CITY OF ALAMEDA, CALIFORNIA

POLICE AND FIRE RETIREMENT SYSTEM PENSION PLANS 1079 AND 1082

BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

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CITY OF ALAMEDA, CALIFORNIA
POLICE AND FIRE RETIREMENT
SYSTEM PENSION PLANS 1079 AND 1082

Basic Financial Statements
For the Years Ended June 30, 2012 and June 30, 2011

Table of Contents

Page

Independent Auditor's Report 1

Basic Financial Statements

Statements of Net Assets 3

Statements of Changes in Net Assets 4

Statements of Changes in Net Assets - Budget and Actual 6

Notes to Component Unit Financial Statements 9

Supplemental Information:

Revenues by Source - Last Ten Years:
- Combined Plans 15
- Plan 1079 16
- Plan 1082 17

Expenses by Type - Last Ten Years:
- Combined Plans 18
- Plan 1079 19
- Plan 1082 20

Funding Analysis - Last Ten Years:
- Plan 1079 21
- Plan 1082 22

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council, and City Auditor
of the City of Alameda
Alameda, California

We have audited the accompanying basic financial statements of the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082, (Plan) a component unit of the City of Alameda, California, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly in all material respects the financial positions of the Plans as of June 30, 2012 and 2011, and the changes in financial positions for the years then ended, in conformity with generally accepted accounting principles in the United States of America.

Management has opted not to present the Management's Discussion and Analysis (MD&A) that accounting principals generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical content. Our opinion on the basic financial statements is not affected by the missing MD&A.

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Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Plan's financial statements as a whole. The Supplemental Information, is presented for purposes of additional analysis and are not a required part of the financial statements. The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mage Associates

December 3, 2012

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION TRUST FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2012
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2011

			TOTALS	
	Plan #1079	Plan #1082	2012	2011
ASSETS				
Restricted cash and investments (Note 2)	$393	$524	$917	$477
Total Assets	393	524	917	477
LIABILITIES				
Accounts payable	0	0	0	0
Total Liabilities	0	0	0	0
NET ASSETS HELD IN (DUE TO) TRUST FOR EMPLOYEE PENSION BENEFITS	$393	$524	$917	$477

See accompanying notes to basic financial statements

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION TRUST FUNDS
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

			TOTALS	
	Plan #1079	Plan #1082	2012	2011
ADDITIONS				
Employer contributions (Note 3)	$1,914,176	$44,400	$1,958,576	$2,076,650
Total Additions	1,914,176	44,400	1,958,576	2,076,650
DEDUCTIONS				
Retirement and other benefits	1,897,882	44,257	1,942,139	2,067,364
Contractual services	15,901	96	15,997	8,809
Total Deductions	1,913,783	44,353	1,958,136	2,076,173
INCREASE IN NET ASSETS	393	47	440	477
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of year	0	477	477	0
End of year	$393	$524	$917	$477

See accompanying notes to basic financial statements

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CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION TRUST FUNDS
STATEMENTS OF CHANGES IN NET ASSETS
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Plan #1079		
	Budget	Actual	Variance Positive (Negative)
ADDITIONS			
Employer contributions	$2,005,180	$1,914,176	($91,004)
Total Additions	2,005,180	1,914,176	(91,004)
DEDUCTIONS			
Retirement and other benefits	1,995,050	1,897,882	97,168
Contractual services	10,130	15,901	(5,771)
Total Deductions	2,005,180	1,913,783	91,397
INCREASE IN NET ASSETS	$0	393	$393
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		0	
Beginning of year		0	
End of year		$393	

See accompanying notes to basic financial statements

Plan #1082			TOTAL		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$44,405	$44,400	($5)	$2,049,585	$1,958,576	($91,009)
44,405	44,400	(5)	2,049,585	1,958,576	(91,009)
44,305	44,257	48	2,039,355	1,942,139	97,216
100	96	4	10,230	15,997	(5,767)
44,405	44,353	52	2,049,585	1,958,136	91,449
$0	47	$47	$0	440	$440
	0			0	
	477			477	
	$524			$917	

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Plans are governed by ordinances of the City of Alameda, California, and are used to account for contributions and investment income restricted to pay benefits of police and fire retirees.

A. Reporting Entity

These financial statements present only the accounts of the Plans. These financial statements are also included in the basic financial statements of the City as pension trust funds, which are used to account for assets held in a trustee capacity for the benefit of the Plans' participants. The Plans are administered by a Pension Board composed of the following City personnel: the Mayor, City Manager, a fire department retiree representative, a police department retiree representative, and a member of the public appointed by the Mayor. The Plans are dependent on the City for administrative duties and operations, and are financed by direct City contributions.

B. Plan Description

The Plans are single employer defined benefit pension plans covering retired employees or beneficiaries described below.

Police and fire employees who entered service before 1953 participate in Plan 1079, a closed plan consisting of twenty-nine participants at June 30, 2012, all of whom are retired employees or beneficiaries currently receiving benefits. Employees with twenty-five or more years of service receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the retiree one year prior to the date of retirement. Employees retired after ten but before twenty-five years of service receive monthly pension benefits in the proportion that the number of years service bears to twenty-five. Qualified surviving spouses receive the retiree's monthly pension benefits for life or until remarriage. Upon remarriage, the qualified surviving spouse receives one-half of the retiree's monthly pension benefits. Employees who became disabled from service-related causes receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the disabled employee on the date of their disability, reduced by any workers' compensation benefits received. During the fiscal year ended June 30, 2012, the participants of the Plan received pension benefits totaling $1,897,882.

Plan 1082 is a closed plan and effective December 31, 1990, all but one participant in Plan 1082 and the related plan assets were transferred to PERS. During the fiscal year ended June 30, 2012, the participant received pension benefits totaling $44,257. These benefits are adjusted annually by a maximum of 2% per year cost-of-living adjustment. Upon the death of a retiree, the qualified spouse receives one-half of the retiree's monthly pension benefit for life or until remarriage.

C. Fund Accounting

The accounts of the Plans are organized on the basis of fund accounting, and the Plans are considered separate accounting entities. The operations of the Plans are accounted for with a separate set of self-balancing accounts that comprise the respective assets, liabilities, net assets, additions and deductions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting refers to due time at which deductions and additions are recognized in the accounts and reported in the financial statements. The Plans are accounted for using the accrual basis of accounting under which additions are recognized when they are earned, and deductions are recognized when they are incurred. Contributions are recorded as additions when due. Benefits and refunds are recognized as deductions and payable when due in accordance with the terms of the Plan and City ordinance.

NOTE 2 - RESTRICTED CASH AND INVESTMENTS

A. City of Alameda Pooled Cash

The Plans pool cash with the City of Alameda. Disclosures regarding risks and categorization are included in the City's Comprehensive Annual Financial Report.

B. Composition

The Plans held $917 and $477 in restricted cash and investment balances at June 30, 2012 and June 30, 2011, respectively.

NOTE 3 - FUNDING STATUS AND PROGRESS

A. Plan Description

The City of Alameda sponsors the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082. Plan 1079 provides pension benefits to a closed group of retirees and surviving spouses based on 50% of current salary for employees at the rank/position the retiree held one year before retirement. The benefits include wage increases to current employees and 9% CalPERS contributions for certain years. Plan 1082 provides pension benefits to a closed group of retirees and surviving spouses with benefits increased each year based on a cost-living adjustment (not to exceed 2%).

B. Funding Policy and Actuarial Methods

The City's contribution policy is to fund the plan on a pay-as-you-go basis. The annual required contribution equals the greater of:

- 15 year amortization of the unfunded actuarial accrued liability is based on the dollar lever (see Note 3D below), or
- actual benefits paid during the year

NOTE 3 - FUNDING STATUS AND PROGRESS (Continued)

C. Annual Pension Cost

Government Accounting Standards Board Statement No. 27 requires the City to determine the plan's annual pension cost based on the most recent actuarial valuation. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the City's annual required contribution as the greater of (a) a 15-year amortization of the unfunded actuarial liability or, (b) actual benefit payments made for the year.

The annual required contribution was determined an actuarial valuation at dated January 1, 2011, valuation results using the projected unit credit actuarial cost method. The actuarial assumptions were as follows:

Assumption	
Funding Policy	-- Pay-as-you-go
Interest Rate	-- 4.5% -- Net of expenses -- Assets in City investments
CPI Increase (Plan 1082)	-- 2%
Salary Increase (Plan 1079)	-- No increase through fiscal year 2012-13 -- 2% beginning fiscal year 2013-14
Mortality	-- CalPERS 1997-2007 Experience Study

For fiscal year ending June 30, 2012, annual pension costs were $1,900,000 for Plan 1079 and $62,000 for Plan 1082. Actual contributions made by the City during the year were $1,914,176 for Plan 1079 and $44,000 for Plan 1082.

D. Trend Information

The following table provides three years of historical information of the Annual Pension Cost:

Plan 1079:

Fiscal Year Ending	Annual Pension Cost (APC) (000's omitted)	Percentage of APC Contributed	Net Pension Obligation (000's omitted)
6/30/2010	$2,155	101%	$309
6/30/2011	2,007	101%	294
6/30/2012	1,900	101%	280

Plan 1082:

Fiscal Year Ending	Annual Pension Cost (APC) (000's omitted)	Percentage of APC Contributed	Net Pension Obligation (000's omitted)
6/30/2010	$67	64%	$234
6/30/2011	63	68%	254
6/30/2012	62	71%	272

NOTE 3 - FUNDING STATUS AND PROGRESS (Continued)

The following table provides three years of historical information of the Annual Pension Cost:

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Plan 1079						
1/1/2009	$0	$21,447,000	$21,447,000	0%	N/A	N/A
6/30/2010	0	19,424,000	19,424,000	0%	N/A	N/A
1/1/2011	0	14,141,000	14,141,000	0%	N/A	N/A
Plan 1082						
1/1/2009	$0	$826,000	$826,000	0%	N/A	N/A
6/30/2010	0	817,000	817,000	0%	N/A	N/A
1/1/2011	0	812,000	812,000	0%	N/A	N/A

SUPPLEMENTAL INFORMATION

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CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
COMBINED REVENUES BY SOURCE
LAST TEN YEARS

FISCAL YEAR	EMPLOYER CONTRIBUTIONS	INVESTMENT INCOME	TOTAL
2002-2003	$4,251,978		$4,251,978
2003-2004	4,555,095		4,555,095
2004-2005	4,420,939		4,420,939
2005-2006	3,139,003		3,139,003
2006-2007	3,062,594		3,062,594
2007-2008	2,780,297		2,780,297
2008-2009	2,506,398		2,506,398
2009-2010	2,219,438		2,219,438
2010-2011	2,076,650		2,076,650
2011-2012	1,958,576		1,958,576

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
REVENUES BY SOURCE - PLAN 1079
LAST TEN YEARS

FISCAL YEAR	EMPLOYER CONTRIBUTIONS	TOTAL
2002-2003	$3,420,124	$3,420,124
2003-2004	3,386,930	3,386,930
2004-2005	3,163,419	3,163,419
2005-2006	3,098,781	3,098,781
2006-2007	3,020,348	3,020,348
2007-2008	2,738,432	2,738,432
2008-2009	2,464,114	2,464,114
2009-2010	2,176,763	2,176,763
2010-2011	2,032,646	2,032,646
2011-2012	1,914,176	1,914,176

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
REVENUES BY SOURCE - PLAN 1082
LAST TEN YEARS

FISCAL YEAR	EMPLOYER CONTRIBUTIONS	TOTAL
2002-2003	$831,854	$831,854
2003-2004	1,168,165	1,168,165
2004-2005	1,257,520	1,257,520
2005-2006	40,222	40,222
2006-2007	42,246	42,246
2007-2008	41,865	41,865
2008-2009	42,284	42,284
2009-2010	42,675	42,675
2010-2011	44,004	44,004
2011-2012	44,400	44,400

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
COMBINED EXPENSES BY TYPE
LAST TEN YEARS

FISCAL YEAR	BENEFITS AND REFUNDS	ADMINISTRATIVE	TOTAL
2002-2003	$4,231,050	$23,655	$4,254,705
2003-2004	4,535,365	9,608	4,544,973
2004-2005	4,400,506	20,433	4,420,939
2005-2006	3,132,427	6,576	3,139,003
2006-2007	3,057,157	5,437	3,062,594
2007-2008	2,774,747	5,550	2,780,297
2008-2009	2,500,316	6,082	2,506,398
2009-2010	2,208,289	11,149	2,219,438
2010-2011	2,067,364	8,809	2,076,173
2011-2012	1,942,139	15,997	1,958,136

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
EXPENSES BY TYPE - PLAN 1079
LAST TEN YEARS

FISCAL YEAR	BENEFITS AND REFUNDS	ADMINISTRATIVE	TOTAL
2002-2003	$3,403,755	$16,369	$3,420,124
2003-2004	3,377,867	9,063	3,386,930
2004-2005	3,149,827	13,592	3,163,419
2005-2006	3,092,205	6,576	3,098,781
2006-2007	3,016,190	4,158	3,020,348
2007-2008	2,732,961	5,471	2,738,432
2008-2009	2,458,116	5,998	2,464,114
2009-2010	2,165,710	11,053	2,176,763
2010-2011	2,023,933	8,713	2,032,646
2011-2012	1,897,882	15,901	1,913,783

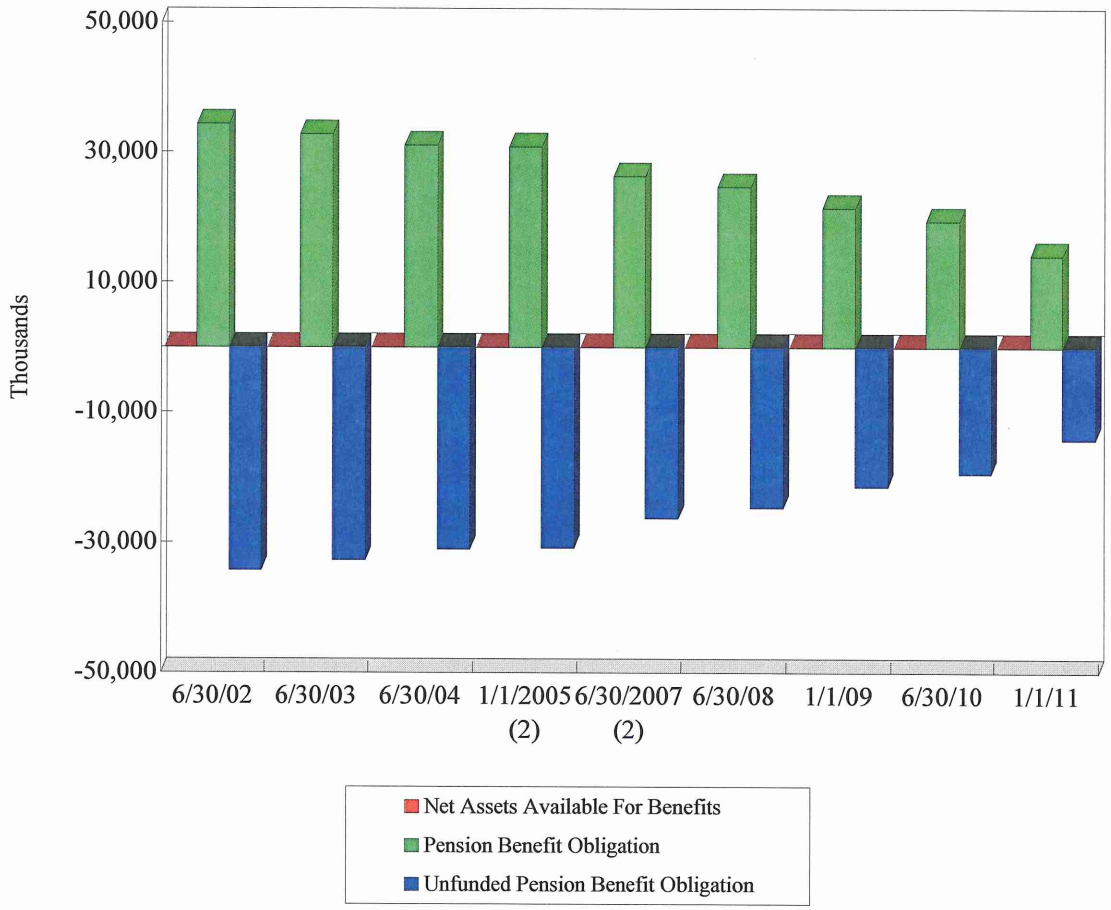
SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
EXPENSES BY TYPE - PLAN 1082
LAST TEN YEARS

FISCAL YEAR	BENEFITS AND REFUNDS	ADMINISTRATIVE	TOTAL
2002-2003	$827,295	$7,286	$834,581
2003-2004	1,157,498	545	1,158,043
2004-2005	1,250,679	6,841	1,257,520
2005-2006	40,222		40,222
2006-2007	40,967	1,279	42,246
2007-2008	41,786	79	41,865
2008-2009	42,200	84	42,284
2009-2010	42,579	96	42,675
2010-2011	43,431	96	43,527
2011-2012	44,257	96	44,353

SOURCE: CITY OF ALAMEDA

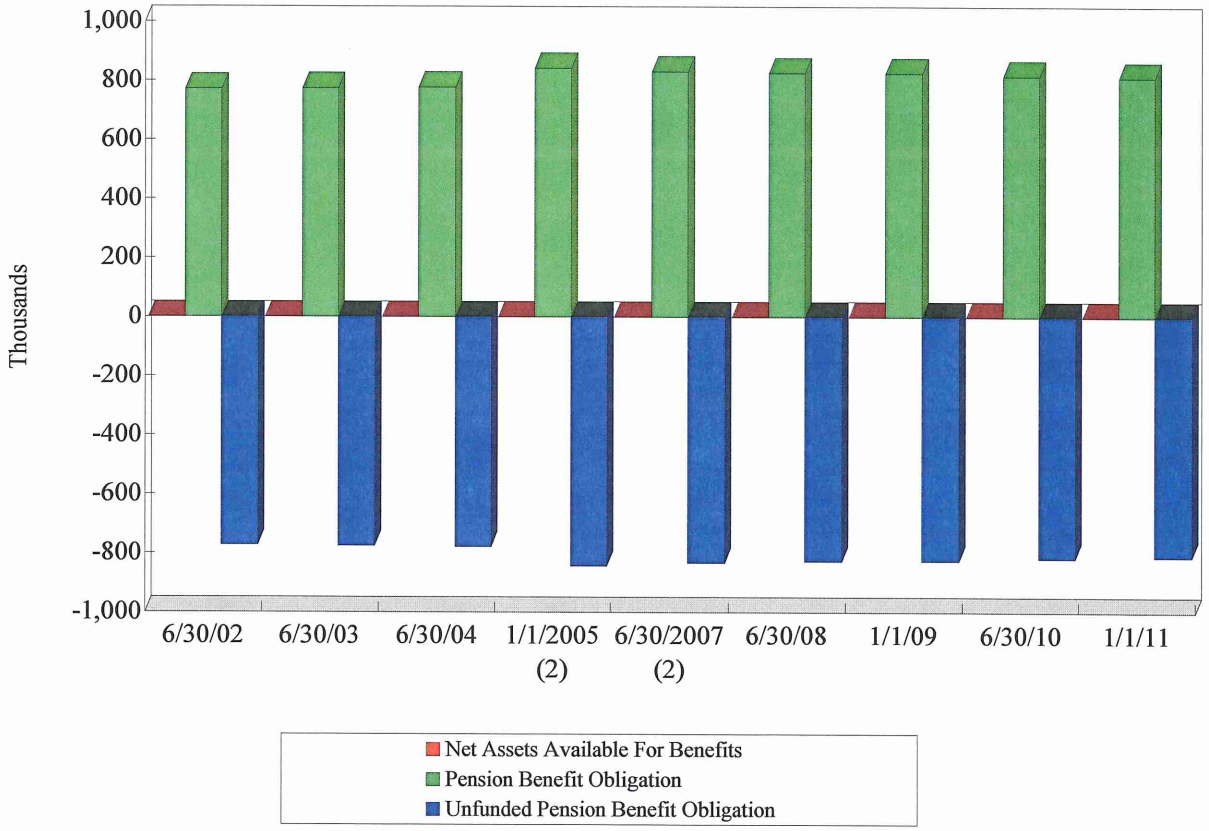
CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
FUNDING ANALYSIS - PLAN 1079
LAST TEN ACTUARIAL VALUATIONS



ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (000's omitted)	ACTUARIAL ACCRUED LIABILITY (000's omitted)	FUNDED RATIO	(1) UNFUNDED ACTUARIAL ACCRUED LIABILITY (000's omitted)
6/30/02	$0	$34,311	0.0%	($34,311)
6/30/03	0	32,740	0.0%	(32,740)
6/30/04	0	31,069	0.0%	(31,069)
1/1/2005 (2)	0	30,839	0.0%	(30,839)
6/30/2007 (2)	0	26,299	0.0%	(26,299)
6/30/08	0	24,680	0.0%	(24,680)
1/1/09	0	21,447	0.0%	(21,447)
6/30/10	0	19,424	0.0%	(19,424)
1/1/11	0	14,141	0.0%	(14,141)

SOURCE: PLAN ACTUARIAL REPORTS
Note: (1) Annual covered payroll data by plan is not included as both plans are treated as a single entity for funding purpose
(2) Revised economic assumptions

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
FUNDING ANALYSIS - PLAN 1082
LAST TEN ACTUARIAL VALUATIONS



ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (000's omitted)	ACTUARIAL ACCRUED LIABILITY (000's omitted)	FUNDED RATIO	UNFUNDED[1] ACTUARIAL ACCRUED LIABILITY (000's omitted)
6/30/02	$0	$772	0.0%	($772)
6/30/03	0	775	0.0%	(775)
6/30/04	0	778	0.0%	(778)
1/1/2005 (2)	0	843	0.0%	(843)
6/30/2007 (2)	0	832	0.0%	(832)
6/30/08	0	827	0.0%	(827)
1/1/09	0	826	0.0%	(826)
6/30/10	0	817	0.0%	(817)
1/1/11	0	812	0.0%	(812)

SOURCE: PLAN ACTUARIAL REPORTS

Note: (1) Annual covered payroll data by plan is not included as both plans are treated as a single entity for funding purposes.
(2) Revised economic assumptions.