credited service in force who has attained his normal retirement age consist 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 unrecorded 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, 2013, for each year of volunteer service, \$6.28 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 Financial Statements

December 31, 2013 and 2012

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, 2.94% 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 five 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 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 10 years past normal retirement age if a member of a local plan. In 2003, the Arkansas General Assembly passed legislation (Act 1734) affording paid members of LOPFI the same opportunity to continue working past normal retirement age with the maximum term being seven years. 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, 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 December 31, 2013 and 2012, the DROP accounts totaled \$32,959,679 and \$15,407,993, respectively.

Note 3: Funded Status and Funding Progress

The funded status of the plan as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 2,069,345,139
Actuarial value of plan assets	<u>1,391,830,575</u>
Unfunded AAL	<u>\$ 677,514,564</u>
Funded ratio (actuarial value of plan assets/AAL)	67%
Covered payroll (active plan members)	\$ 298,805,693
Unfunded AAL as a percentage of covered payroll	227%

The entry age normal actuarial cost method of valuation is used in determining the 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, 2013, valuations varies from group to group.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2013 and 2012

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 postretirement benefit increases.

Note 4: Investments

The System's cash equivalents and investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by LOPFI, under contracts with the System.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the custodian, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The System's cash equivalents and investments are held by the System's custodian in the System's name. The cash equivalents and investments are uninsured and generally consist of short-term securities, U.S. and foreign government securities, domestic and foreign corporate debt and equity securities, real estate and real estate trusts. At December 31, 2013, none of the System's deposits were exposed to custodial credit risk.

	<u>2013</u>
Carrying value	
Deposits	\$ 6,513,287
Investments	<u>101,401,776</u>
	<u>\$ 107,915,063</u>

And included in the following statement of plan net position caption:

Cash and cash equivalents	\$ 107,915,063
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Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2013 and 2012

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. The System's investment policy does not allow for more than 10% of the current market value of the Fixed Income Portfolio to be invested in securities rated less than Baa by Moody's bond rating service or BBB by Standard & Poor's, or the equivalent by a recognized rating agency. In addition, the minimum security quality shall be B or better.

The following table summarizes the System's fixed income portfolio exposure levels and credit qualities at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Fixed Income Security Type by S&P Rating		
Corporate and Foreign Bonds		
AAA	\$ 2,975,803	\$ 1,383,225
AA	2,295,158	3,418,802
A	22,353,415	29,808,209
BBB	31,657,090	26,275,555
BB	1,482,432	1,040,325
B	-	138,651
CCC	111,300	-
Not rated	421,824	633,984
	<u>61,297,022</u>	<u>62,698,751</u>
U.S. Treasury Securities		
AAA	24,344,388	22,708,844
AA	1,067,391	665,439
Not rated	4,469,884	6,747,445
	<u>29,881,663</u>	<u>30,121,728</u>
Collateralized Mortgage Obligations		
AAA	3,601,367	1,546,620
AA	473,263	460,318
A	1,294,953	641,597
BBB	2,310,024	859,722
BB	648,967	561,170
B	1,204,310	1,103,495
CCC	1,464,497	1,882,169
CC	586,692	561,323
Not rated	10,020,172	7,149,622
	<u>21,604,245</u>	<u>14,766,036</u>
Municipal Obligations		
AA	120,156	120,156
Mortgage-Backed Securities		
Not rated	43,886,807	57,122,457
	<u>\$ 156,789,893</u>	<u>\$ 164,829,128</u>

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2013 and 2012

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the System's investment in a single issue. The System's investment policy does not allow for more than 5% of the current market value of the Fixed Income Portfolio or the Equity Portfolio to be held in the debt or equity securities of any one issuer, with the exception of the United States government and its agencies.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the System manages its exposure to declines in fair values by limiting the duration of the Fixed Income Portfolio to the comparative indices by no more than +/-25%. As of December 31, 2013, the System's effective duration by investment type was:

Fixed Income Security Type	Duration
U.S. Treasury securities	1.01
Corporate bonds	2.15
Foreign bonds	6.07
Mortgage-backed securities	1.51
Collateralized mortgage obligations	1.51
Municipal obligations	0.43

Security Lending Transactions

Custodial credit risk for securities lending transactions is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the years ended December 31, 2013 and 2012, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. As of December 31, 2013 and 2012, the fair value of securities loaned was \$21,253,347 and \$15,064,884, respectively.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2013 and 2012

Note 5: Risks and Uncertainties

The System invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of plan net position.

System contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Note 6: Future Changes in Accounting Principles

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the plan beginning with its year ending December 31, 2015. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

Required Supplementary Information

Arkansas Local Police and Fire Retirement System

Required Supplementary Information

Schedule of Funding Progress

December 31, 2013 and 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued 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)
12/31/2000	\$ 425,122,202	\$ 416,222,207	\$ (8,899,995)	102%	\$ 142,778,723	-%
12/31/2001	481,431,953	428,840,581	(52,591,372)	112%	152,883,342	-%
12/31/2002	515,600,263	534,533,175	18,932,912	96%	163,420,616	12%
12/31/2003	553,057,228	625,021,624	71,964,396	88%	178,850,477	40%
12/31/2004	601,798,909	754,004,285	152,205,376	80%	193,670,943	79%
12/31/2005	653,546,976	842,926,984	189,380,008	78%	207,890,440	91%
12/31/2006	724,746,827	927,816,659	203,069,832	78%	222,107,556	91%
12/31/2007	827,546,002	1,054,599,720	227,053,718	78%	235,337,218	96%
12/31/2008	788,633,082	1,200,515,663	411,882,581	66%	245,775,341	168%
12/31/2009	878,958,364	1,379,093,412	500,135,048	64%	265,123,993	189%
12/31/2010	982,154,992	1,519,527,855	537,372,863	65%	268,424,127	200%
12/31/2011	1,070,685,918	1,654,156,087	583,470,169	65%	275,850,081	212%
12/31/2012	1,169,357,127	1,805,815,641	636,458,514	65%	284,595,308	224%
12/31/2013	1,391,830,575	2,069,345,139	677,514,564	67%	298,805,693	227%

* After legislated benefit increases for LOPFI members

+ After changes in actuarial assumptions

Arkansas Local Police and Fire Retirement System
Required Supplementary Information
Schedule of Employer Contributions
December 31, 2013 and 2012

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
12/31/1995	\$ 11,795,077	100%
12/31/1996	14,650,814	100%
12/31/1997	16,402,732	100%
12/31/1998	18,221,992	100%
12/31/1999	19,522,826	100%
12/31/2000	22,321,326	100%
12/31/2001	22,420,300	100%
12/31/2002	18,261,057	100%
12/31/2003	18,712,140	100%
12/31/2004	26,925,018	100%
12/31/2005	30,184,341	100%
12/31/2006	39,758,875	100%
12/31/2007	43,362,966	100%
12/31/2008	49,518,628	100%
12/31/2009	53,051,887	100%
12/31/2010	58,654,842	100%
12/31/2011	61,818,119	100%
12/31/2012	66,648,849	100%
12/31/2013	73,092,900	100%

Note to the Required Supplementary Information

Actuarial Methods and Assumptions for Valuation Performed December 31, 2013

The entry age normal actuarial cost method of valuation is used in determining the 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, 2013, 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 postretirement benefit increases.



Stephens Inc.

May 2014

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 targeted asset mix is based on the Fund's Investment Policy and includes but is not limited to the plan's investment time horizon, risk parameters, actuarial assumptions and cash flow needs. The Plan's investment platform is consistent with the long-term investment objectives and risk parameters of the Plan and utilizes both a passive and active strategy with an emphasis on achieving long-term risk adjusted rates of return. The portfolio's current allocations are as follows:

	Allocation As of 12/31/13	Permissible Range
Domestic Equities		
Value	15	15-30%
Growth	20	15-30%
Small	2	0-20% (<i>Pending approval</i>)
Foreign Equities	6	0-10%
Index	11	5-15%
US Bonds	25	20-50%
Foreign Bonds	5	0-10%
Alternative Investments	10	0-10%
Cash	6	0-20%

LOPFI's portfolio was up 17.76%* for the fiscal year ended 2013 versus the comparative index return of 15.82%*.

The ending market value of the LOPFI portfolio as of December 31, 2013 was \$1.445 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
12/31/04	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]
12/31/13	17.76% [\$1,445,479]	4.5%	31.40% [\$938,956]	-2.14% [\$423,458]	0.02% [\$83,065]

QUARTERLY VALUES (RETURNS)

Period Ended	Total Fund	Equities	Fixed Income
12/31/2013	5.84%	9.53%	-0.60%

EQUITIES means common stocks and real estate

FIXED INCOME means long-term debt investment and convertibles

CASH means cash and cash equivalents (short term debt)

TOTAL FUND means equities plus fixed income plus cash (Net of investment fees beginning 2008)

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

***December 31 to December 31*

Arkansas LOPFI Retirement System
Executive Summary
Market Values

December 31, 2013

MANAGER	Wellington	Barrow Hanley	State Street Global Advisors	New South Capital	Fisher Investments	Fisher Emerging Markets	Global Currents	Dodge & Cox	Citigroup	NB Crossroads	JP Morgan RE
	\$202,473	\$109,519	\$156,244	\$35,229	\$33,322	\$26,728	\$32,362	\$108,398	\$5,119	\$3,893	\$17,451
	AMOUNT MANAGED										
(Thousand's omitted)											
MANAGER	GHA (Core)	PIMCO (Intmed.)	WAMCO (Aggregate)	Aberdeen Asset Management	JP Morgan Infrastructure	Macquarie Infrastructure	Chickasaw Capital Management	Mezzanine Partners	CITGO	PIMCO BRAVO	Goldman Sachs
	\$59,987	\$166,609	\$100,257	\$66,447	\$5,949	\$10,635	\$35,066	\$13,872	\$9,921	\$16,132	\$10,095
	AMOUNT MANAGED										
(Thousand's omitted)											
MANAGER	AIM Thirteen Partners	Congress	Lazard	Short-Term High Yield	Liquidation Account	Total Fund**					
	\$16,778	\$17,641	\$69,670	\$30,158	\$85,525	\$1,445,480					
	AMOUNT MANAGED										
(Thousand's omitted)											



ARKANSAS LOPEL 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, 2013**

	Current Quarter	YTD	One Year	Three Years	Five Years	Calendar Year End				
						2012	2011	2010	2009	2008
TOTAL FUND NET OF FEES (Inc. 12/31/1997)										
Fund Return	5.84%	17.76%	17.76%	9.61%	11.47%	12.30%	-0.42%	10.68%	18.07%	-25.54%
Fund Ranking	3	33	33	40	99	39	82	98	100	21
Policy Return *	4.72%	15.82%	15.82%	9.72%	12.50%	11.55%	2.24%	14.05%	19.60%	-22.87%
Policy Ranking	67	89	89	32	75	71	9	29	99	3

TOTAL EQUITIES (including cash)(Inc. 12/31/1997)										
Fund Return	9.53%	31.40%	31.40%	13.84%	16.45%	16.30%	-3.47%	14.33%	26.99%	-39.82%
Fund Ranking	51	83	83	85	95	37	79	93	84	76
Policy Return**	9.54%	33.72%	33.72%	15.64%	18.52%	16.61%	-0.83%	18.12%	28.06%	-36.98%
Policy Ranking	51	42	42	24	36	28	31	25	72	33

TOTAL FIXED INCOME (including cash)(Inc. 12/31/1997)										
Fund Return	-0.60%	-2.14%	-2.14%	3.01%	5.50%	7.48%	3.92%	7.58%	11.13%	0.51%
Fund Ranking	98	66	66	78	66	43	86	43	71	15
Policy Return***	-0.26%	-2.15%	-2.15%	2.78%	3.85%	3.82%	6.87%	6.12%	4.85%	6.33%
Policy Ranking	91	66	66	84	93	93	43	61	98	2

* 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
 **3.7% 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 LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

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

(Continued)

December 31, 2013

	Current	Calendar Year End							
	Quarter	One Year	Three Years	Five Years	2012	2011	2010	2009	2008
WELLINGTON EQUITY (Inc. 12/31/1997)									
Return	10.55%	36.81%	14.29%	19.38%	19.35%	-8.57%	19.69%	35.69%	-40.14%
Ranking (Broad Large Cap Growth)	44	20	75	43	11	96	9	39	58
Policy Return (R1000G)	10.44%	33.49%	16.45%	20.39%	15.26%	2.64%	16.71%	37.21%	-38.44%
Policy Ranking (Broad Large Cap Growth)	48	55	30	27	70	10	31	33	43
BARROW HANLEY LARGE CAP VALUE (Inc. 12/31/2005)									
Return	9.13%	32.12%	15.69%	16.17%	14.92%	1.99%	10.92%	23.19%	-35.12%
Ranking (Broad Large Cap Value)	80	48	52	67	62	30	90	62	29
Policy Return (R1000V)	10.01%	32.53%	16.06%	16.67%	17.51%	0.39%	15.51%	19.69%	-36.85%
Policy Ranking (Broad Large Cap Value)	55	38	35	52	14	59	16	78	48
FISHER INVESTMENTS INTERNATIONAL EQUITY (12/31/2001)									
Return	6.89%	17.14%	6.58%	13.60%	17.43%	-12.00%	11.34%	40.34%	-45.82%
Ranking (International Equity)	34	79	67	32	62	29	44	21	61
Policy Return (MSCI ACWI ex US)	4.81%	15.78%	5.61%	11.17%	17.39%	-13.33%	8.82%	32.46%	-43.06%
Policy Ranking (International Equity)	75	82	79	79	62	44	66	51	42
LAZARD EQUITY (Inc. 4/30/2013)									
2 Qtr.									
Return	10.58%	17.33%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ranking (Br. Large Cap Core)	27	38	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Policy Return (S&P 500)	10.51%	16.31%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Policy Ranking (Br. Large Cap Core)	30	60	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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



Continued on next page

ARKANSAS LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

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

(Continued)

December 31, 2013

	Current Quarter	One Year	Three Years	Five Years	2012	Calendar Year End			2009	2008
						2011	2010			
SSGA FLAGSHIP INDEX FUND[Flagship only Inc. 03/31/2011] (Inc. 01/31/2005)										
Return	10.51%	32.39%	16.24%	17.48%	16.19%	2.09%	13.69%	25.35%	-38.85%	
Ranking (Broad Large Cap Core)	31	50	26	61	37	16	65	77	83	
Policy Return (S&P 500)	10.51%	32.39%	16.18%	17.94%	16.00%	2.11%	15.06%	26.46%	-37.00%	
Policy Ranking (Broad Large Cap Core)	30	50	28	41	43	16	50	60	31	
GLOBAL CURRENTS INTERNATIONAL EQUITY (Inc. 1/31/2005)[formerly Brandywine]										
Return	9.60%	28.50%	11.49%	14.02%	20.99%	-10.86%	4.62%	32.89%	-43.05%	
Ranking (International Equity)	1	7	5	28	24	19	93	49	42	
Policy Return (MSCI EAFE)	5.75%	23.29%	8.66%	12.96%	17.90%	-11.73%	8.21%	32.46%	-43.06%	
Policy Ranking (International Equity)	58	26	25	43	57	26	72	51	42	
DODGE & COX LARGE CAP EQUITY (Inc. 12/31/2005)										
Return	11.82%	40.55%	18.11%	19.65%	22.23%	-4.08%	13.36%	31.26%	-43.31%	
Ranking (Broad Large Cap Core)	3	1	1	14	1	89	68	29	100	
Policy Return (S&P 500)	10.51%	32.39%	16.18%	17.94%	16.00%	2.11%	15.06%	26.46%	-37.00%	
Policy Ranking (Broad Large Cap Core)	30	50	28	41	43	16	50	60	31	
CONGRESS ASSET MANAGEMENT (Inc. 4/30/2013)										
<u>2 Qtr.</u>										
Return	8.93%	20.65%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Ranking (Mid Cap Growth)	33	31	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Policy Return (Russell MidCap Growth)	8.23%	18.34%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Policy Ranking (Mid Cap Growth)	47	62	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
NEW SOUTH CAPITAL (Inc. 4/30/2013)										
<u>2 Qtr.</u>										
Return	8.64%	15.75%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Ranking (50% Br Small Cap, 50% Mid Cap)	61	94	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Policy Return (Russell MidCap Growth)	8.66%	18.53%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Policy Ranking (50% Br Small Cap, 50% Mid Cap)	60	48	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
FISHER INVESTMENTS EMERGING MARKETS (Inc. 4/30/2013)										
<u>2 Qtr.</u>										
Return	4.60%	10.94%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Ranking (International Equity)	78	93	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Policy Return (MSCI Emerging Markets)	1.86%	7.87%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Policy Ranking (International Equity)	95	97	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

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



Continued on next page

ARKANSAS LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

*All calculations are time-weighted based on the market values and trade date of each transaction received from the bank
(Continued)*

December 31, 2013									
	<u>Current</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>2012</u>	<u>Calendar Year End</u>			
	<u>Quarter</u>					<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<i>N.B. CROSSROADS PRIVATE EQUITY (Inc. 06/30/2007)</i>									
Return	7.27%	14.71%	15.66%	5.75%	7.06%	25.97%	11.84%	-23.57%	-0.57%
Policy Return (LPX Private Equity ETF Index)	0.00%	13.96%	6.42%	20.63%	28.72%	-17.84%	40.14%	51.23%	-58.35%
<i>CITIGROUP PRIVATE EQUITY (Inc. 07/31/2007)</i>									
Return	33.66%	47.24%	17.00%	12.56%	15.49%	-5.80%	0.00%	12.80%	-18.31%
Policy Return (LPX Private Equity ETF Index)	0.00%	13.96%	6.42%	20.63%	28.72%	-17.84%	40.14%	51.23%	-58.35%
<i>J.P. MORGAN REAL ESTATE (Inc. 09/30/2007)</i>									
Return	3.40%	14.79%	13.54%	3.77%	11.03%	14.85%	12.54%	-26.95%	-8.93%
Policy Return (NCREIF Property Index)	2.53%	10.99%	11.92%	5.68%	10.54%	14.26%	13.11%	-16.86%	-6.46%
<i>CHICKASAW CAPITAL MLP (Inc. 6/30/2010)</i>									
			<u>2-Year</u>	<u>3-Year</u>					
Return	12.82%	45.54%	30.28%	27.45%	16.62%	21.98%	n/a	n/a	n/a
Policy Return (Alerian MLP Infrastructure Index)	3.68%	29.48%	16.16%	16.44%	3.54%	-8.87%	n/a	n/a	n/a
<i>MACQUARIE INFRASTRUCTURE (Inc. 12/31/2008)</i>									
Return	28.66%	64.25%	24.51%	13.22%	-4.27%	22.76%	-2.70%	-0.94%	n/a
Policy Return (IGF Global Infrastructure Index)	0.00%	9.27%	6.26%	9.37%	10.88%	-0.97%	5.00%	24.23%	n/a
<i>JP MORGAN INFRASTRUCTURE (Inc. 12/31/2008)</i>									
Return	3.35%	6.47%	5.97%	3.54%	11.75%	0.00%	0.00%	0.00%	n/a
Policy Return (IGF Global Infrastructure Index)	0.00%	9.27%	6.26%	9.37%	10.88%	-0.97%	5.00%	24.23%	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 LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

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

(Continued)

December 31, 2013

	Current					Calendar Year End				
	Quarter	One Year	Three Years	Five Years	2012	2011	2010	2009	2008	
MEZZANINE PARTNERS KKR (Inception 8/31/2010)										
			<u>2-Years</u>	<u>3-Years</u>						
Return	3.06%	17.18%	14.24%	-19.08%	11.38%	-59.40%	n/a	n/a	n/a	
Policy Return (LPX Private Equity ETF Index)	0.00%	13.96%	21.11%	6.42%	28.72%	-17.84%	n/a	n/a	n/a	
CITCO LIMITED PARTNERSHIP (Inception 01/31/2011)										
		<u>2-Qtrs</u>	<u>1-Year</u>	<u>2-Year</u>						
Return	-10.34%	-29.89%	-23.28%	-10.39%	4.67%	n/a	n/a	n/a	n/a	
Policy Return (Event Driven Distressed Index)	0.00%	2.94%	10.39%	10.85%	11.31%	n/a	n/a	n/a	n/a	
PIMCO BRAVO(Inception 03/31/2011)										
		<u>2-Qtrs</u>	<u>1-Year</u>	<u>2-Year</u>						
Return	-2.77%	6.14%	26.51%	26.69%	26.87%	n/a	n/a	n/a	n/a	
Policy Return (Credit Suisse Leveraged Loan Index)	1.82%	3.25%	6.15%	7.77%	5.37%	n/a	n/a	n/a	n/a	
GOLDMAN SACHS COMMODITY OPPORTUNITES (Inception 09/30/2011)										
		<u>2-Qtrs</u>	<u>1-Year</u>	<u>2-Year</u>						
Return	2.79%	5.72%	4.76%	1.36%	-1.94%	n/a	n/a	n/a	n/a	
Policy Return (DJ UBS Commodity Index)	-1.05%	1.06%	-9.52%	-5.38%	0.88%	n/a	n/a	n/a	n/a	
AIM THIRTEEN PARTNERS (Inception 3/31/2012)										
		<u>2-Qtrs</u>	<u>3-Qtrs</u>	<u>1-Year</u>						
Return	4.34%	7.00%	10.89%	14.25%	n/a	n/a	n/a	n/a	n/a	
Policy Return (S&P 500)	10.51%	16.51%	19.69%	32.39%	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 LOPFI RETIREMENT SYSTEM
Performance Evaluation Summary (Net Returns)

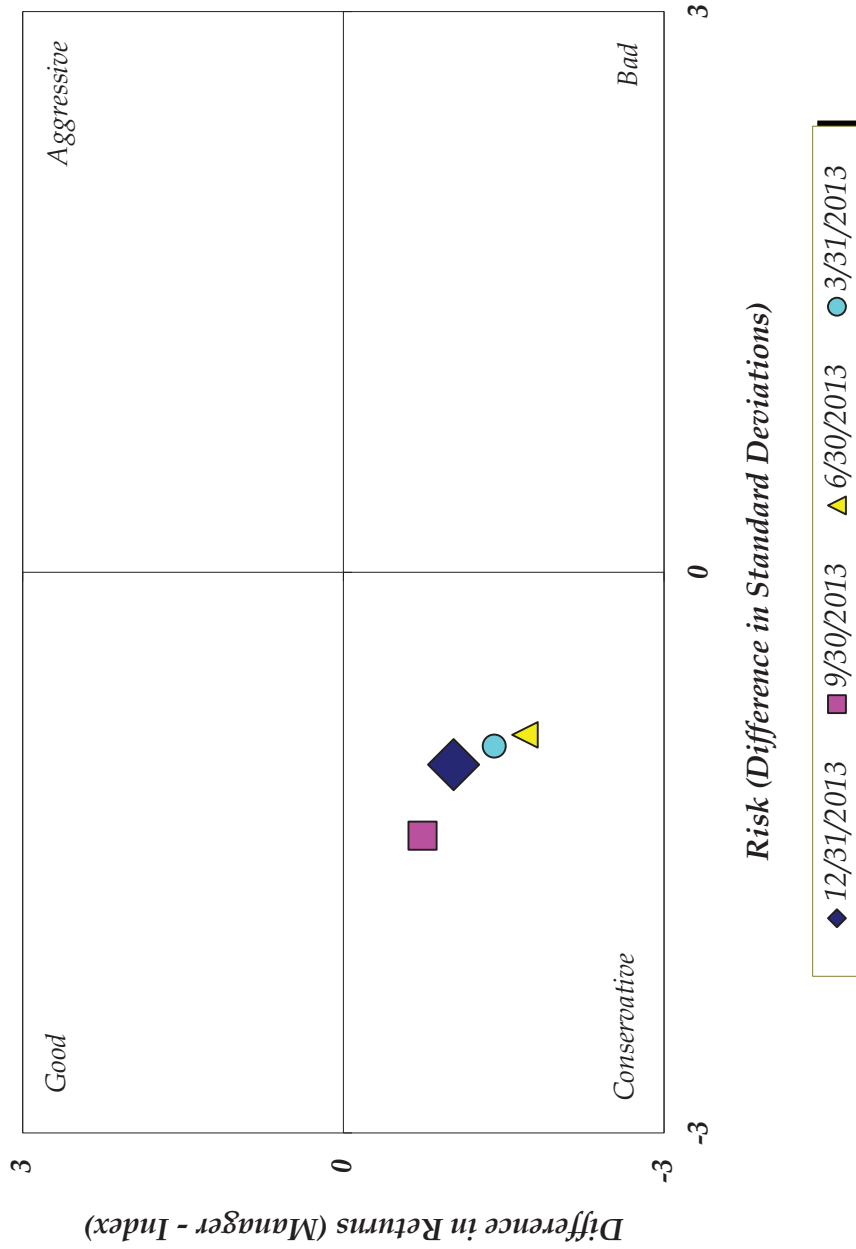
All calculations are time-weighted based on the market values and trade date of each transaction received from the bank
(Concluded)

December 31, 2013									
	Current Quarter	One Year	Three Years	Five Years	2012	Calendar Year End			2008
						2011	2010	2009	2008
ABERDEEN ASSET MANAGEMENT INTERNATIONAL BOND(Inc. 12/31/1997)									
Return	-1.30%	-5.68%	-0.42%	2.05%	1.15%	3.51%	4.71%	7.02%	7.00%
Policy Return (Citigroup Non US Dollar Bond)	-1.24%	-4.57%	0.62%	2.27%	1.50%	5.17%	5.21%	4.39%	10.11%
PIMCO INTERMEDIATE BOND (Inc. 09/30/2002)									
Return	-0.03%	-1.92%	4.07%	5.66%	10.34%	4.15%	7.06%	9.15%	5.71%
Ranking (Intermediate Fixed)	64	59	32	64	11	86	59	76	6
Policy Return (BCIGC)	-0.02%	-0.86%	2.91%	3.96%	3.89%	5.80%	5.89%	5.24%	5.08%
Policy Ranking (Intermediate Fixed)	63	26	75	88	88	62	71	95	10
WAMCO AGGREGATE BOND(Inc. 09/30/2002)									
Return	-2.49%	-2.41%	2.74%	7.28%	6.73%	4.12%	10.80%	18.25%	-12.15%
Ranking (Broad Fixed)	100	61	75	35	53	71	16	34	70
Policy Return (BCAB)	-0.14%	-2.02%	3.27%	4.45%	4.22%	7.86%	6.56%	5.93%	5.24%
Policy Ranking (Broad Fixed)	78	55	66	72	74	39	42	83	10
GHA FIXED INCOME (Inc 01/31/2005)									
Return	1.35%	1.09%	4.53%	6.10%	9.19%	3.47%	6.94%	10.09%	4.80%
Ranking (Broad Fixed)	20	20	40	47	31	76	39	68	11
Policy Return (BCGC)	-0.03%	-2.35%	3.63%	4.39%	4.82%	8.72%	6.59%	4.53%	5.71%
Policy Ranking (Broad Fixed)	73	60	60	73	70	34	42	68	9
SHORT TERM HIGH YIELD (Inc. 10/31/2013)									
Return	0.58%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Policy Return (Barclays High Yield U.S. Corporate)	1.05%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a



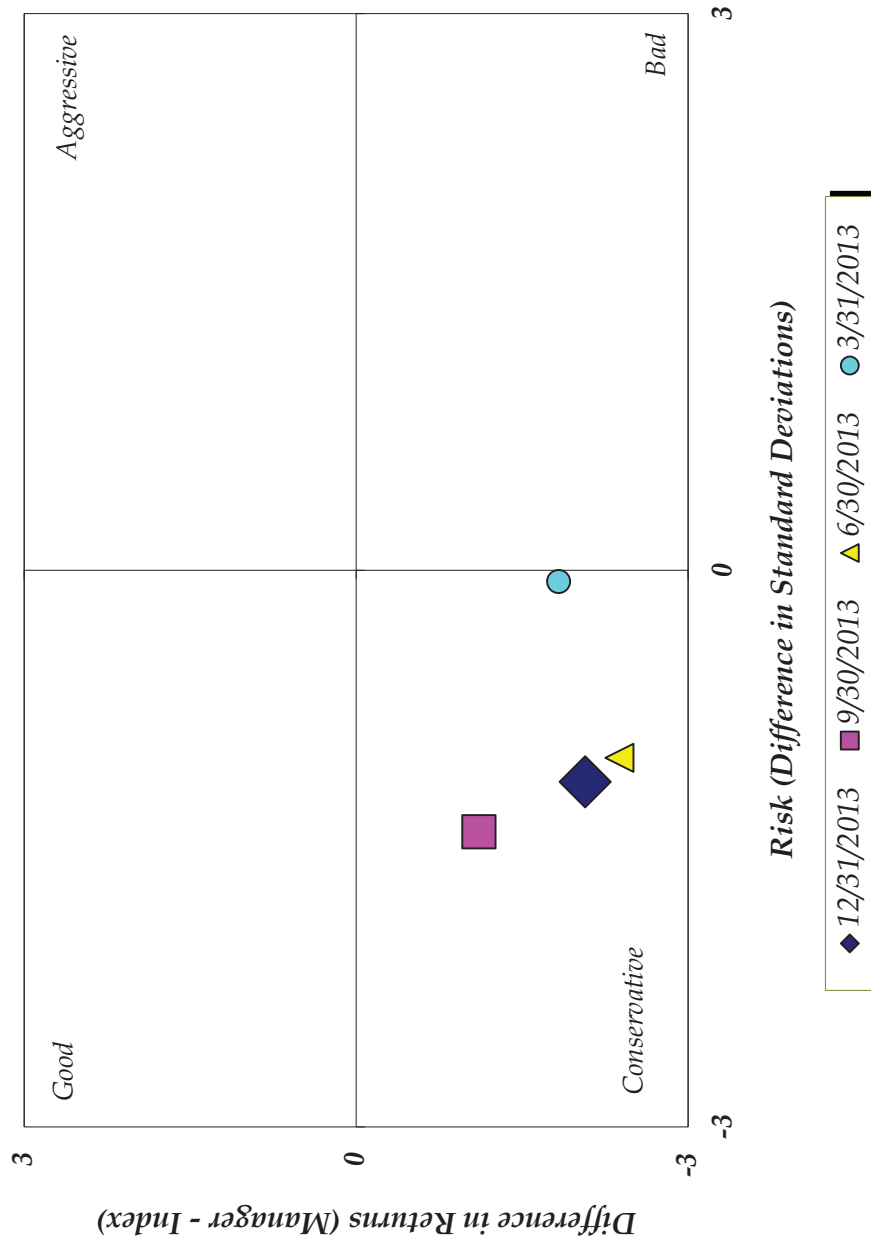
ARKANSAS LOPFI RETIREMENT SYSTEM
Total Fund Trailing 5-Years

December 31, 2013



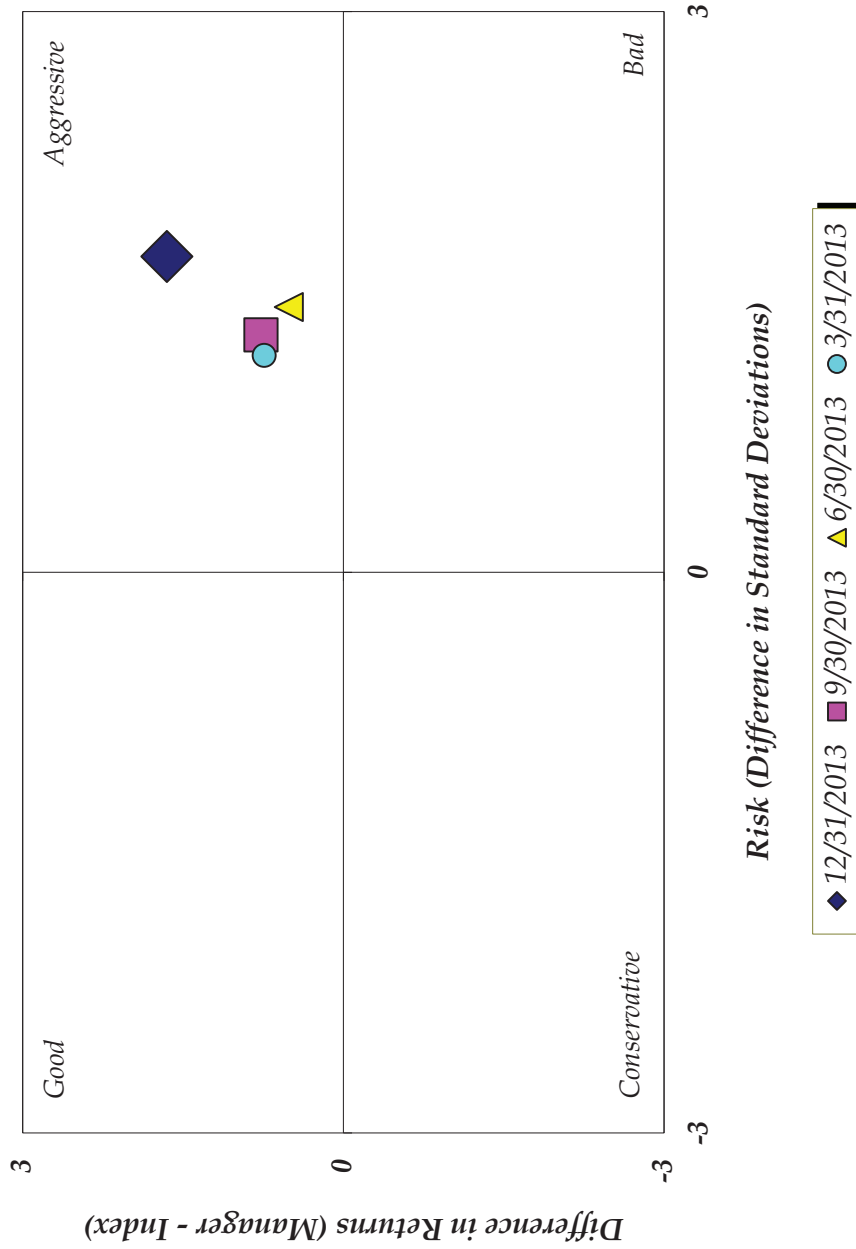
ARKANSAS LOPFI RETIREMENT SYSTEM
Total Equities Trailing 5-Years

December 31, 2013



ARKANSAS LOPFI RETIREMENT SYSTEM
Total Fixed Trailing 5-Years

December 31, 2013



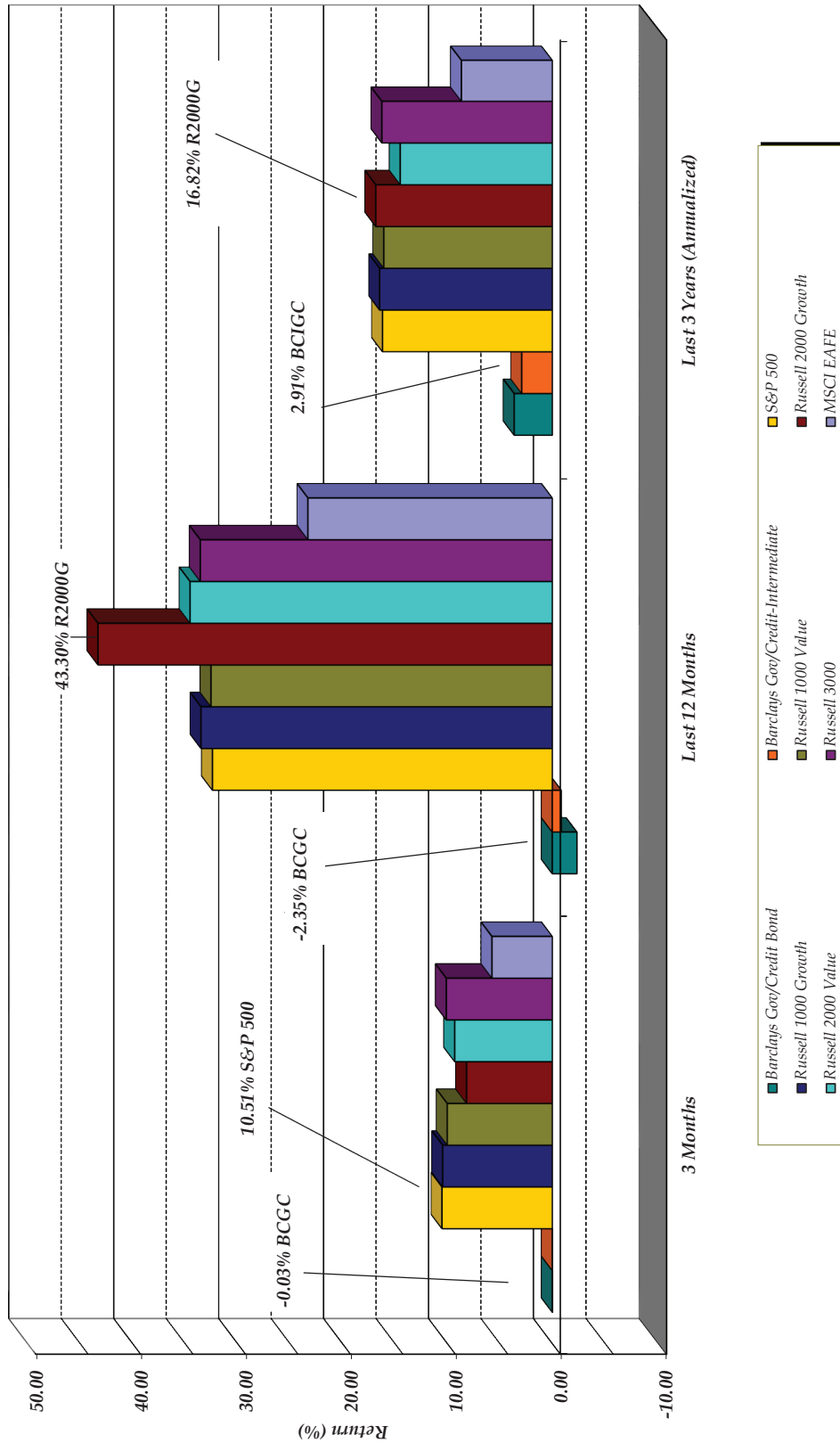
ARKANSAS LOPFI RETIREMENT SYSTEM

TOTAL ANNUAL RETURNS 2009 - 2013 (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)	
	2009	2010	2011	2012		2013
Wellington	36.22%	20.16%	-8.57%	19.35%	36.81%	19.38%
Barrow Hanley	23.74%	11.36%	1.99%	14.92%	32.12%	16.17%
Fisher	41.39%	11.34%	-12.00%	17.43%	17.14%	13.60%
PIMCO	9.47%	7.38%	4.15%	10.34%	-1.92%	5.66%
WAMCO	18.36%	12.61%	4.12%	6.73%	-2.41%	7.28%
Aberdeen	7.47%	5.03%	3.51%	1.15%	-5.68%	2.05%
SSGA Index Plus	25.59%	13.95%	2.09%	16.19%	32.39%	17.48%
Global Currents Intl. Eq.	33.73%	5.27%	-10.86%	20.99%	28.50%	14.02%
GHA	10.37%	7.20%	3.47%	9.19%	1.09%	6.10%
Dodge & Cox	31.27%	13.36%	-4.08%	22.23%	40.55%	19.65%
N.B. Crossroads	-23.57%	11.84%	25.97%	7.06%	14.71%	5.75%
Citigroup Private Equity	12.80%	0.00%	-5.80%	15.49%	47.24%	12.56%
JP Morgan R.E.	-26.95%	12.54%	14.85%	11.03%	14.79%	3.77%
JP Morgan Infrastructure	0.00%	0.00%	0.00%	11.75%	6.47%	3.54%
Macquarie	-0.94%	-2.70%	22.76%	-4.27%	64.25%	13.22%
Chickasaw			21.98%	16.62%	45.54%	30.92%
Mezzanine Partners KKR			-59.40%	11.38%	17.18%	-20.99%
CITCO			4.67%	4.67%	-23.28%	-6.07%
PIMCO Bravo			26.87%	26.87%	26.51%	20.78%
Goldman Sachs			-1.94%	-1.94%	4.76%	0.42%
AIM 13 Partners					14.25%	8.56%
Congress						25.09%
Fisher Emerging Markets						2.40%
Lazard						18.72%
New South Capital						20.25%
WAMCO Short Term						0.58%
TOTAL FUND	18.07%	10.68%	-0.42%	12.30%	17.76%	11.47%

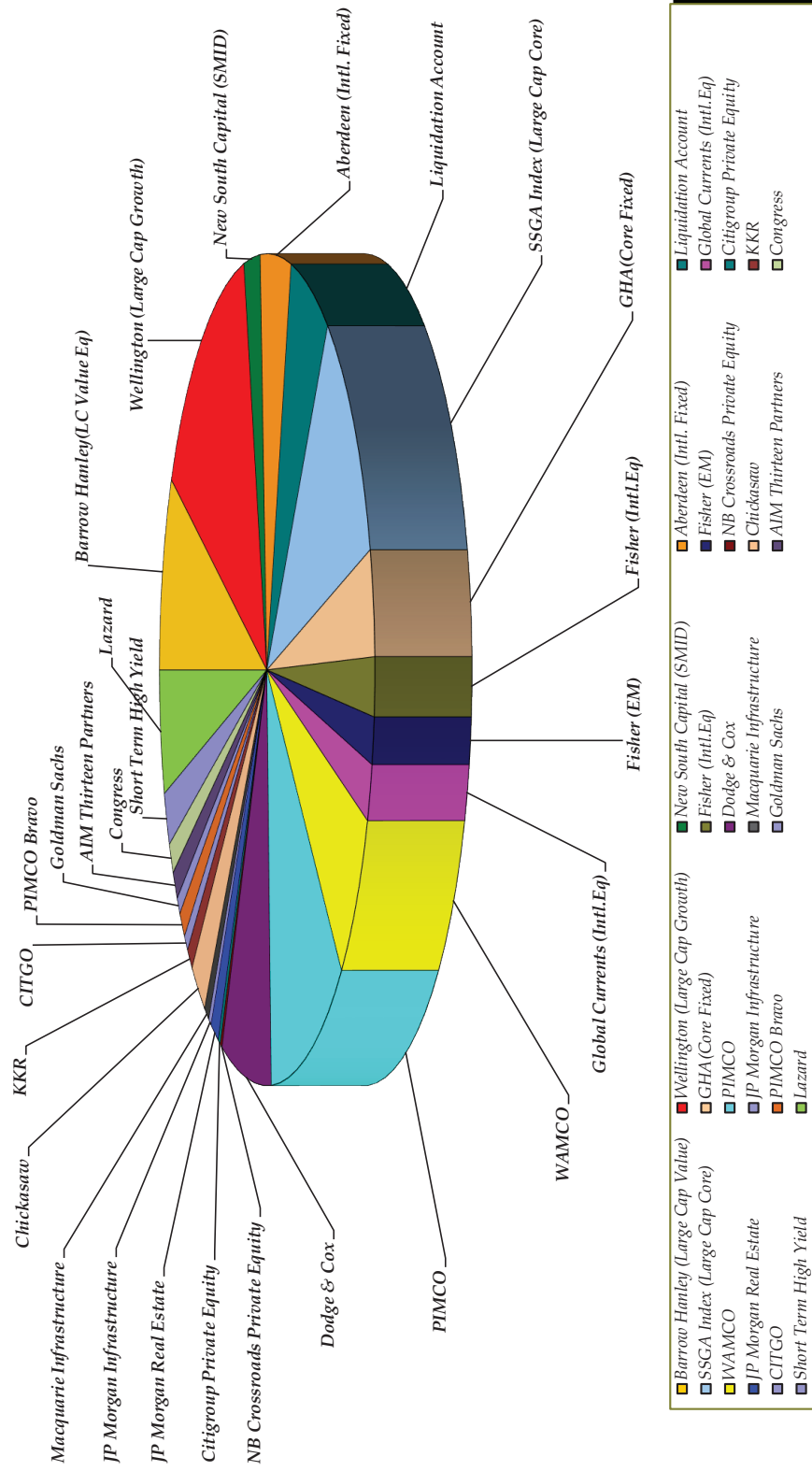
Index Comparison

December 31, 2013



Arkansas LOPFI Retirement System Executive Summary

December 31, 2013



Arkansas Local Police & Fire Retirement System
Schedule of Investment Expenses
As of December 31, 2013

Professional / Consultant	Nature of Service	Amount
300 North Capital - Small Cap Growth Equity	Money Manager	\$ 155,690.00
Aberdeen Asset - International Fixed Income	Money Manager	\$ 234,382.70
Barrow, Hanley - Large Cap Value - Equity	Money Manager	\$ 319,272.00
Chickasaw	Money Manager	\$ 269,812.66
ClearBridge (formerly Global Currents) - International Equity	Money Manager	\$ 176,871.14
Congress - Mid Cap Growth - Equity	Money Manager	\$ 45,093.71
Fisher Investments - International Equity	Money Manager	\$ 223,568.35
Garcia Hamilton - Core Fixed Income	Money Manager	\$ 148,411.51
JP Morgan	Money Manager	\$ 117,905.60
KKR	Money Manager	\$ 37,500.00
Lazard - Large Cap Equity	Money Manager	\$ 196,577.47
New South - Small/Mid Cap Value - Equity	Money Manager	\$ 188,424.00
State Street - Large Cap Core Equity	Money Manager	\$ 52,666.25
WAMCO - Aggregate Fixed Income/ High Yield	Money Manager	\$ 395,249.60
Wellington - Large Cap Growth - Equity	Money Manager	<u>\$ 696,640.95</u>
Total Investment Fees		<u>\$ 3,258,065.94</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>\$ 79,000.00</u>

Arkansas Local Police & Fire Retirement System
Schedule of Broker Commissions
Year Ending December 31, 2013

Brk#	Broker Name	Broker Commissions	Gross Price of Assets
100	CONVERGEX	\$9,907.05	\$13,362,373.21
13	SANFORD C. BERNSTEIN AND CO., LLC	\$2,287.59	\$3,449,125.21
161	MERRILL LYNCH, PIERCE, FENNER and	\$4,389.08	\$7,492,664.34
19	JEFFERIES and CO, INC	\$474.65	\$1,149,146.90
226	NATIONAL FINANCIAL SERVICES CORPORATION	\$3,572.00	\$5,627,032.42
229	BARCLAYS CAPITAL INC	\$1,818.75	\$1,399,111.67
235	RBC DAIN RAUSCHER INC	\$6,553.56	\$4,781,479.87
295	KNIGHT CLEARING SERVICES LLC	\$207.50	\$1,732,010.71
311	PIPER JAFFRAY	\$56.00	\$73,575.32
352	J.P. MORGAN SECURITIES INC	\$101.50	\$135,016.75
355	CREDIT SUISSE FIRST BOSTON LLC	\$2,082.24	\$4,514,704.23
418	CITIGROUP GLOBAL MARKETS INC.	\$12,019.48	\$9,584,862.56
45	HARRIS NESBITT CORP	\$1,867.50	\$1,726,185.86
46171	WELLS FARGO SECURITIES LLC	\$5,492.26	\$4,092,767.53
5	GOLDMAN SACHS and CO	\$4,786.65	\$6,982,772.68
50	MORGAN STANLEY	\$2,355.94	\$6,355,342.75
50091	LIQUIDNET INC	\$3,037.65	\$6,681,456.61
52759	KNIGHT SECURITIES, INC.	\$391.70	\$337,128.33
547	ROBERT BAIRD	\$417.60	\$388,955.83
57079	J.P. MORGAN SECURITIES INC.	\$6,951.35	\$13,166,319.12
571	OPPENHEIMER AND CO INC	\$569.24	\$697,166.56
573	DEUTSCHE BANK SECURITIES, INC.	\$3,026.29	\$4,108,909.41
57565	PULSE TRADING, LLC	\$34.74	\$214,740.96
58851	BTIG LLC	\$2,045.28	\$2,585,508.59
58985	HSBC BROKERAGE INC	\$509.00	\$779,035.23
59055	CAP INSTITUTIONAL SERVICES INC	\$5,440.83	\$4,645,925.51
59964	BLOOMBERG TRADEBOOK LLC	\$303.39	\$1,268,567.06
61374	CREDIT AGRICOLE SECURITIES USA	\$346.89	\$547,449.26
61610	BARCLAYS CAPITAL LE	\$30,442.61	\$68,680,881.40
6164	INVESTMENT TECHNOLOGY GROUP, INC	\$94.44	\$426,321.36
62465	KNIGHT EQUITY MARKETS LP	\$1,228.50	\$1,796,976.86
62512	COMPASS POINT RESEARCH AND TRADING LLC	\$24.15	\$14,021.70
62519	STRATEGAS SECURITIES LLC	\$1,408.65	\$2,086,067.75
6253	BROADCOURT CAPITAL CORP	\$353.50	\$558,313.26

Continued on next page

Arkansas Local Police & Fire Retirement System
Schedule of Broker Commissions
Year Ending December 31, 2013

Brk#	Broker Name	Broker Commissions	Gross Price of Assets
62563	EVERCORE GROUP LLC	\$226.20	\$481,522.12
63398	WUNDERLICH SECURITIES INC	\$240.00	\$678,450.80
642	UBS SECURITIES LLC	\$7,614.68	\$7,939,769.57
66817	WOLFE TRAHAN SECURITIES	\$133.29	\$210,642.72
67	INSTINET CORPORATION	\$2,874.23	\$2,080,088.76
6826	INSTINET	\$1,655.83	\$5,061,255.04
696	CANTOR FITZGERALD AND CO.	\$927.00	\$1,104,624.91
71761	DOWLING AND PARTNERS	\$346.50	\$445,025.58
72492	SUNGARD BROKERAGE AND SECURITIES SVCS LLC	\$130.00	\$491,024.30
725	RAYMOND JAMES and ASSOC. INC.	\$9,255.78	\$10,544,980.71
750	STERNE , AGEE and LEACH, INC	\$255.50	\$542,428.03
771	BLAIR WILLIAM and COMPANY	\$2,620.00	\$2,702,393.35
77318	COWEN AND COMPANY LLC	\$211.89	\$319,577.40
77583	JONES TRADING INSTITUTIONAL SERVICES	\$490.00	\$736,977.57
77733	STUART FRANKEL AND CO	\$150.21	\$302,209.02
77990	GUGGENHEIM CAPITAL MARKETS LLC	\$164.50	\$202,822.11
793	STIFEL, NICOLAUS AND CO.,INC.	\$178.80	\$245,937.40
799	KEYBANC CAPITAL MARKETS INC.	\$870.20	\$858,372.95
83213	ISI GROUP, INC	\$4,198.00	\$5,798,781.70
8620	FIDELITY CAP MARKETS (DIV OF N	\$1,800.00	\$3,247,492.75
8388	FRANK RUSSELL SEC/BROADCORT CAP CLEARING	\$56.00	\$125,395.60
84341	CITATION GROUP/BCC CLRG	\$1,133.78	\$2,707,661.42
8450	CREDIT RESEARCH AND TRADING L.L.C,	\$318.60	\$668,984.88
85704	BUCKINGHAM RESEARCH GROUP, INC.	\$287.00	\$406,357.02
89993	BNP SECURITIES USA INC	\$226.80	\$425,380.59
96	SCOTIA CAPITAL USA INC	\$139.27	\$230,940.75
9883	WEEDEN AND CO.	\$449.38	\$993,903.14
99	ITG INC	\$9.38	\$45,366.37
	TOTAL	\$151,560.38	\$231,040,283.37

Arkansas Local Police & Fire Retirement System
Highest Portfolio Holdings by Manager
Top Three Securities
As of December 31, 2013

	FISHER	LIQUIDATION	BARROW, HANLEY	CONGRESS	GARCIA HAMILTON	LAZARD	NEW SOUTH	WAMCO
	SIEMENS AG SPONSORED ADR ONE ADR							
1	REPRESENTS 1 ORD SHARE	REGIONS TRUST CASH SWEEP	WELLS FARGO & CO	UNITED CORP	FANNIE MAE CALLABLE DTD	REGIONS TRUST CASH SWEEP	REGIONS TRUST CASH SWEEP	UNITED STATES TREASURY DTD
MATURITY	N/A	N/A	N/A	N/A	9/19/2017-2014	N/A	N/A	10/31/2014
Fair Value	\$1,018,049	\$85,524,376	\$3,751,175	\$508,860	\$3,002,535	\$3,761,827	\$3,367,044	\$9,408,084
Book Value	\$634,627	\$85,524,376	\$2,580,640	\$310,743	\$3,038,896	\$3,761,827	\$3,367,044	\$9,409,489
Percent of Fund	3.06%	99.99%	3.43%	2.88%	5.01%	5.40%	9.56%	9.38%
	PRUDENTIAL PLC 2 ADR	ACCRUED INCOME	J P MORGAN CHASE & CO	CORE LABORATORIES - N V	MORGAN STANLEY DTD	APPLE INC	FLOWSERVE CORP	UNITED STATES TREASURY DTD
MATURITY	N/A	N/A	N/A	N/A	1/25/2021	N/A	N/A	8/15/2042
Fair Value	\$990,000	\$544	\$3,745,235	\$477,375	\$2,856,432	\$3,328,532	\$1,860,388	\$3,605,147
Book Value	\$578,991	\$544	\$2,709,606	\$401,101	\$2,815,810	\$2,715,516	\$1,243,468	\$4,422,772
Percent of Fund	2.97%	0.00%	3.42%	2.71%	4.76%	4.78%	5.28%	3.60%
	WPP PLC - 3 SPONSORED ADR		AMERICAN EXPRESS CO	ALLIANCE DATA SYSTEMS CORP	GENERA ELECTRIC CAPITAL CORP	CITIGROUP INC RR	THERMO FISHER SCIENTIFIC INC	LOAN MORTGAGE CORP
MATURITY	N/A	N/A	N/A	N/A	10/17/2021	N/A	N/A	2/3/2014
Fair Value	\$928,069	\$0	\$3,666,762	\$473,274	\$2,848,912	\$3,038,534	\$1,859,545	\$2,999,910
Book Value	\$531,075	\$0	\$2,058,873	\$338,134	\$2,953,406	\$2,766,765	\$1,375,160	\$2,995,508
Percent of Fund	2.79%	0.00%	3.35%	2.68%	4.75%	4.36%	5.28%	2.99%

Arkansas Local Police & Fire Retirement System

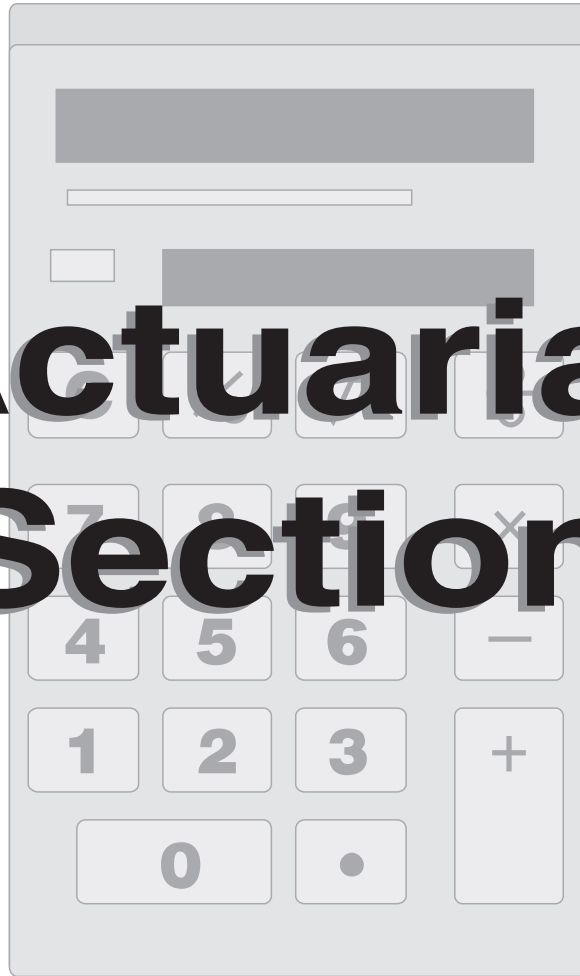
Investment Summary Year Ended December 31, 2013

<u>Type of Investment</u>	December 31, 2013		<u>% of Total</u>
	Cost Value	Fair Value	
Cash and Short Term Investments	\$ 107,915,063	\$ 107,915,063	7.4%
Investments:			
U.S. Government Obligations	74,891,788	73,768,469	5.1%
Corporate Obligations	83,160,296	81,493,641	5.6%
Foreign Bonds	1,765,150	1,527,783	0.1%
Fixed Income Collective Trusts	203,180,927	232,833,021	16.0%
Common and Preferred Stocks	204,049,769	260,900,828	17.9%
Special Situation Properties, etc.	169,854,263	196,909,295	13.5%
Equity Mutual Collective Trusts	316,744,086	499,477,117	34.3%
	\$1,053,646,278	\$1,346,910,154 *	92.4%
Land and Building	3,311,438	3,311,438	0.2%
Total Investments	\$1,164,872,779	\$1,458,136,655	100.0%

<u>Type of Investment</u>	December 31, 2012		<u>% of Total</u>
	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%
	\$ 916,905,395	\$1,084,539,812 *	93.8%
Land and Building	3,472,816	3,472,816	0.3%
Total Investments	\$ 989,084,229	\$1,156,718,646	100.0%

* Per Statements of Plan Net Assets on Page 24

Actuarial Section



ACTUARY'S LETTER

GABRIEL, ROEDER, SMITH & COMPANY
Consultants & Actuaries

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

June 6, 2014

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, 2013.

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, 2013, actuarial valuations were made for 806 employer groups. Summary information about the resulting new employer contribution rates is shown in the annual report. Results of the 2013 actuarial valuations indicate that aggregate actuarial accrued liabilities are 67% covered by the actuarial value of assets. This has increased from last year's result of 65%. The actuarial value of assets is 95% of the market value of assets as of December 31, 2013. These results include the 172 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, 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, 2013 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, 2013 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.

Future actuarial measurements may differ significantly from those presented in the annual valuations due to such factors as experience differing from that anticipated by actuarial assumptions, or changes in plan provisions, actuarial assumption/methods or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of future measurements.

The signing actuaries are independent of the plan sponsor.

Heidi G. Barry is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



David L. Hoffman



Heidi G. Barry, ASA, MAAA

DLH/HGB:dj

**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.

Continued on next page

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 -----

Decremments 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		N/A	4.1%	
12/31/2008	1	8	459,432		10.4%	0.1	
12/31/2009	1	8	487,527		6.1%	2.7	
12/31/2010	1	8	514,466		5.5%	1.5	
12/31/2011	1	8	543,380		5.6%	3.0	
12/31/2012	1	8	574,418		5.7%	1.7	
12/31/2013	1	8	600,538		4.5%	1.5	

* 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
12/31/2013	172	1,986	79,718,641	40,140	3.6

* Includes DROP participants, if any.

Continued on next page

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

Paid Police Not Covered by Social Security	Valuation Groups	Active Members*			Average Pay	% Increase	Inflation Increase % (CPI)
		Number	Annual Payroll				
12/31/1985	13	214	\$ 3,386,482	\$15,825	6.3 %	3.8 %	
12/31/1986	13	283	4,798,324	16,955	7.1	1.1	
12/31/1987	13	321	5,812,570	18,108	6.8	4.4	
12/31/1988	14	410	7,849,599	19,145	5.7	4.4	
12/31/1989	14	426	8,769,222	20,585	7.5	4.6	
12/31/1990	14	539	11,392,678	21,137	2.7	6.1	
12/31/1991	14	629	13,997,170	22,253	5.3	3.1	
12/31/1992	14	693	16,891,924	24,375	9.5	2.9	
12/31/1993	14	735	18,643,459	25,365	4.1	2.7	
12/31/1994	14	866	22,959,944	26,513	4.5	2.7	
12/31/1995	14	1,002	27,042,274	26,988	1.8	2.5	
12/31/1996	14	1,087	31,394,960	28,882	7.0	3.3	
12/31/1997	14	1,154	35,468,514	30,735	6.4	1.7	
12/31/1998	14	1,220	39,052,564	32,010	4.1	1.6	
12/31/1999	14	1,257	42,319,350	33,667	5.2	2.7	
12/31/2000	15	1,300	45,395,466	34,920	3.7	3.4	
12/31/2001	15	1,310	47,997,431	36,639	4.9	1.6	
12/31/2002	14	1,309	51,013,420	38,971	6.4	2.4	
12/31/2003	14	1,344	54,363,935	40,449	3.8	1.9	
12/31/2004	15	1,369	57,397,946	41,927	3.7	3.3	
12/31/2005	15	1,410	60,652,180	43,016	2.6	3.4	
12/31/2006	14	1,455	64,982,903	44,662	3.8	2.5	
12/31/2007	14	1,479	68,484,220	46,304	3.7	4.1	
12/31/2008	14	1,507	72,880,723	48,361	4.4	0.1	
12/31/2009	14	1,544	77,374,468	50,113	3.6	2.7	
12/31/2010	14	1,562	76,993,476	49,292	(1.6)	1.5	
12/31/2011	14	1,558	79,332,711	50,920	3.3	3.0	
12/31/2012	14	1,604	83,272,934	51,916	2.0	1.7	
12/31/2013	14	1,635	87,087,216	53,264	2.6	1.5	

* Includes DROP participants, if any.

Continued on next page

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

(Continued)

Paid Fire Covered by Social Security	Valuation Groups	Active Members*			Inflation Increase % (CPI)	
		Number	Annual Payroll	Average Pay		% Increase
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
12/31/2013	25	102	4,331,413	42,465	1.6	1.5

* Includes DROP participants, if any.

Continued on next page

**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	Annual Payroll			
12/31/1985	39	256	\$ 3,838,880	\$14,996	9.2 %	3.8 %	
12/31/1986	40	346	5,619,219	16,241	8.3	1.1	
12/31/1987	45	439	7,335,514	16,710	2.9	4.4	
12/31/1988	47	514	9,377,770	18,245	9.2	4.4	
12/31/1989	47	601	11,449,004	19,050	4.4	4.6	
12/31/1990	48	661	13,207,386	19,981	4.9	6.1	
12/31/1991	48	741	15,470,155	20,877	4.5	3.1	
12/31/1992	48	825	18,328,407	22,216	6.4	2.9	
12/31/1993	51	912	21,238,851	23,288	4.8	2.7	
12/31/1994	54	1003	24,431,883	24,359	4.6	2.7	
12/31/1995	55	1,115	28,317,948	25,397	4.3	2.5	
12/31/1996	55	1,216	32,183,785	26,467	4.2	3.3	
12/31/1997	58	1,334	37,011,225	27,745	4.8	1.7	
12/31/1998	58	1,417	41,048,974	28,969	4.4	1.6	
12/31/1999	58	1,549	47,249,417	30,503	5.3	2.7	
12/31/2000	60	1,680	52,268,378	31,112	2.0	3.4	
12/31/2001	59	1,732	57,430,283	33,158	6.6	1.6	
12/31/2002	59	1,821	64,691,073	35,525	7.1	2.4	
12/31/2003	59	1,888	70,635,697	37,413	5.3	1.9	
12/31/2004	60	1,956	76,826,671	39,277	5.0	3.3	
12/31/2005	57	2,029	81,650,944	40,242	2.5	3.4	
12/31/2006	59	2,122	88,041,571	41,490	3.1	2.5	
12/31/2007	61	2,245	95,882,874	42,710	2.9	4.1	
12/31/2008	60	2,202	98,780,987	44,860	5.0	0.1	
12/31/2009	61	2,360	108,383,023	45,925	2.4	2.7	
12/31/2010	61	2,374	110,404,238	46,506	1.3	1.5	
12/31/2011	61	2,415	114,640,275	47,470	2.1	3.0	
12/31/2012	60	2,478	118,625,189	47,871	0.8	1.7	
12/31/2013	60	2,514	124,879,563	49,674	3.8	1.5	

* Includes DROP participants, if any.

Continued on next page

**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	Number			
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	
12/31/2013	272	6,245	296,617,371	47,497	3.3	1.5	

* Includes DROP participants, if any.

Continued on next page

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
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
12/31/2013	85	293			1.5

* 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)

(Continued)

Volunteer Fire	Valuation Groups*	Active Members				Inflation Increase % (CPI)
		Number	Annual Payroll	Average Pay	% Increase	
12/31/1985	166	756	N/A	N/A	N/A	N/A
12/31/1986	185	1020				N/A
12/31/1987	202	1238				N/A
12/31/1988	207	1422				N/A
12/31/1989	215	1623				N/A
12/31/1990	218	1823				N/A
12/31/1991	226	2005				3.1
12/31/1992	232	2167				2.9
12/31/1993	237	2370				2.7
12/31/1994	239	2452				2.7
12/31/1995	238	2,684				2.5
12/31/1996	243	2,895				3.3
12/31/1997	248	3,063				1.7
12/31/1998	249	3,175				1.6
12/31/1999	253	3,397				2.7
12/31/2000	254	3,481				3.4
12/31/2001	255	3,585				1.6
12/31/2002	261	3,809				2.4
12/31/2003	266	4,033				1.9
12/31/2004	282	4,351				3.3
12/31/2005	293	4,580				3.4
12/31/2006	303	4,814				2.5
12/31/2007	410	6,502				4.1
12/31/2008	415	6,480				0.1
12/31/2009	424	6,412				2.7
12/31/2010	427	6,560				1.5
12/31/2011	440	6,804				3.0
12/31/2012	442	6,805				1.7
12/31/2013	449	6,847				1.5

* 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
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
12/31/2013	534	7,140			1.5

* 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, 2013
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									
20-24	261	18						279	\$ 8,860,170
25-29	594	200	36					830	30,619,398
30-34	401	456	188	67				1,112	46,982,521
35-39	181	282	359	184	62			1,068	50,410,314
40-44	123	120	271	380	180	45		1,119	58,259,012
45-49	53	72	104	219	269	132	27	876	48,652,731
50-54	24	31	39	104	167	203	30	598	34,088,698
55-59	18	29	25	37	43	80	18	250	13,280,244
60-64	9	11	16	15	17	19	2	89	4,455,489
65-69			4	1	5	1	2	13	588,370
70+	3		2	2	1	2	1	11	420,423
Totals	1,667	1,219	1,044	1,009	744	482	80	6,245	\$ 296,617,370

Average Age: 39.1 years

Average Service: 12.1 years

Average Pay: \$47,497

* Includes DROP participants.

As a comparison, 6,139 paid service members participated in LOPFI on December 31, 2012.

**LOPFI (Excluding Local Funds)
Volunteer Service Active Members – December 31, 2013
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	
Under 20	65						65
20-24	604	48					652
25-29	463	283	52				798
30-34	358	265	229	53			905
35-39	327	206	175	166	53		927
40-44	245	226	167	167	130	42	977
45-49	219	188	140	149	126	106	953
50-54	137	143	119	136	110	86	764
55-59	95	87	86	99	71	58	535
60-64	57	64	57	52	43	30	324
65-69	35	38	14	14	10	7	125
70+	23	40	21	15	5	2	115
Totals	2,628	1,588	1,060	851	548	331	7,140
							134

Average Age: 41.1 years

Average Service: 10.0 years

As a comparison, 7,029 volunteer service members participated in LOPFI on December 31, 2012.

LOPFI
Computed Employer Contributions
For Paid Service Members by Valuation Groups
December 31, 2013

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	1,986	1	-	2	1	2	2	9	4	151	172				
W/SS	1,635	-	-	-	2	1	1	1	2	7	14				
W/O SS															
Paid Fire	102	-	-	-	-	-	-	-	-	25					
W/SS	2,514	-	-	-	-	2	3	1	-	54	60				
W/O SS															
December 31, 2013	6,245	1	-	2	3	5	6	11	6	238	272				
December 31, 2012 *#	6,139	1	2	3	6	6	11	7	16	220	272				
December 31, 2011 @	6,016	3	3	6	6	12	6	17	19	203	275				
December 31, 2010	5,949	7	6	6	13	6	17	18	27	174	274				
December 31, 2009	5,907	8	8	8	5	11	20	17	33	159	269				
December 31, 2008 *#	5,640	13	7	4	12	17	17	27	26	135	258				
December 31, 2007	5,603	16	7	3	12	16	17	31	23	136	261				
December 31, 2006	5,328	13	6	6	7	23	17	30	21	124	247				
December 31, 2005	5,115	10	9	6	15	19	14	26	22	115	236				
December 31, 2004 #	4,966	13	5	11	14	15	19	22	29	108	236				
December 31, 2003 *	4,849	44	10	19	20	31	27	24	13	45	233				
December 31, 2002 #	4,720	47	15	15	16	26	29	21	21	46	236				
December 31, 2001	4,573	116	10	31	13	14	17	11	4	14	230				
December 31, 2000 *#	4,493	81	19	19	15	26	11	14	12	31	228				
December 31, 1999	4,301	57	22	37	32	29	14	11	5	8	215				
December 31, 1998 *#	3,998	56	16	25	44	23	15	13	5	11	208				
December 31, 1997	3,715	52	23	45	24	22	10	17	1	8	202				
December 31, 1996 *#	3,472	46	16	42	29	20	15	9	6	5	188				
December 31, 1995	3,194	23	20	39	43	28	15	7	2	4	181				
December 31, 1994	2,807	20	15	39	47	23	11	4	2	7	168				
December 31, 1993	2,477	20	30	42	35	14	6	3	4	2	156				
December 31, 1992	2,224	21	26	45	26	12	3	5	2	2	142				
December 31, 1991 *	2,007	6	18	38	45	15	10	2	1	3	138				
December 31, 1990	1,739	2	2	3	5	13	26	16	33	27	127				

Continued on next page

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

LOPFI
Computed Employer Contributions
For Volunteer Service Members by Valuation Groups
December 31, 2013
(Concluded)

Group	Number of Active Members	Number of Valuation Groups with Indicated Computed Employer Contributions Expressed as Dollars Per Month Per Active Member													Totals		
		Under \$10.00	From \$10.00 to \$14.99	From \$15.00 to \$19.99	From \$20.00 to \$24.99	From \$25.00 to \$29.99	From \$30.00 to \$34.99	From \$35.00 to \$39.99	From \$40.00 to \$44.99	From \$45.00 to \$49.99	From \$50.00 to \$54.99	From \$55.00 to \$59.99	From \$60.00 and Over				
Volunteer Police	293	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	85
Volunteer Fire	6,847	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	449
December 31, 2013	7,140	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	534
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	23	8	3	10	3	10	325	
December 31, 2004	4,406	1	1	13	49	109	62	27	15	14	3	2	10	3	10	306	
December 31, 2003 *	4,088	2	5	26	80	95	44	11	7	10	3	3	4	3	4	290	
December 31, 2002 #	3,858	10	17	54	103	47	22	8	6	4	1	2	6	2	6	280	
December 31, 2001 *	3,601	62	114	55	18	7	3	1	-	2	1	1	1	1	1	265	
December 31, 2000 #	3,490	79	81	60	16	12	3	4	1	1	1	3	1	3	1	262	
December 31, 1999	3,407	69	110	48	14	6	2	3	3	2	-	1	3	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
		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 \$17.99	From \$18.00 and Over		
December 31, 1998 *#	3,183	19	10	6	7	13	10	19	23	20	41	53	35	256	
December 31, 1997	3,077	14	11	7	5	8	11	17	33	19	49	53	31	258	
December 31, 1996 *#	2,905	10	11	4	10	11	18	20	32	30	36	46	24	252	
December 31, 1995	2,693	28	12	17	26	27	36	20	26	18	11	13	12	246	
December 31, 1994	2,462	15	13	14	30	42	31	26	22	16	14	14	10	247	
December 31, 1993	2,375	13	14	20	47	33	24	35	14	14	12	7	8	241	
December 31, 1992	2,172	8	9	15	37	38	38	29	21	16	10	11	4	236	
December 31, 1991 *	2,007	5	11	11	27	37	48	29	28	11	9	8	4	228	
December 31, 1990	1,824	-	1	1	2	10	22	40	60	40	32	8	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	27	\$ 1,250,260
Bella Vista Paid Fire	37	1,959,686
Fayetteville Paid Police	120	6,284,988
Fayetteville Paid Fire	107	5,974,054
Fort Smith Paid Police	162	8,027,435
Fort Smith Paid Fire	156	7,950,569
Hot Springs Paid Police	101	5,180,968
Hot Springs Paid Fire	80	3,929,747
Marion Paid Police	27	970,358
Total BP2	817	\$ 41,528,065

* Includes DROP participants, if any.

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

Year Ended December 31:	2007	2008	2009	2010	2011	2012	2013
A. Funding Value Beginning of Year	\$724,746,827	\$827,546,002	\$788,633,082	\$878,958,364	\$982,154,992	\$1,070,685,918	\$1,169,357,127
B. Market Value End of Year	833,278,709	657,194,235	827,769,490	955,781,853	1,001,672,848	1,158,753,904	1,467,975,980
C. Market Value Beginning 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
D. Non-Investment Net Cash Flow	31,978,254	39,182,990	49,499,030	46,538,504	43,975,999	42,804,915	99,797,352
E. Investment Income							
E1. Market Total: B - C - D	64,789,263	(215,267,464)	121,076,225	81,473,859	1,914,996	114,276,141	209,424,724
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	59,258,876	67,771,000	65,070,608	72,178,209	80,331,439	87,367,070	97,540,464
E3. Amount for Phased-In Recognition E1-E2	5,530,387	(283,038,464)	56,005,617	9,295,650	(78,416,443)	26,909,071	111,884,260
F. Phased-In Recognition of Investment Income							
F1. Current Year: 0.20 x E3	1,106,077	(56,607,693)	11,201,123	1,859,130	(15,683,289)	5,381,814	22,376,852
F2. First Prior Year	4,573,141	1,106,077	(34,259,555)	11,201,123	1,859,130	(15,683,289)	5,381,814
F3. Second Prior Year	(6,865,141)	4,573,141	1,106,077	(34,259,555)	11,201,123	1,859,130	(15,683,289)
F4. Third Prior Year	1,319,258	(6,865,141)	4,573,141	1,106,077	(34,259,555)	11,201,123	1,859,130
F5. Fourth Prior Year	11,428,710	1,319,258	(6,865,142)	4,573,140	1,106,079	(34,259,554)	11,201,125
F6. Total Recognized Investment Gain	11,562,045	(56,474,358)	(24,244,356)	(15,520,085)	(35,776,512)	(31,500,776)	25,135,632
G. Funding Value End of Year: A + D + E2 + F6	827,546,002	878,025,634	878,958,364	982,154,992	1,070,685,918	1,169,357,127	1,391,830,575
120% Corridor		788,633,082	993,323,388	1,146,938,224	1,202,007,418	1,390,504,685	1,761,571,176
80% Corridor		525,755,388	662,215,592	764,625,482	801,338,278	927,003,123	1,174,380,784
Funding Value End of Year:	788,633,082	878,958,364	878,958,364	982,154,992	1,070,685,918	1,169,357,127	1,391,830,575
H. Difference between Market & Funding Value	5,732,707	(131,438,847)	(51,188,874)	(26,373,139)	(69,013,070)	(10,603,223)	76,145,405
I. Recognized Rate of Return	9.56%	(9.22%)	5.02%	6.28%	4.44%	5.12%	10.06%
J. Market Rate of Return	8.61%	(25.24%)	17.75%	9.57%	0.20%	11.17%	17.33%
K. Ratio of Funding Value to Market Value	99.31%	120.00%	106.18%	102.76%	106.89%	100.92%	94.81%

from Asset derivation 2013-12-31.xls

LOPFI
Reported Accrued Assets Available for Benefits
December 31, 2013

<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	\$ 528,643	\$ 60,912	\$ -	\$ 589,555
Paid Police W/SS	172	115,194,783	9,425,160		124,619,943
Paid Police W/O SS	14	230,258,930	74,561,267	-	304,820,197
Paid Fire W/SS	25	5,958,948	1,392,022	-	7,350,970
Paid Fire W/O SS	<u>60</u>	<u>336,356,750</u>	<u>104,115,838</u>	-	<u>440,472,588</u>
Subtotal	271	687,769,411	189,494,287	-	877,263,698
Volunteer Police and Fire	534	30,327,496	-	-	30,327,496
Retirants and Beneficiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,597,599</u>	<u>385,597,599</u>
Total	806	718,625,550	189,555,199	385,597,599	\$ 1,293,778,348

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, 2013. Totals include accounts for employers with no active participants as of December 31, 2013.

@ Does not include assets of \$161,043,740 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	1,144,065,505	741,339,106	65	18.97
12/31/2013	272	6,245	1,234,260,098	830,390,612	67	19.39

* 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		Valuation Assets	Assets/Liabilities*	Average Contribution Rate
			Accrued Liabilities	Valuation Assets			
12/31/1990	219	1,824	\$ 1,242,840	\$ 974,615	78 %	\$ -	
12/31/1991 #	228	2,007	1,363,736	1,419,691	104	-	
12/31/1992	236	2,172	1,697,104	1,691,725	100	-	
12/31/1993 @	241	2,375	2,125,680	2,306,668	109	9.48	
12/31/1994	247	2,462	2,604,592	2,712,264	104	10.31	
12/31/1995	246	2,693	3,122,936	3,321,253	106	10.32	
12/31/1996 #+	252	2,905	4,202,938	4,143,074	99	13.63	
12/31/1997	258	3,077	5,079,848	5,049,479	99	14.36	
12/31/1998 #+	256	3,183	6,339,040	6,172,383	97	14.71	
12/31/1999	261	3,407	7,421,534	7,804,389	105	14.05	
12/31/2000 +	262	3,490	8,554,865	9,638,082	113	14.76	
12/31/2001 #	265	3,601	8,814,220	10,923,088	124	14.13	
12/31/2002 +	280	3,858	14,587,662	11,956,886	82	24.02	
12/31/2003 #	290	4,088	19,207,277	13,069,692	68	27.46	
12/31/2004	306	4,406	22,136,019	13,673,013	62	30.72	
12/31/2005	325	4,650	26,240,543	16,517,560	63	32.30	
12/31/2006	341	4,905	30,139,607	18,430,385	61	33.91	
12/31/2007	461	6,620	42,720,023	22,236,583	52	39.15	
12/31/2008 #	457	6,603	47,019,246	17,508,921	37	46.14	
12/31/2009	468	6,551	48,890,402	17,034,083	35	49.15	
12/31/2010	485	6,734	52,068,716	19,655,706	38	49.62	
12/31/2011	512	7,034	56,421,727	21,564,055	38	51.56	
12/31/2012 #	511	7,029	60,215,143	23,703,257	39	53.75	
12/31/2013	534	7,140	63,106,093	28,084,402	45	52.68	

* 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	Valuation Assets		
12/31/1990	-	-	\$ 995,966	\$ 966,600	97 %	
12/31/1991 #	-	-	1,516,885	1,691,501	112	
12/31/1992	-	-	1,864,953	2,477,618	133	
12/31/1993	-	-	2,780,124	3,495,960	126	
12/31/1994	-	-	3,211,812	3,898,615	121	
12/31/1995	-	-	4,481,762	5,331,275	119	
12/31/1996 +	-	-	5,828,171	6,714,604	115	
12/31/1997	-	-	8,108,160	8,810,636	109	
12/31/1998	-	-	10,027,020	10,962,655	109	
12/31/1999	-	-	13,364,856	14,462,943	108	
12/31/2000	-	-	16,360,731	16,943,763	104	
12/31/2001 #	-	-	19,316,724	19,853,584	103	
12/31/2002 +	-	-	28,897,704	27,629,725	96	
12/31/2003 #	-	-	38,810,117	39,864,734	103	
12/31/2004	-	-	48,878,672	48,455,552	99	
12/31/2005	-	-	65,530,656	65,115,240	99	
12/31/2006	-	-	79,179,485	80,827,514	102	
12/31/2007	-	-	95,286,950	100,568,257	106	
12/31/2008 #	-	-	122,445,893	122,445,893	100	
12/31/2009	-	-	152,859,019	152,859,019	100	
12/31/2010	-	-	189,166,801	189,166,801	100	
12/31/2011	-	-	245,094,370	245,094,370	100	
12/31/2012 #	-	-	308,554,826	308,554,826	100	
12/31/2013	-	-	379,284,767	379,284,767	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 Accrued Liabilities	Valuation Assets		Assets/ Liabilities*
				Valuation Assets	Valuation Assets	
12/31/1990	346	3,563	\$ 27,837,100	\$ 28,580,033	103 %	102.67%
12/31/1991 #	366	4,014	31,255,277	39,627,327	127	126.79%
12/31/1992	378	4,396	40,639,539	52,058,960	128	128.10%
12/31/1993 @	397	4,852	51,461,972	72,343,644	141	140.58%
12/31/1994	415	5,269	64,905,409	84,882,551	131	130.78%
12/31/1995	427	5,887	80,181,869	106,065,522	132	132.28%
12/31/1996 #+	440	6,377	103,077,193	134,197,116	130	130.19%
12/31/1997	460	6,792	124,711,694	167,359,869	134	134.20%
12/31/1998 #+	464	7,181	163,972,861	206,731,036	126	126.08%
12/31/1999	476	7,708	195,413,734	260,470,866	133	133.29%
12/31/2000 +	490	7,983	243,153,878	319,463,454	131	131.38%
12/31/2001 #	495	8,174	227,362,242	370,073,069	163	163.00%
12/31/2002 +	516	8,578	334,669,488	406,708,841	122	122.00%
12/31/2003 #	523	8,937	428,752,889	452,660,886	106	105.58%
12/31/2004 +	542	9,372	541,093,221	491,233,395	91	90.79%
12/31/2005	561	9,765	618,406,640	565,422,082	91	91.43%
12/31/2006	588	10,233	713,161,455	655,010,055	92	91.85%
12/31/2007	722	12,223	837,807,012	767,436,622	92	92.00%
12/31/2008 #+	715	12,243	994,882,906	802,335,578	81	81.00%
12/31/2009	737	12,458	1,148,172,556	792,453,642	69	69.00%
12/31/2010	759	12,683	1,253,429,572	873,069,438	70	70.00%
12/31/2011	787	13,050	1,379,015,055	964,990,383	70	70.00%
12/31/2012 #+	783	13,168	1,512,835,474	1,073,597,189	71	71.00%
12/31/2013	806	13,385	1,676,650,958	1,237,759,781	74	74.00%

* 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 December 31	Actuarial Accrued Liabilities for				Portion of Present Values Covered by Assets		
	Member Contributions (1)	Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)	Actuarial Value of 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	290,143,869	967,407,118	1,031,482,975	100	100	58
2013	189,555,199	357,817,076	1,044,704,899	1,188,207,688	100	100	61

Local Paid Service

Valuation Date December 31	Actuarial Accrued Liabilities for				Portion of Present Values Covered by Assets		
	Member Contributions (1)	Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)	Actuarial Value of 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	248,990,760	28,111,237	88,851,483	100	35	-
2013	1,647,055	347,697,141	29,055,445	146,413,041	100	42	-

LOPFI Volunteer Service

Valuation Date December 31	Actuarial Accrued Liabilities for				Portion of Present Values Covered by Assets		
	Member Contributions (1)	Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)	Actuarial Value of 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 +	-	18,410,957	60,215,143	42,114,214	-	100	39
2013	-	21,467,691	63,106,093	49,552,093	-	100	45

Local Volunteer Service

Valuation Date December 31	Actuarial Accrued Liabilities for				Portion of Present Values Covered by Assets		
	Member Contributions (1)	Retirees and Beneficiaries (2)	Active and Inactive Members, Employer Financed Portion (3)	Actuarial Value of 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	13,196,487	540,604	6,908,455	100	52	-
2013	17,759	13,940,442	336,339	7,657,753	100	55	-

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

***Derivation of Actuarial Gain (Loss)
Year Ended December 31, 2013
(LOPFI and Local Plans Combined)***

(1)	UAAL* at start of year	\$ 636,458,514
(2)	Employer normal cost from last valuation	29,524,769
(3)	Actual employer contributions	73,092,900
(4)	Interest accrual: (1) x .08 + [(2)-(3)] x (.08/2)	49,173,956
(5)	Expected UAAL before changes: (1) + (2) - (3) + (4)	642,064,339
(6)	Change from benefit changes*	48,978,852
(7)	Change from revised actuarial assumptions	-
(8)	Expected UAAL after changes	691,043,191
(9)	Actual UAAL at end of year	677,514,564
(10)	Gain (loss) (8) - (9)	13,528,627
(11)	Gain (loss) as percent of actuarial accrued liabilities at start of year	\$1,805,815,641 0.7%

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)
2013	0.7

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

Arkansas Local Police and Fire Retirement System
Brief Summary as of December 31, 2013 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 2013 was \$1,336.

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 its 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 2013. 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, 2013 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, 2013 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 2013 was \$1,336.

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, 2013 valuations was \$6.37 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, 2013 valuations was \$10.31 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.

**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.

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 \$6.37 effective July 1, 2014 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 \$10.31 effective July 1, 2014 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.

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

Continued on next page

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).

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

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%

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

LOPFI Paid Service

	Added		Removed		End of Year		% Increase		Average	
	No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance	in Annual Allowance	Annual Allowance	Annual Allowance	Increase in Allowance
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	
December 31, 2013										
Retirement	266	6,777,411	14	186,507	1,501	30,036,397	28.11	20,011	6.61	
Survivor of active	8	67,790	1	4,286	99	670,394	10.46	6,772	2.65	
Survivor of retired	8	71,254	2	48,476	47	348,805	6.99	7,421	(6.68)	

* 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		% Increase in Annual Allowance	Average	
	No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance		Annual Allowance	Increase in Allowance %
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
December 31, 2013									
Retirement	234	274,185	27	30,879	1,462	1,686,913	16.85	1,154	0.35
Survivor of active	21	7,185	7	2,099	122	44,042	13.06	361	0.00
Survivor of retired	26	29,008	3	1,758	91	92,734	41.61	1,019	5.82

Continued on next page

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

Local 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	Annual Allowance	% Increase in Allowance
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	-	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
December 31, 2013												
Retirement	300	8,003,688	22	403,589	1,189	27,779,210			37.66	23,364		5.48
Survivor of active	3	70,252	4	51,330	22	361,918			5.52	16,451		10.31
Survivor of retired	102	2,151,973	7	76,301	347	6,079,214			51.85	17,519		10.27

Continued on next page

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

Local Volunteer Service

	Added		Removed		End of Year		% Increase		Average	
	No.	Annual Allowance	No.	Annual Allowance	No.	Annual Allowance	in Annual Allowance	Annual Allowance	Annual Allowance	Increase in Allowance %
December 31, 2008	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	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	144.31	1,518	(12.76)	
Survivor of retired	43	59,514	17	23,031	182	242,424	17.72	1,332	0.91	
December 31, 2010	48	87,376	23	34,348	659	1,084,447	5.14	1,646	1.17	
Survivor of active	0	211	0	0	14	21,468	1	1,533	0.99	
Survivor of retired	131	181,383	113	151,528	200	272,279	12.32	1,361	2.18	
December 31, 2011	21	37,674	25	35,673	655	1,086,448	0.18	1,659	0.79	
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	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	
December 31, 2013	49	93,001	20	31,531	669	1,133,786	5.73	1,695	1.19	
Survivor of active	3	3,730	1	1,800	14	21,289	9.97	1,521	(5.70)	
Survivor of retired	33	57,346	18	27,045	217	314,556	10.66	1,450	3.06	

* Data corrections in 2010.



Statistical Section Summary

Retirement

Page 110 reflects Demographic Data for active, inactive vested, retirees and survivors as of December 31, 2013. Annualized benefits payable as of December 31, 2013 by Option Type is shown on page 111.

Assets vs. Liabilities

Page 112 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 113 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 114 provides a breakdown of benefits paid by type for the last 10 years.

Schedule of Revenues by Source

Page 113 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 113 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 114-127 present schedules of retirement payments showing type of retirement, option selected by each type of department.

Participating Employer Groups

Page 128 shows the Top Ten Participating Employers in the plan.

LOPFI Demographic Data

(Excluding Local Funds)
As of December 31, 2013

Active Paid Members

Number.....	6,245
Average Age.....	39.1 years
Average Length of Service.....	12.1 years
Average Annual Salary.....	\$47,497

Active Volunteer Members

Number.....	7,140
Average Age.....	41.1 years
Average Length of Service.....	10 years

Inactive Vested Members

6,036

Total Retirees and Survivors

Number.....	3,322
Average Monthly Benefit.....	\$825@

2013 Retirees and Survivors

	<u>Normal</u>		<u>Duty Related Disability</u>
Number	2,529	Number	284
Average Age	62 years	Average Age	49.9 years
Average Length of Service	15 years	Average Length of Service	10.2 years
Average Monthly Benefit	\$713	Average Monthly Benefit	\$2,363
	<u>Survivors (Death in Service)</u>		<u>Non-Duty Related Disability</u>
Number	221	Number	288
Average Age	37.9 years	Average Age	50.0 years
Average Monthly Benefit	\$269	Average Length of Service	9.2 years
		Average Monthly Benefit	\$718

@ Average monthly benefit is \$1,502 and \$91 for paid service members and volunteer service members, respectively.

LOPFI
Benefit by Type, Last Ten Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Type of Benefit										
Age and service benefits:										
Retirees	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	47,799,528
Survivors	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	6,200,657
Death in service benefits	144,802	321,658	372,308	421,281	564,159	898,742	936,616	980,215	1,008,201	1,097,643
Disability benefits:										
Retirees - duty	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	9,924,865
Retirees - non-duty	551,710	665,900	772,410	1,054,652	1,283,033	1,680,756	2,001,873	2,371,096	2,645,607	2,911,913
Survivors	446,938	423,452	437,643	447,447	506,442	299,158	481,592	572,584	570,491	634,652
Total benefits	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	68,569,258
Refunds	1,346,832	836,941	1,280,366	1,019,140	995,285	1,027,093	814,866	1,097,813	1,504,764	1,499,210
	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	68,569,258

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 114.

**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)
12/31/2000 *	\$ 425,122,202	\$ 416,222,207	\$ (8,899,995)	102%	\$ 142,778,723	-%
12/31/2001 +	\$ 481,431,953	\$ 428,840,581	\$ (52,591,372)	112%	\$ 152,883,342	-%
12/31/2002 *	\$ 515,600,263	\$ 534,533,175	\$ 18,932,912	96%	\$ 163,420,616	12%
12/31/2003 +	\$ 553,057,228	\$ 625,021,624	\$ 71,964,396	88%	\$ 178,850,477	40%
12/31/2004 *	\$ 601,798,909	\$ 754,004,285	\$ 152,205,376	80%	\$ 193,670,943	79%
12/31/2005	\$ 653,546,976	\$ 842,926,984	\$ 189,380,008	78%	\$ 207,890,440	91%
12/31/2006	\$ 724,746,827	\$ 927,816,659	\$ 203,069,832	78%	\$ 222,107,556	91%
12/31/2007	\$ 827,546,002	\$ 1,054,599,720	\$ 227,053,718	78%	\$ 235,337,218	96%
12/31/2008 *+	\$ 788,633,082	\$ 1,200,515,663	\$ 411,882,581	66%	\$ 245,775,341	168%
12/31/2009	\$ 878,958,364	\$ 1,379,093,412	\$ 500,135,048	64%	\$ 265,123,993	189%
12/31/2010	\$ 982,154,992	\$ 1,519,527,855	\$ 537,372,863	65%	\$ 268,424,127	200%
12/31/2011	\$ 1,070,685,918	\$ 1,654,156,087	\$ 583,470,169	65%	\$ 275,850,081	212%
12/31/2012 *+	\$ 1,169,357,127	\$ 1,805,815,641	\$ 636,458,514	65%	\$ 284,595,308	224%
12/31/2013	\$ 1,391,830,575	\$ 2,069,345,139	\$ 677,514,564	67%	\$ 298,805,693	227%

* After legislated benefit increases for LOPFI members

+ After changes in actuarial assumptions

LOPFI
Expenses by Type
Last Ten Calendar Years

Year	Benefits Paid - *	Member			Total Expenses
		Contribution Refunds	Administrative Expenses	DROP Distributions	
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
2013	\$55,152,120	\$1,499,210	\$2,082,784	\$5,380,916	\$64,115,030

LOPFI
Revenues by Source
Last Ten Calendar Years

Year	Member Contributions	Employer Contributions	Merger / Military Purchase	Investment Income (Loss)	Total Income (Loss)
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
2013	\$20,169,412	\$76,454,536	\$65,205,449	\$211,487,865	\$373,317,262

LOPFI
Changes in Net Assets
Last Ten Calendar Years

Year	Change in Plan Net Assets
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
2013	\$ 309,202,232

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
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
2013	\$36,078,524	\$6,079,754	\$12,343,933	\$649,909	\$55,152,120

LOPFI Staff

Monthly Benefit	No. of Retirees	Type of Retirement*						Option Selected#			
		1	2	3	4	5	6	Life	Opt. A	Opt. B	Opt. C
\$1-500	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

Paid Police (Excluding Local Plan)
(Continued)

Monthly Benefit	No. of Retirees	Type of Retirement*						Option Selected#			
		1	2	3	4	5	6	Life	Opt. A	Opt. B	Opt. C
\$1-500	336	246	3	-	53	6	28	127	67	68	74
501-1,000	202	127	2	2	34	8	29	89	28	46	39
1,001-1,500	113	74	5	11	16	5	2	53	18	22	20
1,501-2,000	127	47	3	49	15	13	-	76	13	19	19
2,001-2,500	116	42	-	54	9	11	-	62	11	27	16
2,501-3,000	89	36	-	39	6	8	-	53	8	16	12
3,001-3,500	52	24	-	15	3	10	-	34	3	8	7
3,501-4,000	29	14	1	9	1	4	-	14	4	6	5
Over \$4,000	34	23	-	3	-	8	-	23	3	5	3
Total	1,098	633	14	182	137	73	59	531	155	217	195

* 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

Paid Fire (Excluding Local Plan)
(Continued)

Monthly Benefit	No. of Retirees	Type of Retirement*						Option Selected#			
		1	2	3	4	5	6	Life	Opt. A	Opt. B	Opt. C
\$1-500	69	37	-	-	11	4	17	35	10	20	4
501-1,000	64	27	1	1	10	6	19	44	5	10	5
1,001-1,500	80	47	1	5	9	16	2	43	14	12	11
1,501-2,000	78	40	1	16	7	13	1	37	14	18	9
2,001-2,500	72	22	-	27	4	18	1	49	5	14	4
2,501-3,000	85	37	-	31	3	14	-	50	8	16	11
3,001-3,500	45	17	-	17	3	8	-	27	4	9	5
3,501-4,000	33	21	-	2	2	8	-	19	4	8	2
Over \$4,000	22	19	-	1	-	2	-	11	-	10	1
Total	548	267	3	100	49	89	40	315	64	117	52

* 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

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	68	63	-	-	5	-	28	13	5	22
51-75	1	1	-	-	-	-	-	1	-	-
76-100	1	1	-	-	-	-	-	-	1	-
101-125	6	6	-	-	-	-	2	2	-	2
126-150	1	1	-	-	-	-	-	1	-	-
151-175	-	-	-	-	-	-	-	-	-	-
176-200	1	1	-	-	-	-	1	-	-	-
201-225	1	1	-	-	-	-	-	1	-	-
Over \$225	-	-	-	-	-	-	-	-	-	-
Total	79	74	-	-	5	-	31	18	6	24

* 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

Volunteer Fire (Excluding Local Plan)
(Continued)

Monthly Benefit	No. of Retirees	Type of Retirement*					Option Selected#			
		1	2	3	4	5	Life	Opt. A	Opt. B	Opt. C
\$1-50	433	285	1	1	48	98	193	51	80	109
51-75	239	200	1	-	20	18	85	40	34	80
76-100	189	164	4	-	16	5	60	46	20	63
101-125	224	205	7	-	11	1	70	61	31	62
126-150	211	206	3	-	2	-	64	38	12	97
151-175	168	167	-	1	-	-	50	45	11	62
176-200	98	98	-	-	-	-	26	9	13	50
201-225	31	31	-	-	-	-	12	3	2	14
Over \$225	3	3	-	-	-	-	1	-	1	1
Total	1,596	1,359	16	2	97	122	561	293	204	538

* 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

Schedule of Retirements by Type of Benefit and Department

(Continued)

LOPFI Staff

Retirement Effective Dates January 1, 2009 to December 31, 2013		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.							
01/01/13 - 12/31/13	Average Monthly Benefit	\$ 458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Final Average Pay*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Number of Active Retirees	1	-	-	-	-	-	-
	* Final Average Pay for 1 member was not provided.							

Continued on next page

Schedule of Retirements by Type of Benefit and Department

(Continued)
LOPFI
Paid Police

Retirement Effective Dates			Service at Retirement					
			0-4#	5-9	10-14	15-19	20-24	25-29
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.								
01/01/13 - 12/31/13	Average Monthly Benefit	\$ 494	\$ 1,023	\$ 1,483	\$ 2,027	\$ 2,397	\$ 3,210	\$ 2,648
	Final Average Pay*	\$ 34,064	\$ 38,056	\$ 41,080	\$ 46,684	\$ 48,336	\$ 60,635	\$ 52,014
	Number of Active Retirees	346	237	167	124	133	82	9
* Final Average Pay for 142 members was not provided.								
# Includes 117 members whose service was not provided.								

Gabriel Roder Smith & Company

Continued on next page



Schedule of Retirements by Type of Benefit and Department

(Continued)

LOPFI
Paid Fire

Retirement Effective Dates		Service at Retirement						
		0-4#	5-9	10-14	15-19	20-24	25-29	30+
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.								
01/01/13 - 12/31/13	Average Monthly Benefit	\$ 769	\$ 1,376	\$ 1,692	\$ 2,300	\$ 2,349	\$ 3,326	\$ 3,193
	Final Average Pay*	\$ 41,955	\$ 49,217	\$ 46,334	\$ 50,471	\$ 49,392	\$ 59,981	\$ 58,426
	Number of Active Retirees	102	100	89	71	80	96	10
* Final Average Pay for 88 members was not provided. # Includes 59 members whose service was not provided.								

Schedule of Retirements by Type of Benefit and Department

(Continued)

LOPFI
Volunteer Police

Retirement Effective Dates January 1, 2004 to December 31, 2013		Service at Retirement						
		0-4	5-9	10-14	15-19	20-24	25-29	30+
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
	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
	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
	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
	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
	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
	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
	Number of Active Retirees	13	5	2	2	-	2	1
01/01/11 - 12/31/11	Average Monthly Benefit	\$ 11	\$ 38	\$ 71	\$ 106	\$ -	\$ 162	\$ 207
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	20	9	2	2	-	2	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
	Number of Active Retirees	34	15	2	2	1	2	1
	# Includes 2 members whose service was not provided.							
01/01/13 - 12/31/13	Average Monthly Benefit	\$ 10	\$ 39	\$ 76	\$ 109	\$ 123	\$ 172	\$ 220
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	50	18	2	4	2	2	1
	# Includes 3 members whose service was not provided.							

Schedule of Retirements by Type of Benefit and Department

(Continued)

LOPFI Volunteer Fire

Retirement Effective Dates		Service at Retirement						
		0-4#	5-9	10-14	15-19	20-24	25-29	30+
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.								
01/01/13 - 12/31/13	Average Monthly Benefit	\$ 38	\$ 45	\$ 72	\$ 103	\$ 126	\$ 162	\$ 192
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	355	232	221	169	311	208	100
# Includes 213 members whose service was not provided.								

Schedule of Retirements by Type of Benefit and Department

(Continued)

Local Plan
Paid Police

Retirement Effective Dates January 1, 2004 to December 31, 2013			Service at Retirement						
			0-4#	5-9	10-14	15-19	20-24	25-29	30+
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.									
01/01/13 - 12/31/13	Average Monthly Benefit	\$ 1,754	\$ 1,541	\$ 1,582	\$ 1,910	\$ 1,850	\$ 2,030	\$ 1,837	
	Final Average Pay	\$ 83,946	\$ 17,949	\$ 26,323	\$ 35,739	\$ 40,846	\$ 57,784	\$ 45,431	
	Number of Active Retirees	516	7	8	25	122	97	82	
* Final Average Pay for 715 members was not provided. # Includes 516 members whose service was not provided.									

Gabriel Roder Smith & Company

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Schedule of Retirements by Type of Benefit and Department

(Continued)

Local Plan
Paid Fire

Retirement Effective Dates January 1, 2004 to December 31, 2013		Service at Retirement						
		0-4#	5-9	10-14	15-19	20-24	25-29	30+
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.								
01/01/13 - 12/31/13	Average Monthly Benefit	\$ 1,730	\$ 3,056	\$ 1,356	\$ 1,687	\$ 1,672	\$ 1,940	\$ 2,187
	Final Average Pay	\$ 34,420	\$ 38,605	\$ 60,732	\$ 28,122	\$ 35,075	\$ 39,114	\$ 44,957
	Number of Active Retirees	317	1	3	14	93	119	154
* Final Average Pay for 426 members was not provided. # Includes 312 members whose service was not provided.								

Gabriel Roder Smith & Company

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Schedule of Retirements by Type of Benefit and Department

(Concluded)

**Local Plan
Volunteer Fire**

Retirement Effective Dates January 1, 2004 to December 31, 2013	Service at Retirement							
	0-4#	5-9	10-14	15-19	20-24	25-29	30+	
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.							
01/01/13 - 12/31/13	Average Monthly Benefit	\$ 132	\$ 113	\$ 117	\$ 116	\$ 134	\$ 147	\$ 146
	Final Average Pay	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retirees	498	4	3	16	99	136	144
	# Includes 494 members whose service was not provided.							

Gabriel Roder Smith & Company

LOPFI
Top Ten Participating Employers

	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004	
	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees	No. Employees	% of Covered Employees
Fayetteville Paid Police	120	1.9%	112	1.8%	114	1.9%	114	1.9%	118	2.0%	120	2.1%	120	2.1%	115	2.2%	115	2.2%	105	2.1%
Fort Smith Paid Fire	156	2.5%	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%
Fort Smith Paid Police	162	2.6%	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%
Jonesboro Paid Police	154	2.5%	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%
Little Rock Paid Fire	395	6.3%	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%
Little Rock Paid Police	539	8.6%	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%
North Little Rock Paid Fire	139	2.2%	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%
North Little Rock Paid Police	188	3.0%	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%
Pine Bluff Paid Police	150	2.4%	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%
Springdale Paid Police	123	2.0%	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%