

AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND
ACTUARIAL VALUATION
AS OF DECEMBER 31, 2009

**AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND
STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and short-term investments	\$ 6,673,779	\$ 9,376,944
Receivables:		
Due from broker for securities sold	361,732	2,011,662
Accrued interest and dividends	428,399	510,212
	<u>790,131</u>	<u>2,521,874</u>
Investments, at fair value:		
Corporate stocks	223,246,124	207,502,090
International mutual funds	57,840,456	29,940,210
Domestic mutual fund	95,302,703	45,492,835
Bond index funds	128,383,759	175,590,320
Tips index funds	18,839,680	0
	<u>523,612,722</u>	<u>458,525,455</u>
Corporate stocks - small business	<u>884,647</u>	<u>884,647</u>
Property and equipment, net of accumulated depreciation of \$69,207 and \$59,006, respectively	<u>300,804</u>	<u>308,738</u>
TOTAL ASSETS	<u>532,262,083</u>	<u>471,617,658</u>
LIABILITIES		
Due to broker for securities purchased	476,827	2,165,731
Accounts payable	537,956	493,142
TOTAL LIABILITIES	<u>1,014,783</u>	<u>2,658,873</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 531,247,300</u>	<u>\$ 468,958,785</u>

(A schedule of funding progress is presented on page 15.)

See accompanying notes to financial statements.

**AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ADDITIONS		
Contributions:		
Participating fire fighters	\$ 11,864,192	\$ 11,823,533
City of Austin, Texas	13,640,066	13,593,297
	<u>25,504,258</u>	<u>25,416,830</u>
Investment income:		
Net appreciation in fair value of investments	58,367,845	(145,529,807)
Interest	12,890	264,456
Dividends	7,961,890	8,412,077
	<u>66,342,625</u>	<u>(136,853,274)</u>
Less investment expenses	(2,753,104)	(3,283,225)
	<u>63,589,521</u>	<u>(140,136,499)</u>
Other income	<u>291,775</u>	<u>682,824</u>
Total additions	<u>89,385,554</u>	<u>(114,036,845)</u>
DEDUCTIONS		
Benefits paid directly to participants	26,824,361	24,789,560
Refunds of contributions	0	158,790
	<u>26,824,361</u>	<u>24,948,350</u>
Administrative expenses	272,678	274,916
	<u>27,097,039</u>	<u>25,223,266</u>
Total deductions	<u>27,097,039</u>	<u>25,223,266</u>
Net increase	62,288,515	(139,260,111)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	<u>468,958,785</u>	<u>608,218,896</u>
End of year	<u>\$ 531,247,300</u>	<u>\$ 468,958,785</u>

See accompanying notes to financial statements.

AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(Unaudited)
(Dollar amounts in thousands)

Actuarial Valuation Date (1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Over funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Valuation Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$ 589,261	\$ 664,185	\$ 74,924	88.7%	\$ 78,980	94.9%
12/31/07	584,420	586,802	2,382	99.6%	76,556	3.1%
12/31/05	493,567	580,054	86,487	85.1%	65,885	131.3%
12/31/03	421,136	452,669	31,533	93.0%	55,939	56.4%
12/31/01	395,371	406,266	10,895	97.3%	49,726	21.9%

(1) Actuarial studies are performed on a biennial basis.

See accompanying notes to required supplementary information.

AUSTIN FIRE FIGHTERS RELIEF AND RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)

<u>Year Ended</u> <u>December 31</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2009	10,065,697	136%
2008	15,885,383	86%
2007	15,885,383	86%
2006	13,346,422	87%
2005	10,748,757	100%
2004	10,446,320	100%
2003	9,714,921	100%
2002	9,229,549	100%
2001	8,560,786	100%

See accompanying notes to required supplementary information.

June 14, 2010

Mr. William E. Stefka
Administrator
Austin Fire Fighters Relief and Retirement Fund
4101 Parkstone Heights Drive, Suite 270
Austin, TX 78746

**Re: Austin Fire Fighters Relief and Retirement Fund Actuarial Valuation as of
December 31, 2009**

Dear Mr. Stefka:

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Austin Fire Fighters Relief and Retirement Fund (the Fund) as of December 31, 2009.

Actuarial Valuation

The primary purposes of the valuation report are to determine the adequacy of the current City's contribution rate, to describe the current financial condition of the Fund, and to analyze changes in the Fund's condition. In addition, the report provides information required by the City of Austin in connection with Governmental Accounting Standards Board Statements Number 25 and Number 27. However, this report is not intended to provide a complete set of GASB disclosures necessary for the financial statements of the City of Austin.

Basis for Funding

The member and City contribution rates are established by statute. The City's and the members' contributions are intended to be sufficient to pay the normal cost and to amortize the Fund's unfunded actuarial accrued liability.

Funding Status

As of December 31, 2009, the employer contribution rate for GASB 25 purposes needed in order to pay the normal cost and fund the Unfunded Actuarial Accrued Liability over 30 years is 20.06%. This amount is more than the 13.32% employer contribution rate calculated as of December 31, 2007. The current contribution rate, and negotiated future contribution increases, cover the normal cost and the amortization of the Unfunded Actuarial Accrued Liability (UAAL) over 20.5 years.

Benefit Provisions

The actuarial valuation reflects the benefit and contribution provisions set forth in the Fund's statutes. There are no significant benefits which were not taken into account in this valuation. The valuation is based on the same benefit provisions as the previous valuation.

Based on a recent collective bargaining agreement, the City is scheduled to increase the contribution to the Fund to 19.05% effective October 1, 2010, 20.05% effective October 1, 2011, 21.05% effective October 1, 2012, and 22.05% effective for the 25th pay period of the 2012-2013 fiscal year. Our funding period calculation reflects these contribution increases even though they have not yet been written into the statutes.

Postretirement adjustments are provided to retired members of the Fund contingent upon the actuarial soundness of the contributions to the Fund. Any analysis of postretirement adjustments and the actuarial soundness of the contributions to the Fund will be provided under separate cover.

Assumptions and Methods

The actuarial assumptions and methods used in the valuation are presented in Schedule C.

The assumptions used are individually reasonable and reasonable in the aggregate.

Data

Asset information and member data for retired, active, and inactive members was supplied as of December 31, 2009 by the Administrator. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data.

Subsequent Events or Trends

This report does not take into account any changes in the financial markets that occurred after the measurement date. Taking these into account could have had the effect of significantly impacting the market and actuarial value of assets shown. The effect of these events on any funded ratios, funding costs or funding periods shown is not known. GASB guidelines prohibit reflection of changes in assets and underlying economic conditions that occur after the measurement date.

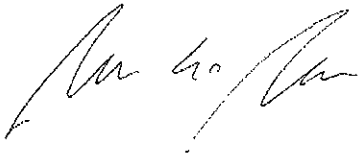
Mr. William E. Stefka
June 14, 2010

Actuarial Certification

The actuarial assumptions used to quantify the ongoing cost of the Fund were approved by the Board and are, individually and in the aggregate, reasonable and in combination represent the best estimate of anticipated experience under the Fund. Based on the foregoing, the cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures.

The report was prepared under my supervision. I am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Very truly yours,



Richard A. Mackesey, FSA, EA, MAAA
Principal, Consulting Actuary

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Section 1	-	Summary of Principal Results
Section 2	-	Comments on the Valuation
Section 3	-	Actuarial Funding Requirements
Section 4	-	Accounting Information
Section 5	-	Summary of Asset Information
Schedule A	-	Membership Data
Schedule B	-	Summary of Benefits Provisions
Schedule C	-	Summary of Actuarial Methods and Assumptions
Table 1	-	The Number and Annual Average Compensation of Active Members Distributed by Fifth Age and Service
Table 2	-	Number and Annual Retirement Allowance of Retired Members, Disabled Members and Beneficiaries in Receipt by Age

Summary of Principal Results

	December 31, 2009	December 31, 2007
Membership		
Active	1,025	1,047
Terminated with benefits due	14	11
Retired members and beneficiaries	525	464
Valuation Compensation		
Total	\$ 78,979,991	\$ 76,556,061
Average	\$ 77,054	\$ 73,119
Assets		
Market value	\$ 530,927,802	\$ 607,332,924
Actuarial value	\$ 589,261,001	\$ 584,419,830
Valuation Results		
Unfunded actuarial accrued liability	\$ 74,924,239	\$ 2,382,326
Funding period	20.5 years	0.6 years
GASB No. 25		
Actuarial accrued liability (AAL)	\$ 664,185,240	\$ 586,802,156
Actuarial value of assets	\$ 589,261,001	\$ 584,419,830
GASB ratio	88.7%	99.6%
Unfunded AAL (UAAL)	\$ 74,924,239	\$ 2,382,326

Comments on the Valuation

Overview

The current and negotiated contribution rates are sufficient to keep the Fund actuarially sound, based on the current membership data, the current financial data, the current benefit provisions and the actuarial assumptions and methods used to determine liabilities and costs.

The overall funding of the Plan remains sound. The funding period increased to 20.5 years from 0.6 years. This increase was primarily due to the asset experience partially offset by the negotiated future contribution increases.

Section 3 shows in more detail the changes to the normal cost rate and the funding period based on the current contribution rates.

Funding Status

There are two significant measures of the funding status of the Fund. The first is the 30-year funding cost. This is the City contribution rate required by GASB 25 to pay the normal cost and to amortize the UAAL. As of December 31, 2009, this rate is 20.06% compared with the City's current contribution rate of 18.05% and with the 30-year funding cost as of December 31, 2007 of 13.32%. Section 3 shows a reconciliation of the changes between the 2007 and 2009 figures and a reconciliation of the UAAL between 2007 and 2009.

The other measure is the funding period. This is the length of time in years that will be required to amortize the current UAAL based on the scheduled contribution rates. As of December 31, 2009, the current and negotiated future contribution rates are sufficient to pay the normal cost and amortize the UAAL over 20.5 years.

The UAAL is the excess of the liability assigned to prior years (the actuarial accrued liability) over the value of assets.

GASB Statements

Section 4 provides the information required for reporting under GASB No. 25.

Benefit Provisions

Schedule B summarizes all the benefit provisions of the Fund. There are no significant benefits which were not taken into account in this valuation. The valuation is based on the same benefit provisions as the previous valuation.

Based on a recent collective bargaining agreement, the City is scheduled to increase the contribution to the Fund to 19.05% effective October 1, 2010, 20.05% effective October 1, 2011, 21.05% effective October 1, 2012, and 22.05% effective for the 25th pay period of the 2012-2013 fiscal year. Our funding period calculation reflects these contribution increases even though they have not yet been written into the statutes.

Actuarial Assumptions and Methods

The actuarial assumptions and methods used in the valuation are presented in Schedule C.

The assumptions used are individually reasonable and reasonable in the aggregate.

GASB Statement No. 27

Under GASB Statement No. 27, employers must determine a pension expense based on a 30-year amortization of the UAAL. The amortization can assume payroll growth due to inflation, but no membership growth. If the actual contribution rate is less than the rate required by GASB No. 27, the excess must be expensed. This will result in the employer showing an accrued but unpaid liability for pension benefits on its financial statements.

A City Contribution rate of 20.06% will be required for the City to avoid significantly increasing the pension liability on its financial statements for the fiscal year beginning in 2010. At the current rate of contribution rate of 18.05%, and assuming no other changes, the City will be required to increase any accrued but unpaid pension liability for the Fund on its financial statement in the future.

Financial Data

The financial data used in this report was supplied by the Fund.

Section 5 reconciles the Fund's assets between 2007 and 2009 and shows the development of the actuarial value of assets (AVA). Rather than using the market value for cost calculations, an adjusted market value, which phases in gains and losses (compared to the assumed investment return rate) is used. The estimated rates of return for 2008 and 2009 are -23.0% and 13.7%, respectively, for the market value of assets, and -4.0% and 5.2%, respectively, for the actuarial value of assets.

Membership Statistics

Data on active members and on retired members was supplied by the Administrator. Active membership decreased over the past two years while total payroll for active members grew. The active membership decreased from 1,047 members as of December 31, 2007 to 1,025 members as of December 31, 2009. The total active payroll increased from \$76,556,061 to \$78,979,991 over the same period, a 3.2% increase. Schedule A shows a summary of the membership data.

Actuarial Cost, Margin and Funding Period

	<u>December 31, 2009</u>	<u>December 31, 2007</u>
1. Covered Payroll	\$ 78,979,991	\$ 76,556,061
2. Actuarial value of future pay	\$ 764,130,719	\$ 804,726,176
3. Current contribution rates		
a. City	18.05%	18.05%
b. Member	\$ <u>15.70%</u>	<u>15.70%</u>
c. Total	33.75%	33.75%
4. Actuarial present value of future benefits	\$ 895,123,489	\$ 818,881,113
5. Actuarial present value of future normal costs		
a. Total	\$ 230,938,249	\$ 232,078,957
b. Member (3b x 2)	119,968,523	126,342,010
c. City (5a - 5b)	110,969,726	105,736,947
6. Actuarial accrued liability (4 - 5a)	\$ 664,185,240	\$ 586,802,156
7. Actuarial value of assets	\$ 589,261,001	\$ 584,419,830
8. Unfunded actuarial accrued liability (UAAL) (6 - 7)	\$ 74,924,239	\$ 2,382,326
9. Normal cost		
a. Normal cost percentage (5a ÷ 2)	30.22%	28.84%
b. Total normal cost (1 x 9a)	\$ 23,867,753	\$ 22,078,768
c. Member normal cost (1 x 3b)	12,399,859	12,019,302
d. City normal cost (9b - 9c)	11,467,894	10,059,466
e. City normal rate (9d ÷ 1)	14.52%	13.14%
10. Funding period to amortize UAAL*	20.5 years	0.6 years

* Based on a recent collective bargaining agreement, the City is scheduled to increase the contribution to the Fund to 19.05% effective October 1, 2010, 20.05% effective October 1, 2011, 21.05% effective October 1, 2012, and 22.05% effective for the 25th pay period of the 2012-2013 fiscal year. Our funding period calculation reflects these contribution increases even though they have not yet been written into the statutes.

Analysis of Change in UAAL

1. UAAL as of December 31, 2007	\$ 2,382,326
2. Changes due to:	
a. Expected increase/(decrease)	\$ (7,860,753)
b. Actual contributions (greater)/less than expected	1,755,497
c. Liability experience	(9,755,328)
d. Asset experience	<u>88,402,497</u>
e. Total changes	\$ 72,541,913
3. UAAL as of December 31, 2009	\$ 74,924,239

Analysis of Change in Funding Cost

1. 30-year funding cost as of December 31, 2007	29.02%
2. Changes due to:	
a. Resetting of amortization from prior year	(0.57%)
b. Actual contributions (greater)/less than expected	0.12%
c. Liability experience	0.66%
d. Asset experience	<u>6.53%</u>
e. Total	6.74%
3. 30-year funding cost as of December 31, 2009	35.76%

Analysis of Change in Funding Period

1. Funding period as of December 31, 2007	0.6
2. Changes due to:	
a. Passage of time	(2.0)
b. Actual contributions (greater)/less than expected	0.5
c. Liability experience	(3.6)
d. Asset experience and negotiated contribution increases	<u>25.0</u>
e. Total	19.9
3. Funding period as of December 31, 2009	20.5

Historical Trend Information

(As required by GASB #25 - Amounts are in millions of dollars)

	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2005	493.6	580.1	86.5	85.1%	65.9	131.3%
December 31, 2007	584.4	586.8	2.4	99.6%	76.6	3.1%
December 31, 2009	589.3	664.2	74.9	88.7%	79.0	94.8%

**GASB #25 Schedule of Employer Contributions
 for Year Ending December 31, 2009**

<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
13.32% of Pay	135.5%

Reconciliation of Fund Assets

	Year Ending	
	<u>December 31, 2009</u>	<u>December 31, 2008</u>
1. Value of fund at beginning of year	\$ 468,074,138	\$ 607,332,924
2. Contributions		
a. City	13,640,066	13,593,297
b. Member	<u>11,864,193</u>	<u>11,823,533</u>
c. Total	\$ 25,504,259	\$ 25,416,830
3. Benefit payments	(26,829,427)	(24,789,560)
4. Refunds	0	(158,790)
5. Earnings, net of expenses	64,178,832	(139,727,266)
6. Value of fund at end of year	\$ 530,927,802	\$ 468,074,138
7. Estimated rate of return	13.7%	(23.0%)

Calculation of Actuarial Value of Assets

	Year Ending	
	December 31, 2009	December 31, 2008
1. Actuarial value of assets at beginning of year	\$ 561,688,966	\$ 584,419,830
2. Net new investments		
a. Contributions	\$ 25,504,259	\$ 25,416,830
b. Benefit payments	(26,829,427)	(24,789,560)
c. Refunds	<u>0</u>	<u>(158,790)</u>
d. Total	\$ (1,325,168)	\$ 468,480
3. Expected investment income (7.75% per annum) on actuarial value and new investments	\$ 43,480,503	\$ 45,310,352
4. Expected value of actuarial value at end of year	\$ 603,844,301	\$ 630,198,662
5. Market value at end of year	\$ 530,927,802	\$ 468,074,138
6. Difference between market value and expected value (5 – 4)	\$ (72,916,499)	\$ (162,124,524)
7. Adjustment to expected value (20% x 6)	\$ (14,583,300)	\$ (32,424,905)
8. Preliminary actuarial value (4 + 7)	\$ 589,261,001	\$ 597,773,757
9. 120% Corridor (120% x 5)	\$ 637,113,362	\$ 561,688,966
10. 80% Corridor (80% x 5)	\$ 424,742,242	\$ 374,459,310
11. Final actuarial value of assets [(8 not greater than 9) not less than 10]	\$ 589,261,001	\$ 561,688,966
12. Rate of return on actuarial value of assets	5.2%	(4.0%)

Membership Data

	<u>December 31, 2009</u>	<u>December 31, 2007</u>
1. Active members		
a. Number	1,025	1,047
b. Valuation Compensation	\$ 78,979,991	\$ 76,556,061
c. Average annual pay	\$ 77,054	\$ 73,119
d. Average age	41.5	40.8
e. Average service (years)	14.1	13.5
2. Inactive members		
a. Nonvested former members	9	8
b. Nonvested account balances	\$ 306,149	\$ 292,937
c. Vested former members	5	3
d. Total annual benefit for vested members	\$ 157,112	\$ 82,133
3. Members in receipt of benefits		
a. Retired members	451	393
b. Beneficiaries	<u>74</u>	<u>71</u>
c. Total number in receipt	525	464
d. Total annual benefits in receipt	\$ 23,303,241	\$ 20,065,032
e. Average annual benefits in receipt	\$ 44,387	\$ 43,244

**Summary of Benefit Provisions
As of December 31, 2009
For Actuarial Calculations**

Definitions

Compensation: A firefighter's monthly salary, excluding overtime pay, any temporary pay in higher classifications, educational incentive pay, assignment pay, Christmas Day bonus pay, and pay for automobile and clothing allowances.

Average Monthly Compensation: The average of a firefighter's compensation paid during the 36 months of service that produces the highest average.

Service: Period in years and months during which a Member makes contributions to the Fund.

Pension Fund: The Austin Fire Fighters Relief and Retirement Fund

Contribution Rates

The Member contribution rate is 15.70% of Compensation. Interest is credited on members' contributions at 5% per year.

The City's contribution rate is 18.05% of Compensation. Based on a recent collective bargaining agreement, the City is scheduled to increase the contribution to the Fund to 19.05% effective October 1, 2010, 20.05% effective October 1, 2011, 21.05% effective October 1, 2012, and 22.05% effective for the 25th pay period of the 2012-2013 fiscal year.

Service Retirement Benefits

Normal Service Retirement

Condition for Retirement: Attainment of age 50 and 10 years of Service, or 25 years of Service, regardless of age.

Amount of Monthly Allowance: 3.30% of Average Monthly Compensation for each year and month of Service, but not less than \$1,200.

Early Retirement Pension

Condition for Retirement: Attainment of age 45 and 10 years of Service, or 20 years of Service regardless of age.

Amount of Monthly Allowance: 3.30% of Average Monthly Compensation for each year and month of Service, but not less than \$1,200.

Disability Retirement Benefits

Service-Related Disability

Condition for Retirement: Disability preventing the Member from performing the duties of a firefighter during the two and one-half years after becoming disabled or any employment after the two and one-half years after becoming disabled.

Amount of Monthly Allowance: 3.30% of Average Monthly Compensation for each year of Service, but Service will not be less than 20 years.

Survivor Benefits

Surviving Spouse of Member: Greater of \$1,200 or 75% of 3.30% of Average Monthly Compensation for each year of the Member's Service.

Dependent Children of Member: 0.495% of Average Monthly Compensation for the greater of 20 years or the Member's Service payable to the earliest of the child's death, marriage or attainment of age 22.

Survivors of Unmarried Retired Members: 75% of Member's monthly benefit, actuarially reduced if designated beneficiary is more than 10 years younger than Member.

Post-Retirement Adjustments

Contingent upon the actuarial soundness of the contributions to the Fund, retirees shall receive annual increases of at least 1% per year. Members receiving an Early Retirement Pension cannot receive a post-retirement adjustment until the Member would have met the requirements of a Normal Service Retirement benefit.

Deferred Retirement Option Plan

Upon attaining the eligibility requirements for an Early Retirement Pension, a Member may elect to enter the Deferred Retirement Option Plan (DROP). Retirement benefits will be calculated as if the Member retired on that date and accruals under the Fund will cease. Each month, the retirement benefit will be accumulated in an account earning 5% interest per year. Upon termination of employment, but not later than seven years after joining DROP, the Member will have the balance paid in a lump sum or in no more than four payments. In addition, the Member will receive his Early Retirement or Normal Service Retirement benefit upon termination of employment.

Vested Benefits

Condition for Retirement: 10 years of service at termination of employment.

Amount of Allowance: Refund of Member's contributions with interest or 3.30% of Average Monthly Compensation for each year of Service, benefit shall not commence until Member attains age 50.

**Statement of Actuarial Methods and Assumptions
(Effective as of December 31, 2009)**

Investment Return: 7.75% per annum, compounded annually, net all expenses including administrative expenses.

Inflation: 3.5% per annum.

Separations Before Normal Retirement: Representative values of the assumed annual rates of withdrawal and disability are as follows:

<u>Annual Rate per 1,000 Members</u>		<u>Annual Rate per 1,000 Members</u>	
<u>Years of Service</u>	<u>Withdrawal</u>	<u>Age</u>	<u>Disability</u>
0	15.0	20	0.14
5	9.0	25	0.19
10	6.0	30	0.31
15	1.0	35	0.52
20	0.0	40	0.92
		45	2.09
		50	3.79
		55	4.90
		60	9.11

Salary Increases: Representative values of the assumed annual rates of future salary increase attributable to seniority and promotion are as follows:

Years of Service	Annual Rate of Salary Increase*
0	9.28%
1	13.10
2	12.73
3	1.00
4	1.00
5	6.00
10	1.00
15	1.00
20	6.00
25	1.00
30	1.00

* Expected increase in salary in addition to inflation assumption.

Retirement and DROP Election Rates: The percentage of population assumed to retire and elect DROP at various years is as follows:

Years After First Eligibility	Retirement Rate	DROP Period Elected
0	6%	None
1	2	None
2	2	None
3	2	None
4	2	30% elect no DROP; 70% elect 3 years
5	5	30% elect no DROP; 70% elect 3 years
6	10	30% elect no DROP; 70% elect 3 years
7	10	30% elect no DROP; 30% elect 3 years & 40% elect 6 years
8	10	30% elect no DROP; 30% elect 3 years & 40% elect 6 years
9	15	30% elect no DROP; 30% elect 3 years & 40% elect 6 years
10	15	30% elect no DROP; 30% elect 3 years & 40% elect 6 years
11	15	30% elect no DROP; 30% elect 3 years & 40% elect 6 years
12	15	30% elect no DROP; 30% elect 3 years & 40% elect 6 years
13	30	30% elect no DROP; 30% elect 3 years & 40% elect 6 years
14	50	30% elect no DROP; 30% elect 3 years & 40% elect 6 years
15	100	30% elect no DROP; 30% elect 3 years & 40% elect 6 years

Rates are applied when a member is eligible to retire. That is, attainment of age 45 with ten years of service, or 20 years of service regardless of age.

Mortality – Healthy Lives: According to the RP2000 Combined Healthy Table (no collar adjustments) set back two years for males and females, with fully generational projection from 2000.

Mortality – Disabled Lives: According to RP2000 Disability Mortality Table.

Spouses: 100% of active members are assumed to be married with the male three years older than the female. 50% are assumed to have dependent children. The age of the youngest child is assumed to be one year.

Assumed Postretirement Cost of Living: None.

Future Expenses: None assumed.

Valuation Method: The method used to determine Normal Cost and Accrued Actuarial Liability is the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, an annual Normal Cost is determined for each covered active Member which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement (separation from active service) and expressed as a level percentage of compensation. The Actuarial Accrued Liability is determined as the excess of the total present value of all pension benefits over the total present value of future Normal Costs. The Unfunded Actuarial Accrued Liability as of the valuation date is determined as the excess of the Actuarial Accrued Liability over the assets of the Fund.

The Normal Cost and Accrued Actuarial Liability are derived by making certain assumptions as to the rates of interest, mortality, turnover, etc., which are assumed to reflect experience for many years into the future. Since actual experience will differ from the assumptions, the costs determined must be regarded as estimates of the true costs of the Plan. The effects of any actuarial gains or losses are immediately reflected in the Unfunded Actuarial Accrued Liability and the Normal Cost.

Actuarial Value of Assets: The actuarial value of assets is the expected actuarial value of assets considering contributions, benefit payments and expected return on assets plus 20% of the difference between the market value of assets and the expected actuarial value of assets. The actuarial value cannot exceed 120% or be less than 80% of the market value of assets. The market value used for the calculation excludes "Corporate Stock-Small Business" which has an estimated value of \$884,647 as stated in the Statement of Plan Net Assets.

THE NUMBER AND ANNUAL AVERAGE COMPENSATION OF ACTIVE
 MEMBERS DISTRIBUTED BY FIFTH AGE AND SERVICE
 AS OF DECEMBER 31, 2009

ATTAINED AGE	YEARS OF SERVICE:																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & up	
	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp	#	Avg Comp
Under 25	4	42,973	2	64,131	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	24	43,801	27	62,997	10	63,049	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	20	43,966	48	63,045	81	64,964	13	73,095	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	4	46,123	26	61,982	92	65,561	62	73,300	20	84,947	0	0	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	37	64,360	73	74,159	77	82,421	12	91,928	0	0	0	0	0	0	0	0
45 to 49	0	0	0	0	3	65,769	24	72,324	63	84,884	110	93,651	13	100,186	0	0	0	0	0	0
50 to 54	0	0	0	0	0	0	0	0	2	61,811	80	92,963	33	95,726	7	97,547	0	0	0	0
55 to 59	0	0	0	0	0	0	1	70,809	0	0	3	96,774	32	94,729	13	101,496	5	99,653	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0	0	1	82,413	2	85,660	1	112,693	0	0
65 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

THE NUMBER AND ANNUAL RETIREMENT
 ALLOWANCE OF RETIRED MEMBERS,
 DISABLED MEMBERS AND BENEFICIARIES
 AS OF DECEMBER 31, 2009

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
20	1	\$ 5,855	\$ 5,855
21	1	5,676	5,676
38	1	62,529	62,529
45	6	231,568	38,595
46	2	74,142	37,071
47	3	112,797	37,599
48	6	235,149	39,192
49	7	354,922	50,703
50	15	518,952	34,597
51	10	501,786	50,179
52	17	776,873	45,698
53	21	941,007	44,810
54	16	651,000	40,688
55	19	806,969	42,472
56	22	1,125,909	51,178
57	24	1,052,428	43,851
58	19	885,442	46,602
59	25	1,219,710	48,788
60	22	903,870	41,085
61	26	1,089,923	41,920
62	21	918,226	43,725
63	25	1,089,132	43,565
64	6	263,816	43,969
65	19	956,568	50,346
66	17	842,589	49,564
67	20	1,077,818	53,891
68	8	382,093	47,762
69	6	339,454	56,576
70	10	453,761	45,376
71	8	363,155	45,394
72	8	425,599	53,200

AGE	NUMBER	BENEFIT	AVERAGE BENEFIT
73	9	512,932	56,992
74	8	368,484	46,061
75	5	238,002	47,600
76	6	277,026	46,171
77	8	359,371	44,921
78	11	454,478	41,316
79	7	346,430	49,490
80	6	256,050	42,675
81	6	265,431	44,238
82	2	126,883	63,442
83	7	\$ 275,216	\$ 39,317
84	6	214,499	35,750
85	6	198,918	33,153
86	6	178,029	29,672
87	1	22,518	22,518
88	5	163,074	32,615
89	1	22,064	22,064
90	5	125,262	25,052
91	1	19,397	19,397
92	4	106,544	26,636
93	1	20,429	20,429
94	3	83,486	27,829
TOTAL	525	\$ 23,303,241	\$ 44,387