

**City of Clearwater, Florida**  
**Defined Benefit Pension Plans**  
**Required Supplementary Information - Unaudited**

**Schedules of Funding Progress:****Employees Pension Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll *	Unfunded AAL as a Percentage of Covered Payroll ((b-a) /c)
1/1/1999	\$ 354,088,751	\$ 377,788,731	\$23,699,980	94%	\$49,666,523	48%
1/1/2000	\$ 414,826,422	\$ 490,426,940	\$75,600,518	85%	\$50,937,403	148%
1/1/2001	\$ 461,724,610	\$ 535,672,208	\$73,947,598	86%	\$54,864,584	135%
1/1/2002	\$ 491,859,015	\$ 533,191,487	\$41,332,472	92%	\$58,929,582	70%
1/1/2003	\$ 477,541,459	\$ 517,933,495	\$40,392,036	92%	\$65,150,820	62%
1/1/2004	\$ 507,256,663	\$ 546,915,627	\$39,658,964	93%	\$69,907,473	57%

**Firefighters Relief and Pension Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll *	Unfunded AAL as a Percentage of Covered Payroll ((b-a) /c)
1/1/1999	\$ 3,963,395	\$ 10,473,888	\$ 6,510,493	38%	\$ 15,605	41721%
1/1/2000	\$ 4,092,298	\$ 9,746,671	\$ 5,654,373	42%	\$ -	n/a
1/1/2001	\$ 4,668,572	\$ 9,527,303	\$ 4,858,731	49%	\$ -	n/a
1/1/2002	\$ 5,213,993	\$ 8,907,427	\$ 3,693,434	59%	\$ -	n/a
1/1/2003	\$ 5,741,450	\$ 10,483,967	\$ 4,742,517	55%	\$ -	n/a
1/1/2004	\$ 6,190,744	\$ 9,974,824	\$ 3,784,080	62%	\$ -	n/a

\* Covered payroll is for the **calendar** year period used for the actuarial valuation.

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**Schedules of Employer Contributions:****Employees' Pension Fund**

Year Ended Sept. 30,	Annual (a) Required Contribution	Percent Contributed
1999	\$ 840,558	464%
2000	\$ -	N/A
2001	\$ 174,377	2440%
2002	\$ -	n/a
2003	\$ -	n/a
2004	\$ 4,156,253	116% (b)

(a) The actuarially determined contribution requirements for the City's fiscal year ended September 30, 2004 are based on actuarial valuations as of January 1, 2003. Since the City's contributions are made during its fiscal year, which commences nine months after the date of the actuarial valuations, the City, with approval of State regulatory authorities, is following the practice of adding interest to its required contributions at the assumed rate of return on investments for a period of one year.

(b) Actual contribution for fiscal 2004 was \$4,818,917, as required by City pension ordinance.

**Firemen's Relief Pension Fund**

Year Ended Sept. 30,	Annual (a) Required Contribution	Percent Contributed
1999	\$ 1,003,758	100%
2000	\$ 1,046,856	100%
2001	\$ 1,098,990	100%
2002	\$ 1,153,732	100%
2003	\$ 1,211,210	100%
2004	\$ 1,271,562	100%

(a) The actuarially determined contribution requirements for the City's fiscal year ended September 30, 2004 are based on actuarial valuations as of January 1, 2003. Since the City's contributions are made during its fiscal year, which commences nine months after the date of the actuarial valuations, the City, with approval of State regulatory authorities, is following the practice of adding interest to its required contributions at the assumed rate of return on investments for a period of nine months.

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**Notes To Schedules Of Required Pension Supplementary Information**

Annual required contributions for the Employees' Pension Fund are calculated using the Entry Age Normal with Frozen Initial Liability method. The initial unfunded actuarial accrued liability determined at July 1, 1963 is being amortized over a 40-year period; changes made in 1979 and subsequent years which have had the effect of either increasing or decreasing the actuarial liability are being amortized over a 30-year period from their effective dates in accordance with State law. The amortization method is level dollar closed.

Annual required contributions for the Firemen's Relief and Pension Fund are based on the aggregate actuarial cost method, under which the unfunded portion of the present value of the projected benefits is allocated over the present value of a 6.0% per year increasing annuity for the remaining years in the 35-year funding period which begin January 1, 1972, pursuant to an agreement between the City and the Plan participants. For this purpose, the unfunded actuarial liability is determined after consideration of the available assets at the valuation date. The increasing fixed schedule produced by this method was established in 1988 and will be modified in the future only to the extent that a current valuation indicates a higher required cost level, or if the resulting cost level exceeds 60% of a mill in a current year. The amortization method for the Firemen's Relief and Pension Fund is a non-standard (no active employees) closed cost method.

The actuarially determined contribution requirements for the City's fiscal year ended September 30, 2004, are based on actuarial valuations as of January 1, 2003. Since the City's contributions are made during its fiscal year, which commences nine months after the date of the actuarial valuations, the City, with approval of State regulatory authorities, is following the practice of adding interest to its required contributions at the assumed rate of return on investments for a period of one year in the case of the Employees' Pension Fund and for nine months in the case of the Firemen's Relief and Pension Fund.

Significant actuarial assumptions utilized in the actuarial valuations as of January 1, 2003, in the determination of the annual required contribution are as follows:

**Employees' Pension Fund**

- (1) Assumed rate of return on investments of 7.5% per annum.
- (2) Projected salary increase at a rate of 6% per year, including cost-of-living adjustments of 3% and merit or seniority increases at 3%.
- (3) Mortality based on the *1994 Group Annuity Reserving Table* for Males with female ages set back five years.
- (4) Pre-retirement withdrawals assumed to occur in accordance with a table of declining withdrawal rates for male, female, and hazardous duty categories.
- (5) Pre-retirement incidence of disability assumed to occur in accordance with a standard scale of moderate disability rates (Class 1, 1952 Inter-Company); rates for females assumed to be twice that for males.
- (6) Assumed inflation rate of 3%

**Firemen's Relief and Pension Fund**

- (1) Assumed rate of return on investments of 5.5% compounded annually.
- (2) Assumed benefits grow at annually compounded rate of 2% related to cost of living adjustments only.
- (3) Mortality based on the 1983 Group Annuity Mortality Table (no active); assumed disabled participants will experience mortality according to PBGC Tables 3 & 4 for males and females, respectively.
- (4) Assumed no withdrawals will occur.
- (5) Assumed probability of an active participant becoming disabled is zero (no active participants).
- (6) Assumed value of one mill of ad valorem tax will increase at rate of 5% per year.
- (7) Assumed inflation rate of 3%

**Significant changes affecting the presented 6-year trend information include:**

The actuarial valuation of the Employees' Pension Fund as of January 1, 2002, reflected several changes in actuarial assumptions, as follows: An investment yield of 7.5% assumed whereas the prior valuation assumed 7.0%. Salaries were projected to increase at 6% versus the prior valuation assumption of 5%. Employee turnover rates were revised for male and female employees and separate rates were adopted for hazardous duty employees. The mortality table was changed from the 1983 Group Annuity Mortality Table to the 1994 Group Annuity Reserving Table. And finally, the retirement age assumption was changed from 100% retirement at first eligibility for unreduced benefits to a table of decrements at different ages. The impact of these changes decreased the unfunded actuarial accrued liability from \$72,178,974 to \$41,332,472.

The actuarial valuation of the Firemen's Relief and Pension Fund as of January 1, 2003, reflected two changes in actuarial assumptions. The report assumes an investment yield of 4.5% versus the prior valuation assumption of 5.5%. Also, the current mortality pattern assumption uses the 1994 Unisex Morality Table versus the 1983 Group Annuity Mortality Table used for previous valuations. The impact of these changes increased the unfunded actuarial accrued liability from \$2,648,428 to \$4,742,517.