

**CITY COMMISSION JOINT WORKSHOP
WITH GENERAL EMPLOYEES RETIREMENT SYSTEM BOARD OF
TRUSTEES AND POLICE AND FIREFIGHTERS RETIREMENT SYSTEM
BOARD OF TRUSTEES**

**Friday, June 29, 2012
12 noon – 2 p.m.**

**City Hall
8th Floor Conference Room
100 North Andrews Avenue
Fort Lauderdale, Florida**

1. Call to Order by Mayor Seiler and introduction of Board Members
2. Overview of Pension Plans
 - A. General Employees Retirement System - Chairperson Bucci
 - a. Basic Benefit Structure
 - b. Actuarial Study
 - c. Contribution Rates
 - B. Police Fire Pension Plan - Chairperson Dew
 - a. Basic Benefit Structure
 - b. Actuarial Study/Experience Study
 - c. Contribution Rates
 - d. Use of Chapter 175 and Chapter 185 funds
 - C. Defined Contribution Plans -Assistant City Manager Hawthorne/Assistant City Attorney Dunckel
 - a. Contribution Rates
3. Cost saving strategies – City Manager Feldman
 - A. Advance Funding of Police Fire Pension Annual Contribution
 - B. Pension Obligation Bonds
 - C. Other
4. Discussion
5. Adjournment

If any person decides to appeal any decision made with respect to any matter considered at this public meeting or hearing, he/she will need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

Auxiliary Services: If you desire auxiliary services to assist in viewing or hearing the meeting or reading the agenda and minutes for the meeting, please contact the City Clerk's Office at 954-828-5002 and arrangements will be made to provide these services for you.

**CITY OF FORT LAUDERDALE GENERAL EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF SEPTEMBER 30, 2011**

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013

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REPORT OF SEPTEMBER 30, 2011 ACTUARIAL VALUATION

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March 1, 2012

The Board of Trustees
City of Fort Lauderdale General
Employees Retirement System
Fort Lauderdale, Florida

The results of the September 30, 2011 Annual Actuarial Valuation of the City of Fort Lauderdale General Employees Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2013, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25.

This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2011. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or 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.

The valuation was based upon information furnished by the Plan Administrator and City concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator and City.

This report was prepared using certain assumptions prescribed by the Board as described in Section D.

The undersigned actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By J. Stephen Palmquist
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Enrolled Actuary No. 11-6467

Section A



Summary of Valuation Results
and Certification

VALUATION HIGHLIGHTS

CLOSED PLAN

In reviewing this Report, it is important for the reader to keep in mind that this System has been closed to new members since 2007. City employees hired since 2007 become members of a separate defined contribution retirement program. One consequence of this closure is that the annual payment on the unfunded accrued liability will continue to increase as a percent of covered payroll, as such payroll decreases from year to year.

COVERED PAYROLL

Throughout this Report, the payroll figures shown represent covered payroll for active members of the Retirement System only, excluding DROP members, and all costs shown as a percentage of payroll are determined on this basis.

PLAN AMENDMENTS

Under Ordinance No. C-11-34, adopted on December 6, 2011, a Bonus Incentive Program was offered to members eligible for either early or normal retirement as of December 1, 2011. Eligible members are granted 30 additional months of service for both benefit and eligibility purposes if, during the election period from December 7, 2011 through February 1, 2012, they elect to retire between December 14, 2011 and March 16, 2012. There are 134 members who elected to retire under the Bonus Incentive Program. The impact of the Bonus Incentive Program reflects the replacement of 20% of the members who retired under the program with promotions of the highest-paid remaining active plan members. The salaries of expected promoted members were increased by 5%.

OTHER CHANGES

There have been no changes in actuarial assumptions or methods since the last valuation with the exception that an assumption was added due to the Bonus Incentive Program as described above. We recommend a reduction in the number of years over which the unfunded actuarial liability is funded.

The Actuarial Standard of Practice (ASOP) with regard to the mortality assumption has recently been revised. ASOP No. 35 Disclosure Section 4.1.1 now states *"The disclosure of the mortality assumption should contain sufficient detail to permit another qualified actuary to understand the provision made for future mortality improvement. If the actuary assumes zero mortality improvement after the measurement date, the actuary should state that no provision was made for future mortality improvement."* The mortality assumption currently reflects future mortality improvements. Detail on this assumption can be found in Section D.

REQUIRED CITY CONTRIBUTIONS

The required City contribution for the fiscal year beginning October 1, 2012 is 46.73% of payroll, an increase of 13.98% compared to 32.75% for the fiscal year beginning October 1, 2011. The estimated dollar contribution is \$28.03 million next fiscal year compared to \$22.37 million this fiscal year. The required City contribution for the fiscal year beginning October 1, 2012 was 37.25% of payroll, estimated to be \$24.93 million, before the plan amendment described above.

The \$17.54 million increase in the unfunded accrued liability attributable to the Bonus Incentive Program is being amortized over five years. After the five year period, the annual required contribution will decrease by \$4.21 million.

OBSERVED EXPERIENCE

Year-to-year differences between assumed experience and observed experience are inevitable in the operation of the System. Examples of favorable experience are: higher than anticipated member termination rates; higher than projected investment returns; a low incidence of disability and delayed retirement. Examples of unfavorable experience are: earlier than anticipated retirement; higher than projected pay increases; increases in longevity after retirement and decreases in the number of active members. Each annual actuarial valuation takes observed experience differences into account. If on net balance the differences are favorable, the unfunded actuarial accrued liability is less than projected (an experience gain) otherwise it is more than projected (an experience loss). Specific activity information is located in Sections C and D.

Observed experience during the year was in the aggregate less favorable than expected, resulting in an actuarial experience loss of \$18,218,973 compared to last year's loss of \$9,398,503. The loss was mainly attributable to lower than expected investment earnings on the actuarial value of assets. The overall net loss has increased the required contribution by 2.54% of payroll.

The investment return for the year was -1.2% based on market value and 1.5% based on the actuarial value of assets. The assumed rate of return is 7.75%.

FUNDED RATIO

The funding progress indicators described on page B-4 and reported on page B-5 indicate that the accrued obligations of the System, as measured by the entry-age actuarial cost method, are 66.3% funded vs. 70.7% funded last year. The funded ratio was 68.5% before the plan amendment described above.

REQUIRED CONTRIBUTION IN LATER YEARS

It is important to keep in mind that under the asset smoothing method, investment gains and losses are recognized over five years. As of September 30, 2011 the actuarial value of assets exceeded the market value by \$50,354,947. Once all the losses through September 30, 2011 are fully recognized in the actuarial asset value, the contribution rate will increase by roughly 7.0% of payroll unless there are offsetting gains.

RELATIONSHIP TO MARKET VALUE

If Market Value had been the basis for the valuation, the City contribution rate would have been 53.75% and the funded ratio would have been 56.9% (compared to 62.4% last year). In the absence of other gains and losses, the City contribution rate should increase to that level over the next several years.

Section B



Detailed Valuation Results

FUNDING OBJECTIVE

The funding objective for the Retirement System is to establish and receive contributions, expressed as percents of active participant payroll, which are inherently level from year-to-year when funding assumptions are realized and benefits are unchanged. This objective meets the requirements of Part VII, Chapter 112, Florida Statutes.

CONTRIBUTION RATES

The Retirement System is supported by participant contributions, City contributions and investment income on Retirement System assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are sufficient to:

- (1) cover the costs allocated to the current year (normal cost) by the actuarial cost methods described in Section D ; and
- (2) finance over a period of future years the actuarial costs not covered by present assets and anticipated future normal costs (unfunded actuarial accrued liability).

The financing period used for the unfunded actuarial accrued liability at September 30, 2000 was combined into a single period of 23 years. Changes in the unfunded liability after September 30, 2000 are financed over 30 years, with the exception of the change in unfunded liability due to the Bonus Incentive Program, which is being financed over 5 years starting October 1, 2012.

Contribution requirements for the next plan and fiscal year are shown on page B-2.

**CONTRIBUTIONS TO FINANCE BENEFITS OF THE RETIREMENT SYSTEM
TO BE CONTRIBUTED DURING THE FISCAL YEAR
BEGINNING OCTOBER 1, 2012**

Contributions Expressed as	After Plan Change		Before Plan Change		% of Payroll from 9/30/2010 Valuation
	% of 10/1/2012 Member Payroll ⁽¹⁾	\$ Contributions*	% of 10/1/2012 Member Payroll ⁽¹⁾	\$ Contributions*	
<i>Normal Cost</i>					
Service pensions	15.02 %	\$9,010,453	15.26 %	\$10,215,350	14.63 %
Deferred service pensions	2.10	1,259,784	2.04	\$1,365,617	1.97
Disability pensions	1.90	1,139,804	1.91	\$1,278,592	1.83
Death in service pensions	0.57	341,941	0.61	\$408,346	0.60
Refunds of member contributions	0.30	179,969	0.29	194,132	0.28
Total Normal Cost	19.89	11,931,951	20.11	13,462,037	19.31
<i>Unfunded Actuarial Accrued Liability</i>					
Retired members and beneficiaries	0.00	0	0.00	0	0.00
Active and vested terminated members	32.15	19,285,971	22.53	15,078,851	18.91
Total Unfunded Actuarial Accrued Liability	32.15	19,285,971	22.53	15,078,851	18.91
<i>Administrative Expenses</i>	0.67	403,244	0.60	403,244	0.52
<i>Total Unadjusted Computed Contribution</i>	52.71	31,621,166	43.24	28,944,132	38.74
<i>Adjustments to Computed Contribution</i>					
FS 112.64(5) Compliance	0.00	0	0.00	0	0.00
Full funding credit	0.00	0	0.00	0	0.00
Total Adjustments	0.00	0	0.00	0	0.00
Total Adjusted Contribution Requirement	52.71 %	\$31,621,166	43.24 %	\$28,944,132	38.74 %
Member portion	5.98	3,587,384	5.99	4,009,826	5.99
City portion	46.73	28,033,782	37.25	24,934,306	32.75

⁽¹⁾Estimated Covered Payroll (excluding DROP members) for the 2012-13 Fiscal Year is \$59,989,702 after the plan change and \$66,942,005 before the plan change, compared to \$68,299,845 for the 2011-12 year. These figures represent estimated payroll for active members of the Retirement System only. The System has been closed to new members since 2007. As a result, the required contribution will continue to increase as a percent of covered payroll, as such payroll decreases from year to year.

*Dollar contributions have been projected to allow for projected compensation increases, retirements, employment terminations and deaths. The required Employer contribution has been adjusted for interest on the basis that contributions are made in equal installments at the end of each pay period.

Note: The dollar amounts of the required contributions shown are estimates only. Actual contributions should be no less than the listed percentage of payroll multiplied by actual covered payroll for the year.

FS 112.64 requires City contributions to be deposited not less frequently than quarterly. Member contributions, which are in addition to the City contributions, must be deposited not less frequently than monthly.

Comparative contribution amounts for prior fiscal years are shown on page B-3.

CITY CONTRIBUTION REQUIREMENT: HISTORICAL COMPARISON

Valuation Date	Applicable Fiscal Year	Percent of Payroll Contribution					Dollar Contribution	
		Normal Cost	Expenses	UAAL*	Adjustments	Total	Projected	Actual
9/30/1990	90-91	4.51 %	1.50 %	6.26 %	0.00 %	12.27 %	\$ n.a.	\$ n.a.
9/30/1991	91-92	5.67	1.50	4.61	0.00	11.78	n.a.	n.a.
9/30/1992	92-93	6.18	1.52	5.78	0.00	13.48	5,658,572	5,658,572
9/30/1993	93-94	4.73	1.76	5.56	0.00	12.05	5,222,632	5,222,632
9/30/1994 (a)	94-95	7.26	1.77	4.43	1.20	14.66	6,271,026	6,253,916
9/30/1995 (a)	95-96	7.22	0.47	3.97	0.00	11.66	5,091,855	5,091,855
9/30/1996 (a)	96-97	7.62	0.62	5.28	0.13	13.65	6,022,556	6,022,556
9/30/1997 (a)	97-98	8.04	0.54	3.09	0.15	11.82	5,482,994	5,482,994
9/30/1998	98-99	7.89	0.56	2.82	0.09	11.36	5,693,583	5,693,583
9/30/1999 (a)	99-00	7.03	0.52	0.50	(0.01)	8.04	4,187,028	4,291,596
9/30/2000 (b)	00-01	7.12	0.56	(1.07)	0.00	6.61	3,591,149	n.a.
9/30/2000 (a)	00-01	8.22	0.56	0.41	0.00	9.19	5,002,774	5,002,774
9/30/2000 (a)	01-02	8.22	0.56	0.41	0.00	9.19	5,202,885	5,202,884
9/30/2001 (a)	02-03	10.59	0.53	3.33	0.28	14.73	9,012,598	9,012,598
9/30/2002	03-04	10.96	0.58	7.82	0.68	20.04	12,055,085	12,055,085
9/30/2003 (b)	04-05	11.13	0.55	9.03	0.00	20.72	13,416,828	n.a.
9/30/2003 (a)	04-05	11.71	0.56	9.73	0.00	21.99	14,036,569	14,036,569
9/30/2004 (b)	05-06	11.87	0.64	11.86	0.13	24.50	14,823,723	n.a.
9/30/2004 (a)	05-06	11.87	0.64	11.73	0.14	24.38	14,749,038	14,749,038
9/30/2005	06-07	12.14	0.57	10.91	0.00	23.62	15,221,841	15,221,841
9/30/2006	07-08	12.48	0.62	10.33	0.00	23.43	16,025,608	16,025,608
9/30/2007 (b)	08-09	12.73	0.59	9.41	0.00	22.73	16,727,623	n.a.
9/30/2007 (a)	08-09	12.73	0.59	12.44	0.00	25.76	18,363,351	18,363,351
9/30/2008	09-10	13.17	0.59	14.92	0.00	28.68	19,387,067	19,387,067
9/30/2009	10-11	13.21	0.54	17.20	0.00	30.95	21,534,043	21,534,043
9/30/2010	11-12	13.32	0.52	18.91	0.00	32.75	22,369,549	
9/30/2011 (b)	12-13	14.12	0.60	22.53	0.00	37.25	24,934,306	
9/30/2011 (a)	12-13	13.91	0.67	32.15	0.00	46.73	28,033,782	

These percent of payroll contribution figures represent percentages of covered payroll for active members of the Retirement System only, excluding DROP members. The System has been closed to new members since 2007. As a result, the required contribution will continue to increase as a percent of covered payroll, as such payroll decreases from year to year.

* UAAL represents unfunded actuarial accrued liability.

(a) After changes in benefit provisions and/or actuarial assumptions.

(b) Before changes in benefit provisions and/or actuarial assumptions.

FUNDING PROGRESS INDICATORS

There is no single all-encompassing measure of a pension plan's funding progress and current funded status. Understanding of short-term funding progress and status can be achieved using the following indicators:

Indicator (1) - The actuarial present value of gains or losses realized in the operation of the Retirement System. Gains and losses are expected to cancel each other over a period of years but sizable year-to-year fluctuations are common.

Indicator (2) - The ratio of the funding value of assets to the actuarial accrued liability. The ratio is expected to increase over time but the basic trend may be interrupted by benefit improvements.

Indicator (3) - The ratio of the unfunded actuarial accrued liability to participant payroll. In a soundly financed pension fund, the amount of the unfunded actuarial accrued liability will be controlled and prevented from increasing in the absence of benefit improvements. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease over time but the basic trend may be interrupted by benefit improvements.

FUNDING PROGRESS INDICATORS - HISTORICAL COMPARISON

Valuation Date	Indicator (1)		Indicator (2)		Indicator (3)		
	Gain (Loss)	Funding Value of Assets	AAL	Percent Funded	Unfunded AAL	Valuation Payroll	Percent of Payroll
September 30, 1994	N/A	\$147,354,316	\$181,036,056	81.4 %	\$33,681,740	\$41,845,307	80.4 %
September 30, 1995	\$ 4,820,050	163,265,372	192,613,773	84.8	29,348,401	42,718,845	68.6
September 30, 1996 (a)*	3,832,181	175,906,574	215,921,863	81.5	40,015,289	43,160,872	92.8
September 30, 1997 (a)	18,712,125	204,885,033	225,854,296	90.7	20,969,263	45,377,683	46.2
September 30, 1998	1,000,984	228,067,116	247,477,415	92.2	19,410,299	49,012,771	39.6
September 30, 1999 (a)	15,840,796	254,682,660	250,814,531	101.5	(3,868,129)	51,090,800	-
September 30, 2000 (b)	4,955,323	274,896,024	264,722,486	103.8	(10,173,538)	53,388,461	-
September 30, 2000 (a)	4,955,323	274,896,024	278,433,377	98.7	3,537,353	53,388,461	6.6
September 30, 2001 (b)	(2,664,957)	283,801,008	293,628,845	96.7	9,827,837	57,544,997	-
September 30, 2001 (a)	(2,664,957)	287,006,880	323,655,373	88.7	36,648,493	57,544,997	63.7
September 30, 2002	(45,658,572)	270,315,139	354,556,913	76.2	84,241,774	56,553,965	149.0
September 30, 2003 (b)	(10,382,467)	268,977,550	370,307,432	72.6	101,329,882	60,867,351	166.5
September 30, 2003 (a)	(10,382,467)	268,977,550	369,718,095	72.8	100,740,545	60,095,925	167.6
September 30, 2004 (b)	(11,605,848)	265,004,809	379,814,542	69.8	114,809,733	57,013,914	201.4
September 30, 2004 (a)	(11,605,848)	266,240,318	379,814,542	70.1	113,574,224	57,013,914	199.2
September 30, 2005	6,287,063	282,961,210	392,571,293	72.1	109,610,083	60,524,820	181.1
September 30, 2006	3,111,903	301,241,568	408,743,565	73.7	107,501,997	64,239,370	167.3
September 30, 2007 (b)	6,224,383	327,741,369	430,025,194	76.2	102,283,825	69,102,372	148.0
September 30, 2007 (a)	6,224,383	327,741,369	430,025,194	76.2	102,283,825	69,102,372	148.0
September 30, 2008	(12,696,085)	338,743,156	454,291,730	74.6	115,548,574	69,499,308	166.3
September 30, 2009	(21,592,067)	345,239,176	482,099,968	71.6	136,860,792	71,547,932	191.3
September 30, 2010	(9,398,503)	353,481,376	499,854,210	70.7	146,372,834	71,416,368	205.0
September 30, 2011 (b)	(18,218,973)	355,673,852	519,161,979	68.5	163,488,127	69,251,865	236.1
September 30, 2011 (a)	(18,218,973)	355,673,852	536,701,842	66.3	181,027,990	60,621,037	298.6

* State mandated mortality assumption change.

(a) After changes in benefit provisions and/or actuarial assumptions.

(b) Before changes in benefit provisions and/or actuarial assumptions.

The payroll figures represent covered payroll for active members of the Retirement System only, excluding DROP members, and the Unfunded AAL as a percent of payroll was calculated on this basis.

AAL represents the actuarial accrued liability using the Entry Age actuarial cost method.

DERIVATION OF EXPERIENCE GAIN (LOSS)

Derivation	Year Ended 2011
(1) UAAL at start of year	\$ 146,372,834
(2) Employer normal cost for year	9,550,818
(3) Actual Employer contributions	21,534,043
(4) Interest accrued on (1), (2) and (3)	10,879,545
Interest Rate from previous year valuation:	7.75%
(5) Expected UAAL before changes and experience gain (loss)	145,269,154
(6) Effect of COLA during year	0
(7) Effect of benefit changes	17,539,863
(8) Effect of assumption or method changes	0
(9) Expected UAAL after changes (5) + (6) + (7) + (8)	162,809,017
(10) Actual UAAL at end of year	181,027,990
(11) Experience gain (loss) (9) - (10)	(18,218,973)
(12) Gain (loss) due to investments	(22,045,370)
(13) Gain (loss) from other sources	3,826,397

UAAL represents unfunded actuarial accrued liability.

CUMULATIVE EXPERIENCE GAINS (LOSSES)

Year Ended Sept. 30	Balance at Beginning of Year	Interest	Gain (Loss) During Year	Value of Cost- of- Living Adjustment During Year	Amortization Credits or (Charges)	Balance at End of Year
1989						\$12,896,673
1990	\$12,896,673	\$ 967,250	\$(10,398,254)	\$3,824,160		(551,941)
1991	(551,941)	(33,116)	10,641,105	-		10,056,048
1992	10,056,048	754,204	4,255,737	2,759,768		12,306,221
1993	12,306,221	922,967	11,535,157	-		24,764,344
1994	24,764,344	1,857,326	-*	1,985,572		24,636,098
1995	24,636,098	1,847,707	4,820,050	-		31,303,856
1996	31,303,856	2,347,789	3,832,152	3,056,940		34,426,857
1997	34,426,857	2,582,014	18,712,125	2,345,000	\$151,209	53,527,205
1998	53,527,205	4,014,540	1,000,984	4,353,000	274,012	54,463,741
1999	54,463,741	4,084,781	15,840,796	1,727,051	501,660	73,163,927
2000	73,163,927	5,487,295	4,955,323	3,074,205	644,539	81,176,879
2001	81,176,879	6,088,266	(2,664,957)	4,222,465	N/A	80,377,723
2002	80,377,723	6,028,329	(45,658,572)	0	N/A	40,747,480
2003	40,747,480	3,056,061	(10,382,467)	0	N/A	33,421,074
2004	33,421,074	2,590,133	(11,605,848)	0	N/A	24,405,359
2005	24,405,359	1,891,415	6,287,063	0	N/A	32,583,837
2006	32,583,837	2,525,247	3,111,903	0	N/A	38,220,987
2007	38,220,987	2,962,126	6,224,383	0	N/A	47,407,496
2008	47,407,496	3,674,081	(12,696,085)	0	N/A	38,385,492
2009	38,385,492	2,974,876	(21,592,067)	0	N/A	19,768,301
2010	19,768,301	1,532,043	(9,398,503)	0	N/A	11,901,841
2011	11,901,841	922,393	(18,218,973)	0	N/A	(5,394,739)

* Gain/loss could not be calculated due to the unavailability of necessary information from the prior actuary.

UNFUNDED ACTUARIAL ACCRUED LIABILITY

	September 30, 2011		September 30, 2010
	After Plan Change	Before Plan Change	
A. Actuarial present value of future benefits	\$628,940,335	\$618,086,760	\$605,527,420
B. Actuarial present value of future normal costs	92,238,493	98,924,781	105,673,210
C. Actuarial accrued liability	536,701,842	519,161,979	499,854,210
D. Actuarial value of assets	355,673,852	355,673,852	353,481,376
E. Unfunded actuarial accrued liability	181,027,990	163,488,127	146,372,834

**SOURCES AND FINANCING OF
UNFUNDED ACTUARIAL ACCRUED LIABILITY**

Year Established	Initial Years	Years Remaining	Initial Amount	Current Amount	Payment	Percent of Payroll
Initial Unfunded						
2000	23	12	\$3,537,353	\$4,051,135	\$511,540	0.85 %
COLA						
2001	30	20	4,222,465	4,756,503	458,383	0.77
Experience (Gain)/Loss						
2001	30	20	2,664,957	3,002,009	289,302	0.48
2002	30	21	45,658,572	50,986,596	4,813,213	8.03
2003	30	22	10,382,467	11,165,279	1,034,413	1.72
2004	30	23	11,605,848	12,255,151	1,116,116	1.86
2005	30	24	(6,287,063)	(6,528,923)	(585,391)	(0.98)
2006	30	25	(3,111,903)	(3,202,176)	(283,038)	(0.47)
2007	30	26	(6,224,383)	(6,327,399)	(552,005)	(0.92)
2008	30	27	12,696,085	12,800,215	1,103,390	1.84
2009	30	28	21,592,067	21,721,493	1,851,931	3.09
2010	30	29	9,398,503	9,397,779	793,183	1.32
2011	30	30	18,218,973	18,218,973	1,523,493	2.53
Benefit Changes						
2001	30	20	30,026,528	33,824,145	3,259,623	5.44
2003	30	22	2,712,567	2,917,087	270,255	0.45
2011	5	5	17,539,863	17,539,863	4,207,120	7.01
Assumption/Cost Method Changes						
2001	30	20	(3,205,872)	(3,611,337)	(348,024)	(0.58)
2003	30	22	(589,337)	(633,770)	(58,716)	(0.09)
2004	30	23	(1,235,509)	(1,304,633)	(118,817)	(0.20)
			169,602,181	181,027,990	19,285,971	32.15

The annual payment is the level dollar amount needed to amortize the base over the remaining years. The percent of payroll figures represent percentages of covered payroll for active members of the Retirement System only, excluding DROP members. The System has been closed to new members since 2007. As a result, the annual payment on the unfunded accrued liability will continue to increase as a percent of covered payroll, as such payroll decreases from year to year.

The unfunded actuarial accrued liabilities were combined and offset in accordance with the procedure outlined in proposed I.R.S. regulation 1.412(b)-1(d) and was adopted by the Board of Trustees for use in the September 30, 2000 valuation.

DERIVATION OF FUNDING VALUE OF ASSETS

	2007	2008	2009	2010	2011
Beginning of Year					
(1) Market Value	\$309,959,331	\$355,028,327	\$292,087,582	\$287,699,313	\$312,018,770
(2) Funding Value	301,241,568	327,741,369	338,743,156	345,610,889	353,481,376
End of Year					
(3) Market Value	355,028,327	292,087,582	287,699,313	312,018,770	305,318,905
(4) Net Addition to Assets, Excluding Investment Income and Expenses	(4,663,210)	(5,688,950)	(5,737,565)	(3,582,994)	(3,039,192)
(5) Total Net Investment Income# = (3) - (1) - (4)	49,732,206	(57,251,795)	1,349,296	27,902,451	(3,660,673)
(6) Projected Net Rate of Return#	7.75%	7.75%	7.75%	7.75%	7.75%
(7) Projected Investment Income = (6) x [(2) + .5 x (4)]	23,165,522	25,179,509	26,030,264	26,646,003	27,277,038
(8) Investment Income in Excess of Projected = (5) - (7)	26,566,684	(82,431,304)	(24,680,968)	1,256,448	(30,937,711)
(9) Excess Investment Income Recognized					
(9a) From This Year	5,313,337	(16,486,261)	(4,936,194)	251,290	(6,187,542)
(9b) From One Year Ago	665,306	5,313,337	(16,486,261)	(4,936,194)	251,290
(9c) From Two Years Ago	2,018,846	665,306	5,313,337	(16,486,261)	(4,936,194)
(9d) From Three Years Ago	N/A	2,018,846	665,306	5,313,337	(16,486,261)
(9e) From Four Years Ago	N/A	N/A	2,018,846	665,306	5,313,337
(9f) Total	7,997,489	(8,488,772)	(13,424,966)	(15,192,522)	(22,045,370)
End of Year					
(10) Funding Value (2) + (4) + (7) + (9f)	327,741,369	338,743,156	345,610,889	353,481,376	355,673,852
(11) Final Funding Value Within 20% of Market Value	327,741,369	338,743,156	345,239,176	353,481,376	355,673,852
(12) Market Value	355,028,327	292,087,582	287,699,313	312,018,770	305,318,905
Rate of Return#					
Funding Value	10.4%	5.1%	3.6%	3.4%	1.5%
Market Value	16.2%	-16.3%	0.5%	9.8%	-1.2%

Net of investment expenses.

Recent History of Investment Earnings

Fiscal Year Ending (September 30)	Year End Market Value of Assets (\$000's)	Actual Net Investment Income (\$000's)	Return on Market Value	Return on Actuarial Value	Expected Investment Income (\$000's)	Actual Less Expected (\$000's)
2000	\$ 301,796	\$ 39,130	14.7 %	10.8 %	\$ 18,839	\$ 20,291
2001	251,699	(43,739)	(14.7)	5.6	20,379	(64,118)
2002	225,263	(18,179)	(7.3)	(3.0)	21,216	(39,395)
2003	250,805	35,883	16.4	2.8	19,942	15,941
2004	266,240	22,923	9.3	1.3	20,556	2,367
2005	291,037	30,507	11.6	8.5	20,412	10,095
2006	309,959	25,020	8.7	8.7	21,693	3,327
2007	355,028	49,732	16.2	10.4	23,166	26,566
2008	292,088	(57,252)	(16.3)	5.1	25,180	(82,432)
2009	287,699	1,349	0.5	3.6	26,030	(24,681)
2010	312,019	27,902	9.8	3.4	26,646	1,256
2011	305,319	(3,661)	(1.2)	1.5	27,277	(30,938)
Total	N/A	\$ 109,615	3.3% (Avg.)	4.8% (Avg.)	\$ 271,336	\$ (161,721)

ACTUARIAL BALANCE SHEET – SEPTEMBER 30, 2011

Present Resources and Expected Future Resources

	After Plan Change	Before Plan Change
A. Net assets available for benefits		
1. Funding value	\$355,673,852	\$355,673,852
B. Actuarial present value of expected future City contributions		
1. For normal cost	61,859,080	66,502,552
2. For unfunded actuarial accrued liability	<u>181,027,990</u>	<u>163,488,127</u>
3. Total	242,887,070	229,990,679
C. Actuarial present value of expected future participant contributions	<u>30,379,413</u>	<u>32,422,229</u>
D. Total Present and Expected Future Resources	<u><u>\$628,940,335</u></u>	<u><u>\$618,086,760</u></u>

Actuarial Present Value of Expected Future Benefit Payments and Reserves

	After Plan Change	Before Plan Change
A. To retired participants and beneficiaries	\$340,394,548	\$278,040,844
B. To vested terminated participants	15,305,008	15,305,008
C. To present active participants		
1. Allocated to service rendered prior to valuation date	181,002,286	225,816,127
2. Allocated to service likely to be rendered after valuation date	<u>92,238,493</u>	<u>98,924,781</u>
3. Total	273,240,779	324,740,908
D. Total Actuarial Present Value of Expected Future Benefit Payments	<u><u>\$628,940,335</u></u>	<u><u>\$618,086,760</u></u>

ACTUARIAL PRESENT VALUE OF FUTURE BENEFITS BY DECUREMENT

	9/30/2011		9/30/2010
	After Plan Change	Before Plan Change	
(i) Actuarial present value of active member benefits:			
Service retirement	\$245,685,826	\$296,551,817	\$296,348,404
Vested termination benefits	16,885,443	16,889,234	17,729,752
Disability retirement	6,301,701	6,290,617	7,132,161
Survivor benefits (pre-retirement)	4,232,255	4,855,450	5,096,356
Termination benefits - refunds	135,554	153,790	273,844
Totals	<u>273,240,779</u>	<u>324,740,908</u>	<u>326,580,517</u>
(ii) Actuarial present value of terminated vested members	15,305,008	15,305,008	14,982,990
(iii) Actuarial present value of retired members & beneficiaries:			
Service retirement & survivors	330,461,996	268,108,292	254,489,216
Disability retirement	9,932,552	9,932,552	9,474,697
Totals	<u>340,394,548</u>	<u>278,040,844</u>	<u>263,963,913</u>
(iv) Total actuarial present value of future benefit payments	628,940,335	618,086,760	605,527,420
(v) Present value of active member future payroll	507,620,919	541,667,843	576,136,872
(vi) Present value of future active member contributions	30,379,413	32,422,229	34,487,116
(vii) Active member accumulated contributions	31,115,791	38,566,834	36,704,548

Section C



Summary of Benefit Provisions and Valuation Data

SUMMARY OF PROVISIONS CONSIDERED FOR ACTUARIAL VALUATION (AS OF SEPTEMBER 30, 2011)

A. Ordinances

The Plan was established under the Code of Ordinances for the City of Ft. Lauderdale, Florida, Chapter 20, Article IV, Division 2, and was most recently amended under Ordinance No. C-11-34 passed and adopted on December 6, 2011. The Plan is also governed by certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.) and the Internal Revenue Code.

B. Effective Date

January 3, 1973

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

The plan is closed to new members hired on or after the following dates:

- (1) October 1, 2007 for employees represented by the Teamsters Union,
- (2) November 7, 2007 for employees represented by the Federation of Public Employees, and
- (3) March 5, 2008 for employees not covered by a Bargaining Unit and including new Police Cadets.

Prior to closure of the plan, all general employees were eligible to become members including those previously excluded due to age at hire (over age 55) or due to classification. Firefighters and Police Officers were excluded.

F. Credited Service

Service is measured as the period of uninterrupted service from the date of employment until the date of entry into the DROP, termination, retirement, or voluntary withdrawal from the plan. No service is credited for any periods of employment for which the member received a refund of employee contributions.

G. Earnings

Base wages, including assignment pay, regular longevity pay, and member contributions "picked-up" pursuant to section 20-112(a) of the Code. All irregular payments such as those for unused vacation time, sick leave, overtime and severance pay are excluded.

H. Average Monthly Earnings (AME)

Group I Members: One twenty-fourth (1/24) of Earnings for the highest 2 years out of the last 5 years of Credited Service prior to termination or retirement.

Group II Members: One thirty-sixth (1/36) of Earnings for the highest 3 years of Credited Service prior to termination or retirement.

I. Normal Retirement/Service Retirement

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

Group I Members:

- (1) Age 55 regardless of Credited Service if hired prior to January 21, 2004; Age 55 with 5 years of Credited Service if hired on or after January 21, 2004, or
- (2) 30 years of Credited Service regardless of age.

Group II Members: Age 65 regardless of Credited Service.

Group II Members may also retire under Service Retirement on the first day of the month coincident with or next following 30 years of Credited Service regardless of age.

Benefit: Group I Members: 3% of AME multiplied by years of Credited Service up to 25 years, plus 2.5% of AME multiplied by years of Credited Service in excess of 25 years. Benefit is limited to 90% of AME and subject to the provisions of Section 415 of the Internal Revenue Code.

Group II Members: 1.5% of AME multiplied by years of Credited Service up to 30 years. Benefit is subject to the provisions of Section 415 of the Internal Revenue Code. If the member is retiring under Service Retirement with Credited Service less than 35 years, the benefit is reduced as shown below:

<u>Service at Retirement</u>	<u>Pension Reduction</u>
35 & up	None
34	2 %
33	5
32	9
31	14
30	19

Normal Form of Benefit: Life annuity with the following survivor benefits for Group I Members only; other options are also available.

- (1) Surviving Spouse and children: If married at time of retirement, 100% of pension continues for 1 year; 60% continues thereafter until remarriage or death. In addition, each unmarried child under age 18 receives 20% of retired member's pension. Maximum payable to spouse and children is 100% of retired member's pension.

- (2) Children (no spouse receiving): Each unmarried child under age 18 receives 25% of retired member's pension. Maximum total of all pensions is 100% of retired member's pension.
- (3) No spouse or children (at time of retirement): If the retired member was hired prior to 1973, the designated beneficiary receives a lump sum equal to the difference, if any, between 60 times the retired member's monthly pension and the amount paid the retired member; otherwise, the designated beneficiary receives a lump sum equal to the difference, if any, between the amount contributed as a member and the amount received as a retired member.

COLA: There are currently no annual cost of living increases, but ad hoc increases may be provided at the discretion of the Board of Trustees along with the approval of the City Commission. Also see Section V, Cost of Living Increases.

J. Early Retirement

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 with 15 years of Credited Service for Group I Members and age 55 with 15 years of Credited Service for Group II Members.

Benefit: Group I Members: The Normal Retirement Benefit is reduced by five-twelfths (5/12) percent for each month by which the Early Retirement date precedes the Normal Retirement date.

Group II Members: The Normal Retirement Benefit is reduced by one-third (1/3) percent for each of the first 60 months by which the Early Retirement date precedes the Normal Retirement date and one-half (1/2) percent for each month over 60 months.

Normal Form of Benefit: Life annuity with the following survivor benefits for Group I Members only; other options are also available.

- (1) Surviving Spouse and children: If married at time of retirement, 100% of pension continues for 1 year; 60% continues thereafter until remarriage or death. In addition, each unmarried child under age 18 receives 20% of retired member's pension. Maximum payable to spouse and children is 100% of retired member's pension.
- (2) Children (no spouse receiving): Each unmarried child under age 18 receives 25% of retired member's pension. Maximum total of all pensions is 100% of retired member's pension.
- (3) No spouse or children (at time of retirement): If the retired member was hired prior to 1973, the designated beneficiary receives a lump sum equal to the difference, if any, between 60 times the retired member's monthly pension and the amount paid the retired member; otherwise, the designated beneficiary receives a lump sum equal to the difference, if any, between the amount contributed as a member and the amount received as a retired member.

COLA: There are currently no annual cost of living increases, but ad hoc increases may be provided at the discretion of the Board of Trustees along with the approval of the City Commission. Also see Section V, Cost of Living Increases.

K. Delayed Retirement

Same as Normal Retirement taking into account Earnings and service credited until the date of actual retirement.

L. Service Connected Disability

Eligibility: Any member who becomes totally incapacitated and unable to perform regular and continuous duty as an employee as a result of a service-connected injury, disease or disability is eligible for a disability benefit commencing on the 91st day of disability.

Benefit: Sixty-five (65) percent of the member's monthly Earnings at time of disability less, to the extent permitted by law, Worker's Compensation benefits.

Normal Form of Benefit: Payable until the Normal Retirement date, death, or recovery from disability. In the event a disability benefit is being paid after the Normal Retirement date and is greater than the accrued Normal Retirement Benefit, the disability benefit shall be extended until 5 years after the Normal Retirement date or until total service credit (including service credit granted for disability period) provides a Normal Retirement Benefit greater than or equal to the disability benefit.

COLA: There are currently no annual cost of living increases, but ad hoc increases may be provided at the discretion of the Board of Trustees along with the approval of the City Commission. Also see Section V, Cost of Living Increases.

M. Non-Service Connected Disability

Eligibility: Any member who becomes totally incapacitated and unable to perform regular and continuous duty as an employee as a result of a non-service connected injury, disease or disability is eligible for a disability benefit commencing on the 91st day of disability.

Benefit: Group I Members: Fifty (50) percent of the member's monthly Earnings at time of disability less, to the extent permitted by law, primary Social Security benefits.

Group II Members: Five (5) percent of the member's monthly Earnings at time of disability multiplied by Credited Service up to 13 years less, to the extent permitted by law, primary Social Security benefits.

Normal Form of Benefit: Payable until the Normal Retirement date, death, or recovery from disability. In the event a disability benefit is being paid after the Normal Retirement date and is greater than the accrued Normal Retirement Benefit, the disability benefit shall be extended until 5 years after the Normal Retirement date or until total service credit (including service credit granted for disability period) provides a Normal Retirement Benefit greater than or equal to the disability benefit.

COLA: There are currently no annual cost of living increases, but ad hoc increases may be provided at the discretion of the Board of Trustees along with the approval of the City Commission. Also see Section V, Cost of Living Increases.

N. Death in the Line of Duty

Eligibility: Any member who dies while employed from causes directly related to employment with the City is eligible for the following survivor benefits.

Benefit: The survivor benefits are payable monthly as described below.

- (1) The spouse is paid 50% of the member's monthly Earnings at the time of death.
- (2) While the spouse is receiving, each eligible child is paid 10% of the member's monthly Earnings at the time of death with a maximum of 80% between both spouse and children. If there is no spouse receiving, 50% of the monthly Earnings at the time of death is equally distributed to the eligible children.
- (3) If there is no eligible spouse or children, 50% of the member's monthly Earnings at the time of death are paid to the member's beneficiary(s).

Normal Form

of Benefit: Spouse's benefits are payable until remarriage or death; children's benefits are payable until age 18, marriage or death. For beneficiaries other than spouses or children, benefits are payable until the earlier of 96 months or the death of the last surviving beneficiary.

COLA: There are currently no annual cost of living increases, but ad hoc increases may be provided at the discretion of the Board of Trustees along with the approval of the City Commission. Also see Section V, Cost of Living Increases.

O. Other Pre-Retirement Death

Eligibility: Any member who dies while employed from causes not directly related to employment with the City is eligible for the following survivor benefits. Group II Members must be at least age 55 with 15 years of Credited Service to be eligible.

Benefit: Group I Members: 50% of the member's monthly Earnings at the time of death are paid to the member's beneficiary(s).

Group II Members: 50% of the member's monthly Early Retirement Benefit is paid to the member's spouse.

Normal Form

of Benefit: Payable until the earlier of 96 months or the death of the last surviving beneficiary. In lieu of the Normal Form of Benefit, Group I members prior to January 3, 1973 may elect a death benefit equal to 4 times their annual compensation paid in a lump sum.

COLA: There are currently no annual cost of living increases, but ad hoc increases may be provided at the discretion of the Board of Trustees along with the approval of the City Commission. Also see Section V, Cost of Living Increases.

Beneficiaries of Group II Members who die prior to age 55 will receive a refund of the member's accumulated contributions with interest.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the 10 Years Certain and Life Thereafter or the Joint and Last Survivor options.

R. Vested Termination

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years of Credited Service for Group I Members and 10 years of Credited Service for Group II Members.

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins at age 55 for Group I Members and age 65 for Group II Members.

Members with 15 or more years of Credited Service can elect to receive an Early Retirement benefit beginning at age 50 or later for Group I Members and age 55 or later for Group II Members. If so elected, the benefit will be reduced for Early Retirement.

Normal Form of Benefit: Single life annuity; other options are also available.

COLA: There are currently no annual cost of living increases, but ad hoc increases may be provided at the discretion of the Board of Trustees along with the approval of the City Commission. Also see Section V, Cost of Living Increases.

Members terminating employment with less than 5 years of Credited Service for Group I Members and 10 years of Credited Service for Group II Members will receive a refund of their own accumulated contributions with interest.

S. Refunds

Eligibility: All members terminating employment with less than 5 years of Credited Service for Group I Members and 10 years of Credited Service for Group II Members are eligible. Optionally, vested members may elect a refund in lieu of the vested benefits otherwise due.

Benefit: A refund of the member's contributions with interest. Interest is currently credited at a rate of 3% per annum.

T. Member Contributions

Group I Members: 6% of Earnings.

Group II Members: 4% of Earnings.

U. Employer Contributions

The amount determined by the actuary needed to fund the plan properly according to State laws.

V. Cost of Living Increases

Pensions may be adjusted at the end of each fiscal year at the discretion of the Board of Trustees and with the approval of the City Commission if investment earnings have exceeded the funding assumption during the prior fiscal year. The amount of adjustment cannot exceed the percentage change in the Consumer Price Index during the preceding calendar year. If adjustments in the 3 previous plan years were less than the change in the CPI, an additional amount up to 4% may be given. Cumulative adjustments cannot have a value greater than net cumulative experience gains or losses from all sources.

W. Deferred Retirement Option Plan (DROP)

Eligibility: A member may enter the DROP on the first day of the month coincident with or next following the earlier of:

Group I Members:

- (1) Age 55 regardless of Credited Service, or
- (2) 30 years of Credited Service regardless of age.

Group II Members: age 65 regardless of Credited Service.

Members who meet eligibility must submit a written election to participate in the DROP at least 3 months prior to the Normal Retirement date; otherwise the member will not be eligible to participate for the maximum period.

Benefit: The member's Credited Service and AME are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AME.

**Maximum
DROP Period:** 36 months

**Interest
Credited:** The member's DROP account is credited with simple interest at a rate equal to the assumed rate of investment return of the fund (currently 7.75%).

**Normal Form
of Benefit:** Lump Sum; member may also elect that the DROP distribution be rolled over to another qualified retirement plan or any combination of the two options.

COLA: There are currently no annual cost of living increases, but ad hoc increases may be provided at the discretion of the Board of Trustees along with the approval of the City Commission. Also see Section V, Cost of Living Increases.

X. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Fort Lauderdale General Employees' Retirement Plan liability if continued beyond the availability of funding by the current funding source.

Y. Changes from Previous Valuation

Under Ordinance No. C-11-34, adopted on December 6, 2011, a Bonus Incentive Program was offered to members eligible for either early or normal retirement as of December 1, 2011. Eligible members are granted 30 additional months of service for both benefit and eligibility purposes if, during the election period from December 7, 2011 through February 1, 2012, they elect to retire between December 14, 2011 and March 16, 2012.

ACCOUNTING INFORMATION SUBMITTED FOR VALUATION

Revenues and Expenditures

	Year Ended	
	9/30/2011	9/30/2010
REVENUES:		
a. Member contributions	\$ 4,277,966	\$ 4,505,041
b. City contributions	21,498,801	19,351,946
c. County contributions	35,242	35,121
d. Investment income		
Interest and dividends	7,496,060	7,777,023
Net appreciation (depreciation) in fair value of investments	(9,390,722)	21,587,581
Investment expenses	(1,766,011)	(1,462,153)
Total investment income	(3,660,673)	27,902,451
e. Other	10,459	28,155
f. Total revenues	22,161,795	51,822,714
EXPENDITURES:		
a. Refunds of member contributions	222,317	228,100
b. Benefits paid	28,627,496	26,396,731
c. Administrative expenses	388,201	384,138
d. Increase/(decrease) in DROP Accounts	(376,354)	494,288
e. Other - transfer to Police and Fire Fund	0	0
f. Total expenditures	28,861,660	27,503,257
ADJUSTMENTS:		
Amount to reconcile with prior year's value	0	0
NET INCOME:		
Total revenues minus total expenditures plus adjustments	(6,699,865)	24,319,457

Summary of Assets - Market Value

	Year Ended	
	9/30/2011	9/30/2010
Cash	\$ 4,638	\$ 4,920
Money Market Fund	5,710,384	17,730,530
US Government Securities	30,804,335	33,611,155
Corporate Obligations	33,924,166	31,186,764
Common Stock & Mutual Funds	233,210,768	228,832,417
Real Estate	3,190,000	3,190,000
Payable/Accr. Exp.	(2,557,254)	(1,579,377)
DROP Accounts	(2,126,361)	(2,502,715)
Receivables	3,146,765	1,524,760
Other	11,464	20,316
Total Assets	\$305,318,905	\$312,018,770

**RETIRED MEMBER AND BENEFICIARY DATA
HISTORICAL SCHEDULE**

Year Ended	Number Added	Number Removed	Net Increase		End of Year		Expected Removals No.
			No.	Annual Pensions	No.	Annual Pensions	
9/30/1992					798	\$ 8,337,926	
9/30/1993	61	28	33	\$ 683,103	831	9,021,029	*
9/30/1994	39	28	11	122,207 #	842	9,143,236	*
9/30/1995	62	39	23	670,491	865	9,813,727	31
9/30/1996	84	29	55	1,241,354 #	920	11,055,081	33
9/30/1997	51	42	9	479,123 #	929	11,534,204	29
9/30/1998	65	46	19	1,162,788 #	948	12,696,992	30
9/30/1999	63	48	15	502,643 #	963	13,199,635	30
9/30/2000	49	39	10	939,163 #	973	14,138,798	32
9/30/2001	31	38	(7)	912,634 #	966	15,051,432	32
9/30/2002	181	41	140	5,249,292 #	1,106	20,300,724	35
9/30/2003	43	33	10	664,524	1,116	20,965,248	35
9/30/2004	61	48	13	1,113,564	1,129	22,078,812	31
9/30/2005	62	20	42	1,196,352	1,171	23,275,164	32
9/30/2006	58	46	12	760,248	1,183	24,035,412	34
9/30/2007	63	31	32	1,054,572	1,215	25,089,984	35
9/30/2008	46	39	7	785,640	1,222	25,875,624	41
9/30/2009	35	46	(11)	523,008	1,211	26,398,632	41
9/30/2010	45	44	1	939,720	1,212	27,338,352	41
9/30/2011 (b)	53	44	9	1,394,052	1,221	28,732,404	42
9/30/2011 (a)	187	44	143	7,088,808	1,355	34,427,160	42

* Not available.

Includes post-retirement increases granted during the year.

(b) Before plan change.

(a) After plan change.

RETIREE DATA

Sept. 30	Normal and Early Retirement Recipients*				New Retirements**		
	Number	Averages			Number	Averages	
		Attained Age	Retirement Age	Annual Pension		Age	Annual Pension
1994	661	67.6 yrs.	58.3 yrs.	\$12,213	26	60.3 yrs.	\$16,803
1995	686	68.7	59.2	12,688	58	60.8	16,747
1996	701	69.1	58.6	13,613	38	59.3	19,357
1997	694	70.7	59.9	14,067	24	59.2	15,156
1998	697	70.7	59.8	15,220	40	59.8	21,405
1999	707	70.9	59.8	15,464	35	60.6	17,704
2000	706	71.2	59.7	14,531	29	59.0	27,097
2001	769	68.8	58.5	15,581	33	56.0	25,739
2002	839	69.4	59.4	20,967	165	58.8	32,288
2003	834	69.5	59.2	21,845	30	55.9	37,480
2004	862	69.3	58.9	22,469	57	56.9	30,787
2005	882	69.3	58.8	23,024	46	57.8	27,986
2006	895	69.4	58.7	23,473	48	57.9	26,558
2007	912	69.6	58.6	23,891	47	58.2	27,368
2008	924	69.7	58.4	24,306	38	56.4	30,244
2009	923	69.9	58.3	24,846	32	58.1	33,443
2010	927	69.9	58.3	25,711	39	58.2	35,893
2011 (b)	942	70.0	58.2	26,689	46	57.8	37,948
2011 (a)	1,076	68.7	58.4	28,658	180	59.0	41,336

* Excludes beneficiaries.

** Normal and early retirees plus vested terminations whose benefit started during the year.

(b) Before plan change.

(a) After plan change.

TOTAL RETIRED MEMBERS AND BENEFICIARIES
Historical Comparison

Valuation Date	% Incr. in		Pensions as % of Partic. Payroll	Average Pensions*
	Annual Pensions	No. of Partic. Per Retired		
9/30/1994	1.4 %	1.6	21.9 %	\$10,858
9/30/1995	7.3	1.5	23.0	11,345
9/30/1996	12.6	1.4	25.6	12,016
9/30/1997	4.3	1.4	25.4	12,415
9/30/1998	10.1	1.9	25.9	13,393
9/30/1999	4.0	1.4	25.8	13,707
9/30/2000	7.1	1.4	26.5	14,531
9/30/2001	14.0	1.5	26.2	15,581
9/30/2002	34.9	1.2	35.9	18,355
9/30/2003	3.3	1.2	34.9	18,786
9/30/2004	5.3	1.1	38.7	19,556
9/30/2005	5.4	1.2	38.5	19,876
9/30/2006	3.3	1.2	37.4	20,317
9/30/2007	4.4	1.2	36.3	20,650
9/30/2008	3.1	1.1	37.2	21,175
9/30/2009	2.0	1.1	36.9	21,799
9/30/2010	3.6	1.0	38.3	22,556
9/30/2011 (b)	5.1	1.0	41.5	23,532
9/30/2011 (a)	25.9	0.8	56.8	25,407

The System has been closed to new members since 2007. As a result, the pensions as a percentage of payroll will continue to increase, as such payroll decreases from year to year.

* Includes disability retirees and survivor beneficiaries.

(b) Before plan change.

(a) After plan change.

**INACTIVE VESTED MEMBERS
HISTORICAL SCHEDULE**

Valuation Date	No.	Estimated Annual Pensions
9/30/1997	21	\$252,071
9/30/1998	26	336,714
9/30/1999	31	420,912
9/30/2000	33	451,152
9/30/2001	38	516,936
9/30/2002	43	597,276
9/30/2003	56	864,852
9/30/2004	73	1,288,488
9/30/2005	91	1,702,472
9/30/2006	118	2,037,048
9/30/2007	119	2,046,372
9/30/2008	122	2,010,696
9/30/2009	121	2,079,168
9/30/2010	117	2,039,700
9/30/2011	112	1,999,056

**ACTIVE AND VESTED TERMINATED MEMBERS
INCLUDED IN VALUATION**

Val'n Date 9/30	Active Members			Vested Term. Members	Active Member Payroll	Average		
	Group I	Group II	Total			Age	Service	Pay
1988	*	*	1,327	*	\$33,151,794	*	*	\$24,983
1989	*	*	1,354	*	35,629,119	*	*	26,314
1990	*	*	1,403	*	37,886,863	*	*	27,004
1991	*	*	1,450	*	41,548,160	*	*	28,654
1992	*	*	1,412	*	41,989,161	*	*	29,737
1993	*	*	1,395	*	43,345,696	*	*	31,072
1994	1,282	61	1,343	13	41,845,307	43.0	10.1	31,158
1995	1,203	58	1,261	21	42,718,845	43.2	10.6	33,877
1996	1,218	54	1,272	18	43,160,872	43.3	10.5	33,932
1997	1,253	47	1,300	21	45,377,683	43.6	10.5	34,906
1998	1,325	18	1,343	26	49,012,771	43.5	10.5	36,495
1999	1,316	17	1,333	31	51,090,800	43.7	10.6	38,328
2000	1,347	16	1,363	33	53,388,461	44.0	10.7	39,170
2001	1,421	16	1,437	38	57,544,997	43.8	10.3	40,045
2002	1,340	14	1,354	43	56,553,965	42.4	9.0	41,768
2003	1,357	13	1,370	56	60,095,925	44.3	9.3	43,866
2004	1,239	12	1,251	73	57,013,914	45.1	9.9	45,575
2005	1,350	12	1,362	91	60,524,820	44.5	9.0	44,438
2006	1,376	10	1,386	118	64,239,370	44.8	9.0	46,349
2007	1,427	10	1,437	119	69,102,372	45.1	8.8	48,088
2008	1,328	10	1,338	122	69,499,308	46.2	9.9	51,943
2009	1,270	10	1,280	121	71,547,932	47.1	10.8	55,897
2010	1,218	9	1,227	117	71,416,368	47.9	11.6	58,204
2011 (b)	1,160	9	1,169	112	69,251,865	48.6	12.4	59,240
2011 (a)	1,026	9	1,035	112	60,621,037	47.2	11.5	58,571

The payroll figures represent covered payroll for active members of the Retirement System only, excluding DROP members.

* Not available.

(b) Before plan change.

(a) After plan change.

**Actual (A) Compared to Expected (E) Decrements
Among Active Employees**

Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year	
	A	E	A	E	A	E	A	E	Vested		Other			Totals
									A	E	A	E		
9/30/2004	46	157	55	44	0	2	2	1	22	78	100	64	1,251	
9/30/2005	244	133	42	42	3	2	6	1	43	39	82	52	1,362	
9/30/2006	196	172	38	38	1	2	1	1	46	86	132	74	1,386	
9/30/2007	186	135	38	40	4	4	2	2	18	73	91	78	1,437	
9/30/2008	5	104	30	42	3	4	3	3	19	49	68	82	1,338	
9/30/2009	1	59	27	44	3	4	0	3	10	19	29	59	1,280	
9/30/2010	0	53	32	52	3	4	1	3	10	7	17	47	1,227	
9/30/2011	0	58	37 *	69	4	3	1	3	8	8	16	37	1,169 *	
9/30/2012				49		3		2				30		
8 Yr Totals **	678	871	299	371	21	25	16	17	176	359	535	493		

* Before reflecting 134 members retiring under the Bonus Incentive Program.

** Totals are through current Plan Year only.

City of Fort Lauderdale General Employees Retirement System
Active Members on October 1, 2011

Age Group	Years of Service to Valuation Date											Totals
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30+	
20-24 NO.	-	-	-	-	1	2	-	-	-	-	-	3
TOT PAY	-	-	-	-	30,221	70,253	-	-	-	-	-	100,474
AVG PAY	-	-	-	-	30,221	35,127	-	-	-	-	-	33,491
25-29 NO.	-	-	-	1	9	29	2	-	-	-	-	41
TOT PAY	-	-	-	56,251	354,355	1,240,034	102,666	-	-	-	-	1,753,306
AVG PAY	-	-	-	56,251	39,373	42,760	51,333	-	-	-	-	42,764
30-34 NO.	-	-	-	-	13	43	15	-	-	-	-	71
TOT PAY	-	-	-	-	521,783	2,133,081	805,103	-	-	-	-	3,459,967
AVG PAY	-	-	-	-	40,137	49,607	53,674	-	-	-	-	48,732
35-39 NO.	-	-	-	-	17	41	38	8	-	-	-	104
TOT PAY	-	-	-	-	857,600	2,215,320	2,112,189	424,530	-	-	-	5,609,639
AVG PAY	-	-	-	-	50,447	54,032	55,584	53,066	-	-	-	53,939
40-44 NO.	-	-	-	1	28	57	43	26	18	-	-	173
TOT PAY	-	-	-	74,516	1,501,932	3,320,400	2,527,695	1,675,244	988,106	-	-	10,087,893
AVG PAY	-	-	-	74,516	53,640	58,253	58,784	64,432	54,895	-	-	58,312
45-49 NO.	-	-	-	1	24	62	53	16	46	13	-	215
TOT PAY	-	-	-	70,782	1,277,319	4,177,376	2,983,201	996,414	2,790,084	869,728	-	13,164,904
AVG PAY	-	-	-	70,782	53,222	67,377	56,287	62,276	60,654	66,902	-	61,232
50-54 NO.	-	-	-	-	9	63	55	19	37	17	3	203
TOT PAY	-	-	-	-	520,688	4,149,062	3,417,605	1,195,095	2,398,855	1,272,606	159,776	13,113,687
AVG PAY	-	-	-	-	57,854	65,858	62,138	62,900	64,834	74,859	53,259	64,599
55-59 NO.	-	-	-	-	11	49	28	14	14	7	1	124
TOT PAY	-	-	-	-	476,634	2,980,246	1,650,546	902,131	751,627	460,993	94,747	7,316,924
AVG PAY	-	-	-	-	43,330	60,821	58,948	64,438	53,688	65,856	94,747	59,007
60-64 NO.	-	-	-	1	13	24	17	5	5	-	1	66
TOT PAY	-	-	-	110,469	755,194	1,262,928	989,207	327,263	379,309	-	60,208	3,884,578
AVG PAY	-	-	-	110,469	58,092	52,622	58,189	65,453	75,862	-	60,208	58,857
65+ NO.	-	-	-	-	5	16	6	1	5	-	2	35
TOT PAY	-	-	-	-	266,692	1,086,724	356,879	46,007	290,546	-	102,817	2,129,665
AVG PAY	-	-	-	-	53,338	67,920	56,147	46,007	58,109	-	51,409	60,848
TOT NO.	-	-	-	4	130	386	257	89	125	37	7	1,035
TOT AMT	-	-	-	312,018	6,562,418	22,635,424	14,925,091	5,566,684	7,598,527	2,603,327	417,548	60,621,037
AVG AMT	-	-	-	78,005	50,480	58,641	58,074	62,547	60,788	70,360	59,650	58,571

The payroll figures represent covered payroll for active members of the Retirement System only, excluding DROP members.

City of Fort Lauderdale General Employees Retirement System
 Schedule of Inactive Participant Data as of October 1, 2011

Age	Terminated Vested		Disabled		Retired		Beneficiaries	
	Number	Benefits	Number	Benefits	Number	Benefits	Number	Benefits
Under 20	0	0	0	0	0	0	6	33,900
20 - 24	0	0	0	0	0	0	5	52,824
25 - 29	1	7,020	0	0	0	0	1	4,620
30 - 34	0	0	0	0	0	0	4	46,308
35 - 39	8	94,920	0	0	0	0	0	0
40 - 44	11	181,692	2	13,152	0	0	1	8,928
45 - 49	44	863,388	6	112,440	5	292,008	8	108,840
50 - 54	42	778,428	10	211,248	70	3,365,124	11	175,224
55 - 59	6	73,608	11	278,496	165	6,614,484	6	137,688
60 - 64	0	0	10	200,856	215	6,951,600	16	332,784
65 - 69	0	0	6	94,896	184	4,996,800	15	255,684
70 - 74	0	0	1	25,740	132	2,984,280	20	242,880
75 - 79	0	0	0	0	125	2,661,768	31	409,284
80 - 84	0	0	0	0	108	1,998,240	47	423,240
85 - 89	0	0	0	0	52	759,996	43	332,496
90 - 94	0	0	0	0	18	196,236	16	78,276
95 - 99	0	0	0	0	2	15,084	2	9,636
100 & Over	0	0	0	0	0	0	1	2,100
Total	112	1,999,056	46	936,828	1,076	30,835,620	233	2,654,712
Average Age		49		57		69		73
Liability		15,305,008		9,932,552		311,991,960		18,470,036

RECONCILIATION OF MEMBERSHIP DATA

	From 10/1/10 To 9/30/11	From 10/1/09 To 9/30/10
A. Active Members		
1. Number Included in Last Valuation	1,227	1,280
2. New Members Included in Current Valuation	0	0
3. Non-Vested Employment Terminations	(8)	(7)
4. Vested Employment Terminations	(8)	(10)
5. Service, Normal and Early Retirements	(27)	(22)
6. DROP Retirements	(10)	(10)
7. Disability Retirements	(4)	(3)
8. Deaths	(1)	(1)
9. Other - Rehired Members	0	0
10. Retirements under Bonus Incentive Program	(134)	N/A
11. Number Included in This Valuation	1,035	1,227
B. Terminated Vested Members		
1. Number Included in Last Valuation	117	121
2. Additions from Active Members	8	10
3. Lump Sum Payments/Refunds	(5)	(7)
4. Payments Commenced	(10)	(7)
5. Deaths	0	(1)
6. Other - Data Adjustment	2	1
7. Number Included in This Valuation	112	117
C. DROP Participants		
1. Number Included in Last Valuation	23	19
2. Additions from Active Members	10	10
3. Retirements	(11)	(6)
4. Deaths Resulting in No Further Payments	0	0
5. Other	0	0
6. Number Included in This Valuation	22	23
D. Retirees and Beneficiaries		
1. Number Included in Last Valuation	1,189	1,192
2. Additions from Active Members	165	25
3. Additions from DROP	11	6
4. Additions from Terminated Vested Members	10	7
5. Removals Resulting in No Further Payments	(44)	(44)
6. Deaths Resulting in New Survivor Benefits	1	2
7. Other - Data Adjustment	1	1
8. Number Included in This Valuation	1,333	1,189

Section D



The Actuarial Valuation Process
Summary of Actuarial Assumptions
and Definition of Technical Terms

THE ACTUARIAL VALUATION PROCESS

An actuarial valuation is the mathematical process by which a pension fund contribution requirement is determined and its actuarial condition is measured.

The flow of activity constituting the valuation may be summarized as follows:

- A. ***Covered Person Data***, furnished by the fund administrator including:
 - Retired members and beneficiaries now receiving benefits
 - Former members with vested benefits not yet payable
 - Active members
- B. + ***Asset Data*** (cash & investments), furnished by the System Administrator
- C. + ***System Description Data***, furnished by the System Administrator
- D. + ***Assumptions about various future activities of the System*** (risk elements)
- E. + ***The Actuarial Cost Method*** for allocating costs to time periods and determining the long-term planned pattern for employer contributions
- F. + ***Mathematically combining the Data, the Estimates of Future Activities, and the Cost Method***
- G. = Determination of:
 - Employer Contribution Requirement and Actuarial Condition

Items A, B and C constitute the current “knowns” about the System. A good deal of System activity which will result in benefit payments has yet to occur. Accordingly, certain assumptions must be made about future System activity. These assumptions (Item D) may be classified as demographic or fiscal. Demographic assumptions include future mortality rates, disability rates, rates of pre-retirement withdrawal from employment, and retirement ages. Fiscal assumptions consist of future salary increases and rates of investment return.

Demographic assumptions are generally selected on the basis of the System's historical activity, modified for expected future differences. Past activity of funds which are similar in nature to the fund being valued may be utilized if fund data or activities are insufficient to be reliable.

Fiscal assumptions, on the other hand, do not lend themselves to prediction on the basis of historical activity -- the reason being that both salary increases and investment return are impacted by inflation. Inflation defies reliable prediction. Fiscal assumptions are generally selected on the basis of what would be expected to occur in an inflation-free environment and then both are increased by some provision for long-term inflation.

Once items A, B, C and D are available, the actuarial valuation process begins. The first step is to determine the plan's *total actuarial present value* for individuals in each of the 3 covered person categories.

Retired members now receiving monthly payments;

Vested terminated members not yet at retirement age;

Active members.

The actuarial present value is the value today after taking into account the probabilities of payment and the effect of time, of System promises to pay benefits in the future on the basis of both service already completed and projected future service.

The total actuarial present value is allocated between projected future service and completed service by the actuarial cost method (Item E) -- the *individual entry-age* method is being utilized for this valuation. The portion of the total actuarial present value allocated to projected future service is the *actuarial present value of future normal costs* -- normal cost being the series of annual costs, from entry-age to retirement age, which will accumulate to the actuarial present value of the individual's benefit at the time of retirement or death. The remainder of the total actuarial present value is the actuarial accrued liability.

At this stage determination has been made of:

1. The total actuarial present value;
2. The actuarial present value of future normal cost; and
3. The actuarial accrued liability.

In the typical fund, the actuarial accrued liability may not be covered by the System's accrued assets -- leaving an *unfunded actuarial accrued liability*.

The next step in the valuation process is a determination of the contribution rate (Item G) required to support System benefits in accordance with the funding objective.

The contribution rate is determined in two basic components:

1. The normal cost component; and
2. The component which will finance (pay off) the unfunded actuarial accrued liability over the period indicated on page B-8.

The unfunded actuarial accrued liability is being amortized as a level dollar amount.

The actuarial estimates regarding the INVESTMENT RETURN rate, INFLATION rate, REAL INVESTMENT RETURN rate, and SALARY INCREASE rates are used, in combination with the other estimates, to (i) determine the present value of amounts expected to be paid in the future and (ii) establish rates of contribution which are expected to remain relatively level as a percent of total valuation payroll.

INVESTMENT RETURN. Seven and three-fourths percent per annum, compounded annually; net rate after investment related expenses.

INFLATION. Three and one-quarter percent per annum, compounded annually. This is the rate at which growth in the supply of money and credit is estimated to exceed growth in the supply of goods and services. The recent inflation rate as measured by the Consumer Price Index has been:

	<u>Year Ended September 30</u>					<u>Average For Period</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>5 Years</u>
Actual	3.9%	1.1%	-1.3%	4.9%	2.8%	2.3%
Assumed	3.25	3.25	3.25	3.25	3.25	3.3

NET REAL INVESTMENT RETURN. Four and a half percent per annum net of investment expenses, compounded annually based on the funding value of assets. This is the rate of return estimated to be produced by investing a pool of assets in an inflation-free environment. Recent real rates of investment return on the funding value of assets have been:

	<u>Year Ended September 30</u>					<u>Average For Period</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>5 Years</u>
Net Total Rate	1.5%	3.4%	3.6%	5.1%	10.4%	4.8%
less inflation rate	3.9	1.1	-1.3	4.9	2.8	2.3
Actual Real Rate	-2.4	2.3	4.9	0.2	7.6	2.5
Projected Real Rate	4.5	4.5	4.5	4.5	4.5	4.5
Assumed Total Rate	7.75	7.75	7.75	7.75	7.75	7.8

The total investment return rate was computed on the funding value of assets using the approximate formula $i = I$ divided by $1/2 (A + B - I)$, where I is investment income net of investment expenses, A is the beginning of year asset funding value, and B is the end of year asset funding value.

The preceding investment return rates reflect the particular characteristics of this Retirement System and the method of determining the funding value of assets. They should not be used to measure an investment advisor's performance or for comparison with other retirement systems. Such use will usually mislead.

SALARY INCREASES. Member salaries are estimated to increase between the date of hire and date of retirement. Salary increases occur in recognition of (i) individual merit and seniority, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) competition from other employers for personnel. A schedule of rates of increases in individual salaries for sample ages follows:

Annual Rates of Salary Increase for Years of Service				
<u>Attributable to:</u>		General Increase in Wage Level Due to:		
<u>Merit & Seniority:</u>		<u>Inflation:</u>	<u>Other Causes:</u>	<u>TOTAL:</u>
Yrs of Svc:				
1	5.0%	3.25%	0.00%	8.25%
2	5.0	3.25	0.00	8.25
3	5.0	3.25	0.00	8.25
4	5.0	3.25	0.00	8.25
5	5.0	3.25	0.00	8.25
6	2.0	3.25	0.00	5.25
7	2.0	3.25	0.00	5.25
8	2.0	3.25	0.00	5.25
9	2.0	3.25	0.00	5.25
10	2.5	3.25	0.00	5.75
11	1.5	3.25	0.00	4.75
12	1.5	3.25	0.00	4.75
13	1.5	3.25	0.00	4.75
14	1.5	3.25	0.00	4.75
15	2.0	3.25	0.00	5.25
16	1.0	3.25	0.00	4.25
17	1.0	3.25	0.00	4.25
18	1.0	3.25	0.00	4.25
19	1.0	3.25	0.00	4.25
20	1.5	3.25	0.00	4.75
21	1.0	3.25	0.00	4.25
22	1.0	3.25	0.00	4.25
23	1.0	3.25	0.00	4.25
24	1.0	3.25	0.00	4.25
25	1.5	3.25	0.00	4.75
26+	1.0	3.25	0.00	4.25

The valuation is based on the number of active members remaining constant, and the total payroll for the group increasing at the rate of 3.25% a year (the estimated general increase in wage levels due to inflation and other causes).

A schedule of recent salary change experience, as measured by average reported pay, follows:

	Year Ended September 30					Average for Period
	2011	2010	2009	2008	2007	5 Years
% Change: Actual Average *	2.2 %	6.2 %	8.2 %	8.0 %	6.9 %	6.3%
Projected	5.4	5.7	5.8	5.9	5.8	5.7
% Change in Total Payroll	-3.0 **	-0.2	2.9	0.6	7.6	1.5

The percent change in total payroll represents the change in covered payroll for active members of the Retirement System only, excluding DROP members.

* Based on members active at both the beginning and end of year.

** Before the plan change. The % Change in Total Payroll is -15.1% after the plan change.

MORTALITY TABLE. The mortality table used for active and retired lives valuation is the RP-2000 Combined Healthy Participant Mortality Tables for males and females. The provision for future mortality improvements is being made by using Scale AA after 2000.

Sample Attained Ages (in 2011)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.18 %	0.14 %	33.99	35.47
55	0.29	0.25	28.88	30.52
60	0.57	0.48	23.96	25.75
65	1.09	0.92	19.37	21.27
70	1.88	1.58	15.21	17.16
75	3.24	2.57	11.48	13.45
80	5.76	4.25	8.31	10.17

The mortality table is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement.

RATES OF SEPARATION FROM ACTIVE MEMBERSHIP. The rates do not apply to members eligible to retire and do not include separation on account of death or disability. Separation rates are used to measure the probabilities of members remaining in employment.

<u>Sample Ages</u>	<u>Years of Service</u>	<u>Percent Separating within Next Year</u>
ALL	0	17.00 %
	1	12.00
	2	9.00
	3	7.00
	4	5.00
25	5 & Over	10.00
30		7.60
35		5.28
40		4.32
45		3.40
50		2.40
55		2.00
60		0.00

VESTED MEMBERS who terminate with a benefit worth less than 100 percent of their own accumulated contributions were presumed to elect a refund of accumulated contributions and forfeit the vested benefit.

RATES OF DISABILITY. Disability rates measure the probabilities of active members becoming disabled.

<u>Sample Ages</u>	<u>Percent Becoming Disabled within Next Year</u>
20	0.07 %
25	0.08
30	0.10
35	0.14
40	0.20
45	0.31
50	0.52
55	0.99

RATES OF RETIREMENT. Rates of retirement are used to measure the probabilities of an eligible member retiring during the next year.

Early Retirement		Service Retirement	
Age	% Retiring *	Service	% Retiring *
50	3%	30	30%
51	3	31	20
52	3	32	15
53	3	33	10
54	3	34	55
55	N/A	35+	100
56	N/A		
57	N/A		

Age Based Retirement	
Age	% Retiring *
55	20%
56	5
57	5
58	15
59	15
60	20
61	20
62	35
63	15
64	20
65	50
66	30
67	20
68	20
69	20
70	100

** If eligible to retire.*

ADMINISTRATIVE EXPENSES. Administrative expenses are included as an additional employer contribution to provide for reimbursement of these expenses.

ACTIVE MEMBER GROUP SIZE. The valuation was based on a declining active member group size. This is unchanged from previous valuations.

MARITAL STATUS. Ninety percent of active members who meet the age and service requirements for pre-retirement survivor benefits are estimated to be married. Female spouses are assumed to be 3 years younger than the male member. Male spouses are assumed to be 3 years older than the female member.

CHANGES IN ASSUMPTIONS. An assumption was added to reflect the replacement of 20% of the members who retired under the Bonus Incentive Program with promotions of the highest-paid remaining active plan members. The salaries of expected promoted members were increased by 5%.

DEFINITIONS OF TECHNICAL TERMS

ACCRUED SERVICE. Service credited under the system which was rendered before the date of the actuarial valuation.

ACTUARIAL ACCRUED LIABILITY. The difference between the actuarial present value of future benefit payments and the actuarial present value of future normal costs. Also referred to as “accrued liability” or “past service liability.”

ACTUARIAL COST METHOD. A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future benefit payments” between future normal costs and actuarial accrued liability. Sometimes referred to as the “actuarial valuation cost method.”

ACTUARIAL EQUIVALENT. A single amount or series of amounts of equal actuarial present value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

ACTUARIAL PRESENT VALUE. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment. Also referred to as “present value.”

AMORTIZATION. Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying it off with a lump sum payment.

EXPERIENCE ESTIMATES (ASSUMPTIONS). Estimates of expected future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement estimates (rates of mortality, disability, turn-over and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic estimates (salary increases and investment income) consist of the underlying rates in an inflation-free environment plus a provision for a long-term average rate of inflation.

EXPERIENCE GAIN (LOSS). The difference between actual actuarial costs and assumed actuarial costs -- during the period between two valuation dates.

FUNDING VALUE OF ASSETS. The value of assets derived by spreading the difference between actual investment return and expected investment return in equal dollar installments over five years. This treatment removes the timing of investment activities from the valuation process.


NORMAL COST. The actuarial cost allocated to the current year by the actuarial cost method. Sometimes referred to as “current service cost.”

UNFUNDED ACTUARIAL ACCRUED LIABILITY. The difference between actuarial accrued liability and the actuarial value of system assets. Sometimes referred to as “unfunded past service liability”, “unfunded accrued liability” or “unfunded supplemental present value.”

Most retirement systems have unfunded actuarial accrued liability. It arises each time new benefits are added and each time an experience loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to control the amount of unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar).

Section E



Disclosures Required by
Statement No. 35 of the Financial
Accounting Standards Board
and Statement No. 25 of the
Governmental Accounting
Standards Board

FASB NO. 35 INFORMATION

A. Valuation Date	September 30, 2011	September 30, 2010
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 340,394,548	\$ 263,963,913
b. Terminated Vested Members	15,305,008	14,982,990
c. Other Members	<u>129,174,854</u>	<u>158,316,706</u>
d. Total	484,874,410	437,263,609
2. Non-Vested Benefits	3,870,624	6,943,763
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	488,745,034	444,207,372
4. Accumulated Contributions of Active Members	31,115,791	36,704,548
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	444,207,372	420,552,800
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	20,492,691	0
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	52,518,430	50,773,691
d. Benefits Paid	<u>(28,473,459)</u>	<u>(27,119,119)</u>
e. Net Increase	44,537,662	23,654,572
3. Total Value at End of Period	488,745,034	444,207,372
D. Actuarial Present Value of Accumulated Plan Benefits Using FRS Interest Rate		
a. Vested	484,874,410	N/A
b. Non-Vested	<u>3,870,624</u>	<u>N/A</u>
c. Total	488,745,034	N/A
E. Market Value of Assets	305,318,905	312,018,770
F. Funded Ratio Using FRS Interest Rate	62.5%	N/A
G. Actuarial Assumptions - See Section D of Actuarial Valuation Report		

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	(\$ in millions)				Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b - a)				
9/30/1994	\$147,354,316	\$181,036,056	\$33,681,740	81.4%	\$41,845,307	80.4%	
9/30/1995 #	163,265,372	192,613,773	29,348,401	84.8	42,718,845	68.6	
9/30/1996 *	175,906,574	215,921,863	40,015,289	81.5	43,160,872	92.8	
9/30/1997	204,885,033	225,854,296	20,969,263	90.7	45,377,683	46.2	
9/30/1998	228,067,116	247,477,415	19,410,299	92.2	49,012,771	39.6	
9/30/1999 (a)	254,682,660	250,814,531	(3,868,129)	101.5	51,090,800	-	
9/30/2000 #	274,896,024	278,433,377	3,537,353	98.7	53,388,461	6.6	
9/30/2001	287,006,880	323,655,373	36,648,493	88.7	57,544,997	63.7	
9/30/2002	270,315,139	354,556,913	84,241,774	76.2	56,553,965	149.0	
9/30/2003 (a)	268,977,550	369,718,095	100,740,545	72.8	60,095,925	167.6	
9/30/2004 (a)	266,240,318	379,814,542	113,574,224	70.1	57,013,914	199.2	
9/30/2005	282,961,210	392,571,293	109,610,083	72.1	60,524,820	181.1	
9/30/2006	301,241,568	408,743,565	107,501,997	73.7	64,239,370	167.3	
9/30/2007 #	327,741,369	430,025,194	102,283,825	76.2	69,102,372	148.0	
9/30/2008	338,743,156	454,291,730	115,548,574	74.6	69,499,308	166.3	
9/30/2009	345,239,176	482,099,968	136,860,792	71.6	71,547,932	191.3	
9/30/2010	353,481,376	499,854,210	146,372,834	70.7	71,416,368	205.0	
9/30/2011 (b)	355,673,852	519,161,979	163,488,127	68.5	69,251,865	236.1	
9/30/2011 (a)	355,673,852	536,701,842	181,027,990	66.3	60,621,037	298.6	

The payroll figures represent covered payroll for active members of the Retirement System only, excluding DROP members, and the UAAL as a percentage of covered payroll was calculated on this basis.

Plan amended.

* After State mandated mortality assumption change.

(a) After assumption and/or plan changes adopted by the Board.

(b) Before assumption and/or plan changes adopted by the Board.

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions

Fiscal Year Ended September 30	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Valuation Payroll	Actual Contribution Based on Actual Payroll	Percentage Contributed
1993	13.48%	\$5,658,572	\$5,658,572	100%
1994	12.04	5,222,632	5,222,632	100
1995	14.66	6,271,026	6,253,916	100
1996 #	11.66	5,091,855	5,091,855	100
1997 *	13.65	6,022,556	6,022,556	100
1998	11.82	5,482,994	5,482,994	100
1999	11.36	5,693,583	5,693,583	100
2000 (a)	8.04	4,187,028	4,187,028	100
2001	9.19	5,002,774	5,002,774	100
2002 #	9.19	5,202,884	5,202,884	100
2003	14.73	9,012,598	9,012,598	100
2004	20.04	12,055,085	12,055,085	100
2005	21.99	14,036,569	14,036,569	100
2006	24.38	14,749,038	14,749,038	100
2007	23.62	15,221,841	15,221,841	100
2008	23.43	16,025,608	16,025,608	100
2009 #	25.76	18,363,351	18,363,351	100
2010	28.68	19,387,067	19,387,067	100
2011	30.95	21,534,043	21,534,043	100
2012	32.75			

These percent of payroll contribution figures represent percentages of covered payroll for active members of the Retirement System only, excluding DROP members. The System has been closed to new members since 2007. As a result, the required contribution will continue to increase as a percent of covered payroll, as such payroll decreases from year to year.

Plan amended.

* After State mandated mortality assumption change.

(a) After assumption changes adopted by the Board.

GASB STATEMENT NO. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	September 30, 2011
Actuarial cost method	Entry Age
Amortization method	Level dollar
Closed amortization period	5-30 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases*	4.25% - 8.25%
*Includes inflation and other general increases at Cost-of-living adjustments	3.25%
	Ad-hoc adjustments are made at the discretion of the Board of Trustees with approval of the City Commission if investment earnings have exceeded the funding assumption during the prior fiscal year.


Membership of the plan consisted of the following at September 30, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,355
Terminated plan members entitled to but not yet receiving benefits	112
Active plan members	<u>1,035</u>
Total	2,502



CITY MANAGER

2012 JUN 25 PM 2:27
CITY OF FORT LAUDERDALE
POLICE AND FIRE RETIREMENT SYSTEM

DATE: June 25, 2012
FROM: Michael Dew, Chairman 
TO: Mayor Seiler, Vice-Mayor Rodstrom, City Commissioners DuBose, Roberts,
and Rogers
RE: City Commission Meeting

Enclosed please find for your review materials covering the topics that will be presented to the City Commission at the meeting on Friday, June 29th.

Included you will find:

- Response to comments regarding FLPF Retirement System
- Pension Plan Overview
- Actuarial Equivalency Ordinance Revision
- Survivor Remarriage Summary
- Trustees' Term of Office

I look forward to meeting with you on Friday.


Cc: Lee Feldman, City Manager
Jon Herbst, City Auditor
Doug Wood, Finance Director

888 SOUTH ANDREWS AVENUE, SUITE 202
FORT LAUDERDALE, FLORIDA 33316
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CITY OF FORT LAUDERDALE POLICE AND FIRE RETIREMENT SYSTEM

DATE: June 29, 2012

FROM: Michael Dew, Chairman 

TO: Mayor Seiler, Vice-Mayor Rodstrom, City Commissioners DuBose, Roberts and Rogers

RE: Comments regarding Police and Firefighters' Retirement System

Earlier this year, there were several comments made regarding the Fort Lauderdale Police and Firefighters' Retirement System. These comments were in emails to the city commission, emails to the plan, and comments at a public meeting of the trustees. The comments are contained on the following pages. They are unedited – and appear exactly as presented to the trustees and commissioners. For each allegation, the trustees have prepared a factual response.

As Chairman of the Board of Trustees, I take seriously any citizen's comments made about the retirement system. The trustees take great exception to many of the accusations, especially those that are factually incorrect or imply that the trustees have intentionally misled the commissioners and citizens of Fort Lauderdale. Under my leadership, our trustees have worked to ensure transparency of our actions and official documents through open meetings and information available on the plan's website. The impression that the trustees have misled the commission, lack transparency, or are staunchly opposed to any and all change could not be further from the truth.

The Police and Firefighters' Board of Trustees is committed to working with the city commission and city management leadership to reduce the plan's costs, promote retirement security for our members, and attain actuarial fiscal soundness for our retirement system. We are complimented for our completeness and transparency of activities. As a matter of fact, many organizations – both pension and media representatives – cite our website as an example of what all plan websites should resemble. We plan to continue this policy of transparency and openness.

CC: Lee Feldman, City Manager
Jon Herbst, City Auditor
Doug Wood, Finance Director

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BOB OELKE COMMENTS*

“Both plans (PFRS & GERS) currently assume a 7.75% annual return on actuarial assets.”

“Chairman Dew is correct, a long-term view is required -- the ups and downs over the short-term should even out over time. After advising you to look at the long-term, Chairman Dew then uses one short-term statistic to make a point: Pay raises in 2010 were less than anticipated by the actuary (3.2% v 6.5%) which reduced the unfunded pension liability by \$7 million. What he failed to mention was that in 2009 pay raises exceeded expectations, 13.82% vs 6.22%, and those added \$14.3 million to the unfunded pension liability. For 9 of the 20 years listed in 2011 Actuarial Valuation, actual pay raises exceeded the actuary's assumption. (see page 3 of the attachment).”

RESPONSE FROM POLICE AND FIREFIGHTERS' PENSION BOARD

PFRS lowered its assumed rate of return in 2003 from 8% to 7.75% and again lowered its assumed rate of return to 7.5% effective January 1, 2012. GERS raised their assumed rate of return in 2004 from 7.5% to 7.75% in order to save the city money.

The 2010 pay raise was simply an example of what happens when the actual experience differs from the assumptions on pay. Salary includes 3.25% inflation, service-based rates, and an additional 4.5% in the year of retirement to reflect retirements throughout the year. The assumed annual salary cost increase is 6.47%. This is not the actual pay increase negotiated in the labor contracts between the unions and the city.

Since 1991, the assumed salary increase varied from 7.0% and 4.3%. The actual salary increase percentage varied from 0.8% to 13.8%. Compensation increases were significantly lower than expected. In 11 of those 20 years, the actual salary percentage increase was less or equal to the assumed salary percentage increase. In some cases, the pay variations are due to the fact the labor contract was agreed to after the expiration date and the pay increase made retroactive to the contract's expiration date.

* Emails from Bob Oelke to the mayor and commissioners and Police and Firefighters Pension Board Chairman on March 14, March 15 and March 19, 2012.

BOB OELKE COMMENTS

“I am unaware of where Chairman Dew's 21-year return of 8.53% came from, or whether that is return based on market value or actuarial values, but it doesn't match up with the 17-year average return calculated by the actuary. **According to the Actuarial Valuation, the average rate of return on market value over the past 17 years has been 7.2% and the rate of return on actuarial assets has been 7.5%.** see "returns" attachment (I don't know why the actuaries only averaged over 17 years, it's an odd time period -- last year's valuation included a 16-year average -- so perhaps there was a major change in 1994 that makes comparisons with earlier years misleading.) But if the average of the last 17 years underperformed the assumption, those extra four years must have outperformed assumption dramatically. That doesn't appear to be the case.”

“Chairman Dew is correct, not all pension plans are the same. The PFRS portfolio may be outperforming its benchmarks, but it has consistently underperformed the rates of return earned by other public pension plans. The attached graph from the plan's investment report (2011 3Q) shows PFRS lagging the field. Over the past ten years, our plan -- "total composite" -- has languished at about the 80th percentile of all public pension plans (i.e., 80 out of 100 plans do better than PFRS). I hope Chairman Dew is correct about the restructuring of the investment management team, and I hope the performance manager is correct about expected future outcomes, but hopes alone won't pay the pension benefits.”

RESPONSE FROM POLICE AND FIREFIGHTERS' PENSION BOARD

Over the past 21 years, the average annual total return on the plan's investments was 8.79%. This number is calculated by taking the market value of the fund on December 31 and comparing it to the market value on December 31 of the previous year. These 21 returns are added together and divided by 21.

The actuary uses a smoothed return for the year, to prevent market fluctuations from causing wide variations in the city's contribution.

A list of the annual total return is attached.

The pension board has made several changes in the portfolio to enhance returns with reducing absolute return risk. The portfolio has been rebalanced, asset classes have been added, and money managers who were underperforming have been replaced. On January 1, 2011, a new performance manager, CapTrust, began directing the plan's portfolio.

It is difficult to compare one retirement plan to another without comparing fund size (which affects investment fees) and risk tolerance (some plans have taken on much more risk in order to try and increase return on investments), and the maturity of a plan. For example, the Police and Firefighters' Plan, as of 2003, had more retirees than active members. When retirees exceed active members, there are different investment objectives due to the need for cash to pay the monthly benefits. As of January 1, 2012, there are 970 beneficiaries and 798 active members in the plan.

BOB OELKE COMMENTS

“Our unfunded pension liability grows due to one simple fact -- the plan's actual results don't meet up with the actuarial assumptions. The city and employees have been making their required contributions each year, so failure to meet expectations is the only other explanation for growth in unfunded liabilities. Our assumptions are overly optimistic -- the proof of that is the continuing growth of our unfunded liabilities. Gabriel Roeder Smith has new tools to better analyze our assumptions. We desperately need that insight to improve our chances of achieving the anticipated results. We all want the same thing: healthy pension plans -- and healthy plans are based on realistic assumptions (investments, pay raises, mortality, etc).”

RESPONSE FROM POLICE AND FIREFIGHTERS' PENSION BOARD

This statement is false. There are several factors that affect the unfunded liability of a plan. In the case of the Police and Firefighters Retirement System, these factors include:

- 1) Market return – when the equities market declines or fixed income is paying historically low interest rates, the unfunded liability increases because the market value decreases;
- 2) Pay increases, turnover of public safety officers, disability, retirements, mortality, new members;
- 3) Investment return; and,
- 4) State distribution of 175 and 185 contributions.

No long-term decisions regarding the funding or investment strategy of a pension plan should be made on short-term events, such as a down market, which tends to run in 18-year cycles. To make such decisions would be like an individual investor reacting to every stock fluctuation – that investor tends to end up selling low and buying high.

All the assumptions of the plan are reviewed and adjusted by the actuary each year; a five-year experience study will be completed in 2012 and any additional adjustments will be made. Based on that study, the board adopted the RP2000 Mortality Table and lowered the investment assumed rate of return from 7.75% to 7.5% effective January 1, 2012.

BOB OELKE COMMENTS

“The funding ratio was 71.5% as of 12/31/10, it will be even lower in the upcoming report due to poor investment performance in 2011. The GAO considers 80% funding to be healthy. Chairman Dew's vague concerns about overfunding the plan are certainly not anything to fear in the near future. It will take this plan many years of far-above-average returns to get the plan back to a healthy funding level unless the City Commission borrows hundreds of millions of dollars in Pension Obligation Bonds to pay off its unfunded pension liabilities. In that case, the city will ask the pension plans -- with a less-than-stellar investment record in the past -- to invest the bond issue proceeds on behalf of the taxpayers. If they fail to earn 7.75%, the city will accumulate new unfunded pension liabilities in the future and the taxpayers will still have to pay the bondholders. And, from a budgeting point of view, the debt service millage will have to increase to pay off those bonds.”

“I do share Chairman Dew's concerns about a fully-funded plan, especially if it is funded via a bond issue. But the reasons for my concerns may not be the same as his -- I'm afraid there will be less transparency, less urgency to hold the plan responsible in the future, and more political pressure for enhanced benefits.”

RESPONSE FROM POLICE AND FIREFIGHTERS' PENSION BOARD

The investment return for the past year was a negative one-half of one percent. The impact was to lower our two-year total average return from 9% to 8.79%, which is still above the 7.75% old assumed rate of return as well as the new 7.5% assumed rate of return effective January 1, 2012.

The trustees are sworn fiduciaries of the plan. Their obligation is to ensure the benefits are administered properly according to the city ordinance and to prudently invest the funds. They take their fiduciary responsibilities very seriously.

The trustees are committed to helping reduce the costs of the plan to the city. All actions taken by the trustees are done with an eye toward costs to the employer and employee. However, the trustees will not take on great amounts of risk to try and enhance returns for the plan – as some other plans have done.

The plan's investments are conservative overall (45% equities, 30% fixed income and 25% alternative investments) and the benefits paid out are conservative when compared to many other plans.

BOB OELKE COMMENTS

“Thank you for taking the time yesterday to discuss how you calculated the 21-year annual average return that you reported to the city commissioners in this week's email.

The simple averaging method you used (total of the annual return figures divided by the number of years) is not an appropriate way to average investment returns over time. If you will permit me a simple example. An investment earns a 25% return in year one, followed by a 20% decline in year two. Using your simple averaging method, you'd conclude that there was a 2.5% annual rate of return over the two years:

$$\begin{aligned} [(25\% + (-20\%)) / 2] &= \\ +5\% / 2 &= \\ +2.5\% \text{ per year} \end{aligned}$$

But if you invested \$100 in this investment scenario, you'd see a gain of \$25 in year one (and the value of your investment would now be \$125), and you'd lose \$25 in year two (20% of \$125). At the end of year two you'd have \$100 -- right back where you started, not a 2.5% annual return.

Miscalculations of PFRS investment returns were used by candidates for the city commission in the latest elections to deflect questions about your plan's underlying assumptions. This deceived the voters, taxpayers and the candidates who relied on your figures. It deprived the city of a fair and open discussion of a matter of importance to the financial health of the city. At a minimum, you owe the commissioners a correction.”

RESPONSE FROM POLICE AND FIREFIGHTERS' PENSION BOARD

No one mislead anyone about the plan's average total annual return. The plan's funds are not static; everyday, the plan's market value changes due to fluctuations in the equities markets, payout of benefits, employee contributions coming into the plan, the city's contribution, and addition of state money from 175 and 185 distributions. So the example of a static \$100 being invested is not applicable to the retirement plan.

Statistics show that if you have an annual return on investments over say five years, it is logical to total those five returns, divide by five and therefore you can say that the average annual total return on investments was X%. That's mathematical.

The trustees of the plan are 100% committed to transparency and Michael Dew, as Chairman, has guaranteed that transparency. Our website contains the agenda, full minutes of all meetings, financial documents and other relevant data. Our meetings are open and legally noticed; at the meetings, the data being discussed is presented on a large screen for all to see. We have communicated information to the city commissioners monthly, held informational meetings with the commissioners and city management, and provide detailed data to the media regarding the actions of the pension board. The staff promptly responds to all requests for information from outside inquiries.

BOB OELKE COMMENTS

RESPONSE FROM POLICE AND
FIREFIGHTERS' PENSION BOARD

“Your plan's actuary stated in its annual valuation that the fund has a long-term annual return of 7.5% (on actuarial assets) and 7.2% on based on market values. Your Board accepted that report. If you have a reason to challenge that report, you should clearly lay out why the Board now disagrees with its actuary's calculation. You were content to stand by the actuary on other issues addressed in your email.”

The board voted to accept the actuary's report and believes it to be accurate and correct. We have had the same actuary since 2000 and the board has full faith in his performance.

“On another matter, is there an explanation why the Board's investment fees increased 20% last year? (\$1,842,169 in FY2011, up from \$1,510,625 in FY2010) Over the past 7 years, the Board's investment expenses as a percentage of assets under management have grown dramatically:

FY 2005: \$1,001,567 investment expenses to manage a \$423,858,058 portfolio = 23.6 basis points

FY 2011: \$1,842,169 investment expenses to manage a \$407,861,670 portfolio = 45.2 basis points

Is there an explanation for why investment expenses have almost doubled?”

We cannot find where the cited numbers are from. For the 2004 year end, the Fund Balance per the audit was \$423,858,058, with investment expenses of \$927,182. For the 2010 year end, the fund balance per the audit was \$473,742,325, with investment expenses of \$1,486,530. The investment fees increased from 21.9 basis points to 31.1 basis points.

The increase in investment fees can be attributed to two cost factors: 1. The plan hired a new performance manager; and 2. The plan has diversified its investments and added additional money managers, both of which increase investment costs. The costs for alternative investments, international equities and actively managed fixed income increase the overall investment costs.

The trustees made decisions, with the advice of the performance manager, to add asset classes to the investment portfolio, increase international exposure, and reallocate some of the funds. All of these adjustments were made with the goal of enhancing the plan's return with reducing absolute return risk. The reallocation of the plan's assets and changes in money managers has resulted in the majority of our managers outperforming their benchmarks. We expect to improve on our investment returns as the year progresses. The plan is committed to a disciplined rebalancing policy which can conservatively add 0.50% annualized to the long-term expected returns of a plan over a static asset allocation.

BOB OELKE COMMENTS

“And is the full cost of those investment expenses being applied when calculating the DROP participants' rate of return? If memory serves, I believe the Board had decided 25 basis points was an appropriate charge to DROP participants.”

“I attended the PFRS Board meeting last week (March 14) and you mentioned in your presentation that corrections would be forthcoming to information filed with the state. Could you please clarify which errors will be corrected in the next set of data published by the state? And if possible, could you explain how those errors arose?”

RESPONSE FROM POLICE AND
FIREFIGHTERS' PENSION BOARD

An administrative fee of 25 basis points is subtracted from the plan's annual return paid on DROP account of public safety officers who have completed the DROP period and terminated employment with the city. If they elect to leave their DROP balance on deposit with the plan, the plan pays them the year's net rate of investment return minus the 25 basis points, which is the administrative cost to administer the DROP account. If the plan's annual net rate of investment return is negative, then 25 basis points is added to the loss and debited to their DROP account. There are four retirees who have elected to keep a post-DROP account.

In the summary posted on the state' website, the 2010 updates to the Fort Lauderdale Police and Firefighters' Retirement Plan had not been made by the Division of Management Services. In an email to the DMS, the out of date information on their summary of the Fort Lauderdale plan was noted:

For the DROP, eligibility is 20 years of creditable service for members hired before 4/18/2010, and 22 years of creditable service for those hired on or after 4/18/2010;

Only police members receive 40 hours of overtime, which was purchased and paid for with 185 funds; and,

The member contribution rate is 8.25% for members hired on or before 4/18/2010, and 8.5% for members hired after 4/18/10.

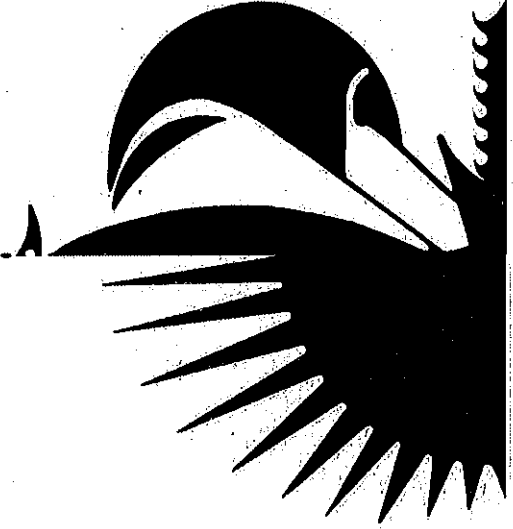
There were no errors in the report to the DMS filed by the pension board.

City of Fort Lauderdale
 Police and Firefighters' Pension Plan
 Annual Total Return on Investments from Performance Monitor's 4Q Report
 2011 - 1991

<u>Year</u>	<u>% Change in Market Value</u>
2011	-0.054
2010	12.4
2009	15.1
2008	-22.1
2007	7.4
2006	10.7
2005	6.8
2004	10.4
2003	18
2002	-8.7
2001	-2.3
2000	2.1
1999	7
1998	18.8
1997	23.3
1996	15
1995	26.3
1994	-0.9
1993	8.9
1992	9.5
1991	26.9

21 Year average

8.79



Venice of America

**City of Fort Lauderdale
Police and Firefighters'
Retirement System**

June 2012

Public Safety Pensions

Fort Lauderdale

Police and Firefighters'

Retirement Plan



Public Pension Coordinating Council

**Recognition Award for Funding
2011**

Presented to

**City of Fort Lauderdale Police & Firefighters'
Retirement System**

In recognition of meeting professional standards for
plan funding as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkie
Program Administrator

The plan has received this recognition for two consecutive years.

Key Elements

- Established by City in 1973
- Covers approximately 502 police officers and 382 firefighters
- Provides benefits to 970 retirees and beneficiaries
- Assets of \$525.8 million (market value as of 3-30-2012)

(2)

Administering the Plan

Administered by 7-member board of trustees:

- 2 elected by police officers
- 2 elected by firefighters
- 2 appointed by mayor
- 1 consensus trustee approved by City Commission

Current Trustees

1. Lieutenant Michael Dew (police), Chairman
 2. Officer Richard Fortunato (police), Secretary
 3. Battalion Chief Ken Rudominer (fire), Vice Chairman
 4. Firefighter J. Scott Bayne (fire)
 5. Jeff Cameron (appointed by Mayor)
 6. Jim Naugle (appointed by Mayor)
 7. Dennis Hole (consensus trustee approved by City Commission)
- Finance Director (city) ex-officio member (4)

Funding the Plan

Funding comes from 4 sources

- Employee Contribution: 8.5% of pay
Those hired before 4-18-10 pay 8.25%
- State Contribution: tax on casualty and property insurance premiums
- City Contribution: determined by plan actuary to maintain benefits
- Investment Income: return on assets invested in securities (5)

City's Contribution

- 41.7% of \$77.2 million total payroll
- Pension Contribution \$32.2 million*
- Employee Contribution \$5.4 million
- Net Investment Income \$375,629
- Fund Market Value Lost (.5%)**

*City potentially saved over \$4 million by not having to pay pension contributions on the salaries of officers participating in the DROP program

**Fund 4th quarter returns have been negative only five times during the past 21 years due to market downturn

(6)

Pension Reform in 2010

- ✓ Increase current 7% employee contribution to 8.25% and new hire contribution to 8.5%
- ✓ Extend DROP period to 8 years with later entry into DROP and option to leave funds after termination
- ✓ Reduce interest on DROP accounts from 7.75% to between 3% to 6% simple interest based on plan earnings for DROP years 6-8

(7)

Pension Reform Savings

Increase Employee Contribution - increases plan assets approximately \$1 million per year without increasing pension liabilities

Extend DROP to 8 years - decreases hiring costs and after 22 years officers can work up to 8 years at regular salary with no city pension contribution during DROP period*

Later entry into DROP - reduces benefit payouts and maximum service increases from 27 to 31.96 years**

Lower interest on DROP - benefits plan when rate of return on plan assets exceeds 6%

Leave funds after DROP - reduces plan investment costs

* Potential DROP pension savings over 8 years to city could be \$32 million

** 2007-2011 Experience Study shows fewer retirements than expected, resulting in an annual gain of \$774,934.

Retirement Formula

□ YEARS:

20 years service or 10 years and age 55

□ BENEFIT ACCRUAL:

3.38% credited toward each year of work

□ FINAL SALARY:

average of 2 highest years of pensionable earnings (9)

Sample Retirement

- 20 years of service
- Benefit Accrual 3.38%
- Final 2 years pensionable earnings

$$20 \times .0338 \times \text{pensionable earnings} \\ = \$41,070 \text{ per year or } \$3,422 \text{ per month}^*$$

* Average retiree benefit per the "2012 Actuarial Report"

Benefit Options

Retirees can select a retirement payment in order to provide benefits to their spouses, children or designated beneficiaries upon the death of the retired public safety officer

Death of an Active Officer

Beneficiary is entitled to receive survivorship benefits whether the public safety officer's death is service-related or non-service related.

(12)

Deferred Retirement Option Plan (DROP)

- After 22 years* of service
- Public safety officers retire and monthly benefit is frozen
- City does not make pension contribution during DROP period
- Monthly pension benefit placed in tax-deferred account

*As part of pension reform officers hired after 4/18/2010, 20 years for officers hired before

During DROP Period

- If disabled, not eligible for disability pension
- At end of DROP - terminate employment and start receiving monthly pension check directly
- DROP account receives 6% simple interest for 60 months; variable thereafter (between 3% to 6%)
- If the plan's return is greater than 6%, the city benefits from the excess return

City Benefits from DROP

- City saves pension contributions on officers while in DROP program (potentially saves over \$4 million per year)
- City saves money on pensions as the benefits are frozen at time of DROP
- City saves money on recruitment and training of new employees (\$200,000 per new employee)*
- City saves money by keeping experienced employees

*Costs include first year salary, recruitment, hiring, academy, and on-job training

Disability Pension Benefit

Service-Related Disability Pension:

disability on the job or related to job duties
- 65% of current salary (reduced by workers' comp)

Non-Service Related Disability Pension:

disability is not job related - 50% of current salary (reduced by workers' comp, Social Security disability or other earned income)
(16)

Overtime

Police - 40 hours of overtime per year
count toward retirement (funded by
the casualty insurance premium tax
and is no cost to the city)

Firefighters - overtime does not count
toward retirement

Unused Leave

**Unused sick and annual leave do not
count toward retirement benefits -
cannot increase monthly pension
benefit**

Firefighters Supplemental Share Plan

- Established by the City in 2005
- Paid by property insurance premium tax
- Any extra premium tax revenue each year is allocated into individual accounts
- After 10 years service, firefighters receive a lump sum payable upon termination, retirement, death or disability*

* If officer suffers service-related death or disability with less than 10 years service, the account balance is paid

Pension Plan Statistics

- Average Annual Pension Benefit \$41,070 (\$3,422 per month, fully taxable)*
- Plan had positive investment returns 16 of past 22 years: 21 year average = 8.79%
- 77% of retirees live in Florida
- Each dollar of pension benefits creates \$1.42 in local economic activity**

* "2012 Actuarial Report" for fiscal year ending December 31, 2011

**National Institute on Retirement Security, Study of Florida pension benefits

(20)

Police and Firefighters' Pension Plan

Defined benefit pension provides a lifetime benefit to all retirees who served the City of Fort Lauderdale. It ensures financial security and dignity each day to police officers and firefighters, including survivors of officers, who gave their lives to protect our citizens.

(21)

Police and Firefighters' Pension Plan

- Provides public safety officers with competitive retirement, death, disability, and survivor pension benefits
- It is simply good economic, public policy

ORDINANCE NO. C-12-_____

AN ORDINANCE OF THE CITY OF FORT LAUDERDALE, FLORIDA, AMENDING THE CITY OF FORT LAUDERDALE CODE OF ORDINANCES, CHAPTER 20, PERSONNEL, ARTICLE 4, PENSION, DIVISION 3, POLICE AND FIREFIGHTERS RETIREMENT SYSTEM, SECTION 20-127, "DEFINITIONS" TO REVISE THE DEFINITION OF ACTUARIAL EQUIVALENCE; PROVIDING FOR SEVERABILITY, REPEAL OF CONFLICTING ORDINANCE PROVISIONS, AND AN EFFECTIVE DATE.

WHEREAS, it is in the best interest of the City and its employees to amend the definition of actuarial equivalence to conform with the requirements of the Internal Revenue Code and the regulations issued thereunder.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF FORT LAUDERDALE:

SECTION 1. That Chapter 20 Personnel, Article 4, Pension, Division 3, Police and Firefighters Retirement System, Section 20-127, "Definitions," is hereby amended to provide as follows:

Sec. 20-127. Definitions.

As used herein, unless otherwise defined or required by the context the following words or phrases shall have the meanings indicated:

Actuarially equivalent means a benefit of equivalent value to the benefit which would otherwise have been provided, determined using ~~GAM '83 (with a blended rate of 80% male and 20% female) and interest of eight (8) percent per annum before and after retirement, and on the basis of other appropriate actuarial assumptions and methods used by the actuary~~ the RP-2000 Mortality Table, projected by Scale AA to 2012 (with a blended rate for members of 80% male and 20% female and a blended rate for joint annuitants of 20% male and 80% female) and interest of seven and one half (7 ½%) percent per annum before and after Retirement, and on the basis of other appropriate actuarial assumptions and methods used by the actuary. For disabled Members the basis shall be determined as outlined in the

CODING; Words, symbols, and letters stricken are deletions; words, symbols, and letters underlined are additions; words, symbols, and letters double underlined are additions added after first reading; words, symbols, and letters double stricken are deletions from the version presented at first reading.

preceding sentence, using the RP-2000 Disabled Mortality Table. In the case of a change in joint annuitant after benefits have commenced and in the absence of voluntary proof of the good health of the current joint annuitant, the determination of the actuarially equivalent adjustment shall be based on the current age of the current joint annuitant, set forward ten (10) years, determined as outlined in the preceding paragraphs.

* * * *

SECTION 2. That if any clause, section or other part of this Ordinance shall be held invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Ordinance shall not be affected thereby, but shall remain in full force and effect.

SECTION 3. That all ordinances or parts of ordinances in conflict herewith, be and the same are hereby repealed.

SECTION 4. That this Ordinance shall be in full force and effect upon final passage.

PASSED FIRST READING this ____ day of _____, 2012
PASSED SECOND READING this ____ day of _____, 2012.

MAYOR
JOHN P "JACK" SEILER

ATTEST:

City Clerk
JONDA K. JOSEPH

C-12-____

CODING; Words, symbols, and letters stricken are deletions; words, symbols, and letters underlined are additions; words, symbols, and letters double underlined are additions added after first reading; words, symbols, and letters double stricken are deletions from the version presented at first reading.

SURVIVOR REMARRIAGE PROVISION

CURRENT ORDINANCE:

Under the **standard benefit**, a retired member's surviving spouse receives a survivor pension benefit upon the death of the member equal to 100% of the member's benefit during the first year after death and 60% of the benefit for the rest of his/her life, providing the spouse does not remarry. Upon the death of the surviving spouse, the pension benefit ceases.

PROPOSED ORDINANCE CHANGE:

The proposed change would allow the surviving spouse of members retiring prior to 1/1/2000 to remarry without losing his/her survivor pension benefit. The change would be effective after the enactment of the revised ordinance. Upon the death of the surviving spouse, the survivor's pension benefit ceases.

The only surviving spouses (115 in total) affected by the proposed ordinance change are those married to members retiring prior to 1/1/2000, whose only option was the standard benefit. In 1999, the State mandated optional retirement benefits are offered to retirees that provided a lifetime benefit to a surviving beneficiary. Three options became available to any member retiring after 1/1/2000.

REASONING FOR THE PROPOSAL:

From 1973-1999, retiring members had **ONE** retirement option: the standard benefit, which provided for the surviving spouse as long as that surviving spouse did not remarry. If they did, they forfeited their benefit. Beginning in 2000, retiring members had **THREE** retirement options: the standard benefit was one of the three. The remarriage penalty is part of that option, and under the proposed ordinance change, this penalty would remain for those retiring 1/1/2000 or after. Since the plan's inception, only one surviving spouse elected to forfeit the benefit to remarry. In one instance, the member died two months after retiring – and the surviving spouse is forever forbidden to remarry without losing her benefits.

COST:

There is no actuarial impact to the cost of the pension system or to the City of Fort Lauderdale since no probabilities of remarriage are used in the actuarial projections of costs of the plan. The *2007-2011 Experience Study* conducted by the actuary recommends the elimination of the remarriage penalty.

SUGGESTED LANGAUAGE TO REVISE SURVIVOR REMARRIAGE PROVISION

Duration, survivor benefits. Except as is otherwise provided under section 20-129(b.1) for Deferred Retirement Option Program, a Member retiring hereunder on or after his Normal Retirement Date shall receive a monthly benefit which shall commence on or after his Normal Retirement Date and be continued thereafter during his lifetime. For Members who are in DROP Retirement, as to the balances in a DROP Account, duration and survivor benefits payable upon the death of a DROP Participant shall be as provided in section 20-129(b.1)(10). Upon the death of a Member who is not a DROP Participant, where either (i) the Member has died after receiving ten (10) years of retirement benefits, or (ii) the Member has elected treatment under the duration, survivor benefit formula in lieu of the ten (10) year certain formula in section 29-129(h)(1)a., then the full retirement benefit shall be continued to his spouse as of the date of death for one (1) year and 60% of said amount continued thereafter until the earlier of death or remarriage of such spouse. For members that retired prior to 1/1/2000 the full retirement benefit shall be continued to his spouse as of the date of death for one (1) year and 60% of said amount continued thereafter until the death of such spouse. In addition, there shall be paid to each child of such deceased Member until the earlier of such child marrying, dying or attaining age eighteen (18), in equal monthly installments, an amount equal to 20% of the Member's retirement benefit, subject to an overall maximum (spouse and children) of 100% of such deceased Member's monthly benefit. If there is no spouse, or if upon the spouse's death or remarriage there is such a child or children surviving, each child shall receive a monthly amount equal to 25% of the Member's full monthly benefit, subject to an overall maximum of 100, payable until the earlier of such child's death, marriage or the attaining of age eighteen (18).

This ordinance shall only apply to any spouse who is the beneficiary of a member who retired prior to 1/1/2000 that remarries after the effective date of this ordinance.

AT RETIREMENT - MEMBERS HAVE THREE OPTIONS FOR SURVIVING BENEFICIARY

STANDARD BENEFIT
Full Retirement Benefit
Benefit paid for the life of the member
Beneficiary: Spouse only
Death of Member: 100% of benefit for first year and then 60% thereafter to surviving spouse
Surviving spouse death: benefit ceases
Surviving spouse remarries: benefit ceases

100% JOINT & SURVIVOR
Reduced Retirement Benefit
Benefit paid for the life of the member
Beneficiary: Spouse or other person
Death of Member: 100% of benefit to surviving spouse
Surviving spouse death: benefit ceases
Surviving spouse or other beneficiary remarries: benefit continues

LIFE OF MEMBER
Increased Retirement Benefit
Benefit paid for the life of the member only
Beneficiary: Spouse or other person
Death of Member: no benefit for spouse unless amount paid to member at time of death is less than member's total contributions
No benefit
No benefit

Prior to 1/1/2000, the Standard Benefit was the only choice available to a retired member. Since 2000, retired members have had three options as noted above.

**UNDERSTANDING THE REMARRIAGE PENALTY OF THE
POLICE AND FIREFIGHTERS' RETIREMENT PLAN
MEMBER OPTIONS AT RETIREMENT: Pre and Post 1/1/2000**

	STANDARD BENEFIT	JOINT AND SURVIVOR	LIFE OF MEMBER
	Full retirement benefits for life of member; beneficiary can only be the spouse; surviving spouse remarries and benefits cease.	Reduced retirement benefits for life of member; beneficiary can be spouse or other named person; surviving spouse remarries and benefits continue.	Increased retirement benefits for life of member; beneficiary for contributions only, can be spouse or other named person. Remarriage not applicable.
RETIREMENT <u>PRIOR</u> TO 1/1/2000	AVAILABLE TO ALL RETIRING MEMBERS	NOT AVAILABLE TO RETIRING MEMBERS	NOT AVAILABLE TO RETIRING MEMBERS
RETIREMENT <u>AFTER</u> 1/1/2000	AVAILABLE TO ALL RETIRING MEMBERS	AVAILABLE TO ALL RETIRING MEMBERS	AVAILABLE TO ALL RETIRING MEMBERS

WHO WOULD BE IMPACTED BY THE PROPOSED ORDINANCE CHANGE?

	STANDARD BENEFIT	JOINT AND SURVIVOR	LIFE OF MEMBER
RETIREMENT <u>PRIOR</u> TO 1/1/2000	115 Surviving Spouses 70% have monthly incomes under \$2,000	NONE	NONE
RETIREMENT <u>AFTER</u> 1/1/2000	NOT AFFECTED	NOT AFFECTED	NOT AFFECTED

April 3, 2002

APR 8 2002

Board of Trustees
City of Fort Lauderdale
Police and Firefighters' Retirement System
888 South Andrews Avenue, Suite 202
Fort Lauderdale, Florida 33316

Remarriage of Spouse

Dear Board Members:

The purpose of this letter is to respond to Lynn Wenguer's March 14 letter, requesting our opinion about the actuarial impact on the System if the spouse's benefit ceases upon remarriage.

Ordinance Provision

Section 20-129(d)(1) of the Ordinance provides that service-incurred preretirement death benefits to the spouse cease upon the earlier of death or remarriage.

Page 8 of the Summary Plan Description provides that, if a spouse were to remarry, benefits might continue under certain circumstances.

Actuarial Basis

Actuarial cost calculations are based on probabilities, including mortality, turnover, retirement incidence, disability, compensation increases, and investment return. For each assumption, deviations of actual experience from expected experience emerge as actuarial gains or losses. If there is no assumption in use for a particular type of event, any occurrence of that event which impacts benefit payments will result in an actuarial gain or loss.

The summary of the actuarial assumptions (pages D4-D8) in the January 1, 2001 Actuarial Valuation Report prepared by Steve Palmquist of Gabriel, Roeder, Smith & Company does not indicate the use of remarriage probabilities, and we would not expect any. Although we have a remarriage probability table in our valuation system, I have never used it, and Willis Holcombe last used it about 30 years ago. I do not recall ever seeing a valuation prepared by any actuary who used remarriage probabilities.

Board of Trustees
City of Fort Lauderdale
Re: Remarriage of Spouse
April 2, 2002
Page Two

Even though we have not yet completed our "benchmark" valuation as of January 1, 2001, our preliminary results are relatively comparable to those of GRS&C.

Therefore, I think we can safely conclude that remarriage probabilities are not a part of the valuation process for your System.

Consequently, if the proposed change is prospective only, there would be no immediate actuarial impact. Instead, there would be a potential reduction in future actuarial gains.


By contrast, if the change were retroactive, there could well be an immediate actuarial impact, if there were remarried surviving spouses who had previously lost benefits due to remarriage.

Florida Law

Chapter 112.63(3) specifies that an actuarial impact statement must be issued before the last public hearing about a proposed change in retirement benefits. Since the intent is to prevent benefit improvements without full disclosure of increased funding requirements to the governing authority, the State Division of Retirement would be provided a statement that there is no immediate actuarial impact (assuming the change is prospective only).

If you have questions, or if we may help further, please let us know.

Sincerely,



Randall L. Stanley, F.S.A.
Consulting Actuary & Principal

RLS/di
Ft. Lauderdale34NB



TRUSTEE TERM OF OFFICE

CURRENT ORDINANCE:

Elected and appointed trustees serve a two-year term.

PROPOSED ORDINANCE CHANGE:

Elected and appointed trustees serve a four-year term. The change would begin with the election and appointment of trustees made after the date of enactment of the ordinance change.

REASONING FOR OUR PROPOSAL:

The Florida Statutes (Chapter 2009-97, Laws of Florida (SB 538)) permit the term of office of trustees on police and firefighter pension board to be increased from two years to four years, providing the change applies to all trustees.

This was previously presented in May of 2010, Mayor Seiler proposed 3 year terms at that time. Only 2 or 4 years terms are allowable by the State.

COST:

There is no cost to the pension system or to the City of Fort Lauderdale.

TRUSTEE TERMS OF OFFICE

Sec. 20-132. Administration.

(a) The general administration and responsibility for the proper operation of the System and for making effective the provisions of this article are hereby vested in a Board of Trustees consisting of eight (8) persons, as follows:

- (1) Three (3) Members other than Police Officers or Firefighters to be appointed as hereinafter provided;
- (2) Two (2) Firefighters to be elected as hereinafter provided; and
- (3) Two (2) Police Officers to be elected as hereinafter provided.
- (4) The finance director of the City shall be a nonvoting, ex officio member of the Board.

(b) Commencing with the effective date of this amendment, the terms of office of each appointed Board member shall be ~~two (2)~~ four (4) years and shall be staggered in such a manner that no more than one Board member's term of office shall expire in any calendar year.

(c) Commencing with the effective date of this amendment, the terms of office of the elective Board members shall be two ~~(2) years~~ four (4), unless the elective Board member sooner leaves the employment of the City as a Police Officer or Firefighter, whereupon a successor shall be chosen in the same manner as an original appointment for an elective Board member. Nothing herein shall be construed in such a manner as to preclude a DROP Participant from serving as an elected member of the Board.

(d) Two of the three appointive members shall be appointed by the City Commission, each of whom must be a legal resident of the City. Each of the two above appointive members shall serve as trustee for a period of ~~two (2)~~ four (4) years, unless sooner replaced by the City Commission at whose pleasure they shall serve. The third appointive member shall be chosen

by a majority of the previous six members and such person's name shall be submitted to the City Commission. Upon receipt of the seventh person's name, the City Commission shall, as a ministerial duty, appoint such person to the Board of Trustees as its seventh member. The seventh member shall have the same rights as each of the other six members appointed or elected as herein provided, shall serve on the Board for a period of two ~~(2) years~~ four (4), and may succeed himself or herself in office.

(e) The elective members shall be elected in the following manner, to wit: by per capita vote of all Members of each of said respective departments who come within the purview of this division, both active and retired, ~~at meetings to be held at places designated by the Board, at which meetings all qualified~~ Members entitled to vote shall be notified in person or by mail ten (10) days in advance of ~~said meeting election~~. The candidate receiving the highest number of votes for each office shall be declared elected and shall take office immediately upon commencement of the term of office for which elected or as soon thereafter as he shall qualify therefor. An election shall be held each year not more than thirty (30) and not less than ten (10) days prior to commencement of the terms for which members are to be elected in that year. The Board shall meet, organize and elect one of their members as chairman, and one member as vice chairman, and one member as secretary within ten (10) days after members are elected and duly qualified. The initial election shall be administered by the then existing police and fire "joint pension committee" and until such election and formal establishment of the Board the "joint pension committee" shall be authorized and charged with the responsibilities herein prescribed for the pension administrative board.

This amendment shall become effective as to appointive members upon first appointments made after adoption of this amendment and as to elective members upon first elections held after adoption of this ordinance.

20-00351-09

2009538

610 The terms of office of the appointed and elected members of the
 611 board of trustees may be amended by municipal ordinance or
 612 special act of the Legislature to extend the terms of office
 613 from 2 years to 4 years. The length of the terms of office shall
 614 be the same for all board members.

615 (6) The board of trustees may, upon written request by the
 616 retiree of the plan, or by a dependent, when authorized by the
 617 retiree or the retiree's beneficiary, authorize the plan
 618 administrator to withhold from the monthly retirement payment
 619 those funds that are necessary to pay for the benefits being
 620 received through the governmental entity from which the employee
 621 retired, to pay the certified bargaining agent of the
 622 governmental entity, and to make any payments for child support
 623 or alimony. Further, the board of trustees may, upon the written
 624 request of the retiree of the plan, authorize the plan
 625 administrator to withhold from the retirement payment those
 626 funds that are necessary to pay for premiums for accident,
 627 health, and long-term care insurance for the retiree and the
 628 retiree's spouse and dependents. A retirement plan does not
 629 incur any liability for participation in this permissive program
 630 if its actions are taken in good faith.

631 Section 10. Subsection (1) of section 185.06, Florida
 632 Statutes, is amended to read:

633 185.06 General powers and duties of board of trustees.—For
 634 any municipality, chapter plan, local law municipality, or local
 635 law plan under this chapter:

636 (1) The board of trustees, subject to the fiduciary
 637 standards in ss. 112.656, 112.661, and 518.11 and the Code of
 638 Ethics in ss. 112.311-112.3187, may:

2012 Actuarial Report

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

**For the Plan Year
January 1, 2012 through
December 31, 2012**

**For the City's Fiscal Year
October 1, 2012 through
September 30, 2013**

Prepared By:

**THE NYHART COMPANY, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933**

June 22, 2012

June 22, 2012

Board of Trustees
City of Fort Lauderdale
Police and Firefighters' Retirement System
CITY OF FORT LAUDERDALE
888 South Andrews Avenue, Suite 202
Fort Lauderdale, Florida 33316

2012 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System for the year beginning January 1, 2012.

The report includes:

- Detailed Gain/Loss Analysis for the period January 1, 2011 through December 31, 2011;
- Cost Calculation Results;
- Asset Summary.

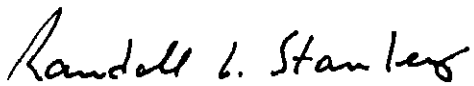
The rate of return on the market value of assets for the year ending December 31, 2011 was (0.3%); the rate of return on the actuarial value of assets was 5.0%. The expected rate of return on the actuarial value of assets was 7.75%, resulting in an experience loss.


In total, there was a net experience loss of \$14,047,611 in 2011. The unfavorable investment experience (smoothed basis) was the primary cause of the experience loss during the year.

The 18-year average rate of return on the actuarial value of assets has been 7.3%.

Respectfully Submitted,

THE NYHART COMPANY, INC.


Randall L. Stanley, FSA, FCA, MAAA, EA
Actuary


Frans Christ, FSA, MAAA, EA
Actuary


David H. Harris, ASA, MAAA, EA
Actuary

RLS/FC/DHH/di
501301/701

Enclosures (1 electronic, 12 bound)

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

2012 ACTUARIAL REPORT

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**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Comparative Summary of Principal Valuation Results

	Actuarial Valuation	
	Prepared as of	
	<u>01/01/2012</u>	<u>01/01/2011</u>
A. <u>Participant Data</u> (Ex. 7)		
Active Members	798	802
Covered Payroll	\$65,318,290	\$62,571,391
Members in DROP	83	84
DROP Payroll	\$7,992,269	\$7,148,161
Total Annualized Benefits	\$5,162,440	\$4,968,029
Projected Total Payroll (Ex. 1, p. 2 of 4)	\$77,229,656	\$73,473,835
Retired Members and Beneficiaries	847	845
Total Annualized Benefits	\$34,786,342	\$34,167,667
Disabled Members	22	20
Total Annualized Benefits	\$788,435	\$708,303
Terminated Vested Members	18	16
Total Annualized Benefits	\$618,615	\$452,515
B. <u>Assets</u>	-\$-	-\$-
Actuarial Value (Ex. 4)	505,318,753	482,181,230
Market Value (Ex. 3)	452,786,999	455,378,727
C. <u>Liabilities</u> (Ex. 1)		
Present Value of Benefits		
Active Members – Retirement	381,015,731	355,607,836
Death	3,414,442	4,324,043
Disability	11,948,950	13,853,449
Turnover	7,270,857	6,811,239
Return of Contributions	1,514,340	785,725
Total	<u>405,164,320</u>	<u>381,382,292</u>
Inactive Members – Retired and Beneficiaries	434,745,021	417,060,315
Disabled	7,966,637	8,085,070
Terminated Vested	6,925,119	4,231,879
DROP Accounts	15,700,664	13,012,300
Total	<u>465,337,441</u>	<u>442,389,564</u>
Total	<u>870,501,761</u>	<u>823,771,856</u>
Actuarial Accrued Liability	724,112,813	674,229,902
Unfunded Actuarial Accrued Liability	218,794,060	192,048,672

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Comparative Summary of Principal Valuation Results
(Continued)

	Actuarial Valuation Prepared as of	
	<u>01/01/2012</u>	<u>01/01/2011</u>
	-\$-	-\$-
D. <u>Pension Cost</u> (Exhibit 1)		
Normal Cost	17,729,936	17,220,891
Payment to Amortize Unfunded Liability	21,276,992	18,633,141
Administrative Expenses	506,000	471,000
Interest	587,649	2,228,692
Expected Member Contribution	5,395,802	5,162,140
As % of Payroll	8.26%	8.25%
Expected State Contribution	2,724,071	2,724,071
As % of Payroll	4.2%	4.4%
Expected City Contribution	31,980,704	30,667,513
As % of Covered Payroll	49.0%	49.0%
As % of Total Payroll	41.4%	41.7%
	Year Ending	Year Ending
E. <u>Past Contributions</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
	-\$-	-\$-
Required Plan Sponsor and State Contribution	33,391,584	32,957,020
Required Member Contributions	5,202,719	5,247,391
Actual Contributions		
Plan Sponsor and State	33,098,391	33,250,882
Members	5,202,719	5,247,391
F. <u>Net Actuarial (Gain)/Loss</u>	14,047,611	(854,077)
G. <u>Other Disclosures</u>		
Active Members:		
Present Value Future Salaries (at attained age)	540,318,000	544,225,938
Present Value Future Member Contributions (at attained age)	43,082,223	43,298,905
Present Value Future Contributions (City, State)	322,100,785	298,291,721

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

REVIEW OF COSTS

SUMMARY DISCUSSION

This is the actuarial report for the plan year beginning January 1, 2012 for the Board of Trustees of the City of Fort Lauderdale Police and Firefighters' Retirement System. This report is intended to reflect the provisions and requirements of Ordinance No. 72-94, as amended by City ordinances through December 31, 2011. This is the tenth annual actuarial valuation report prepared by The Nyhart Company, Inc. (previously Stanley, Holcombe & Associates, Inc.).

COMPARISON OF COSTS

The cost components and costs for 2012 compare to those for 2011 as follows:

	<u>2012</u>		<u>2011</u>
	<u>Revised</u> <u>Assumptions</u>	<u>Prior</u> <u>Assumptions</u>	
	-\$-	-\$-	-\$-
Total Normal Cost	17,729,936	18,030,524	17,220,891
Past Service Cost	21,276,992	20,131,275	18,633,141
Expected Expenses	506,000	506,000	471,000
Interest ¹	<u>587,649</u>	<u>558,409</u>	<u>2,228,692</u>
Total	40,100,577	39,226,208	38,553,724
Member Contributions	5,395,802	5,395,802	5,162,140
Expected State Contribution	<u>2,724,071</u> ²	<u>2,724,071</u> ²	<u>2,708,872</u> ³
Net City Contribution	31,980,704	31,106,335	30,667,513

As may be noted, the City contribution amount of \$31,980,704 is \$1,313,191 more than the \$30,667,513 for the prior year. The details of the change in City contribution are discussed under "Analysis of Cost Changes."

The \$31,980,704 is calculated to be payable October 15, 2012. If deposited later, additional interest at the 7.5% annual rate must be added.

¹ For the 2010/2011 fiscal year, interest was included to October 15, 2011. For the 2011/2012 fiscal year, the City made a contribution of \$28,088,083 on December 15, 2011 leaving \$3,892,621 due on October 15, 2012. This reduced the interest charge to \$587,649.

² Adjusted Base Amount of \$3,000,946, reduced by 175 Supplemental Fire shortfall of \$276,875.

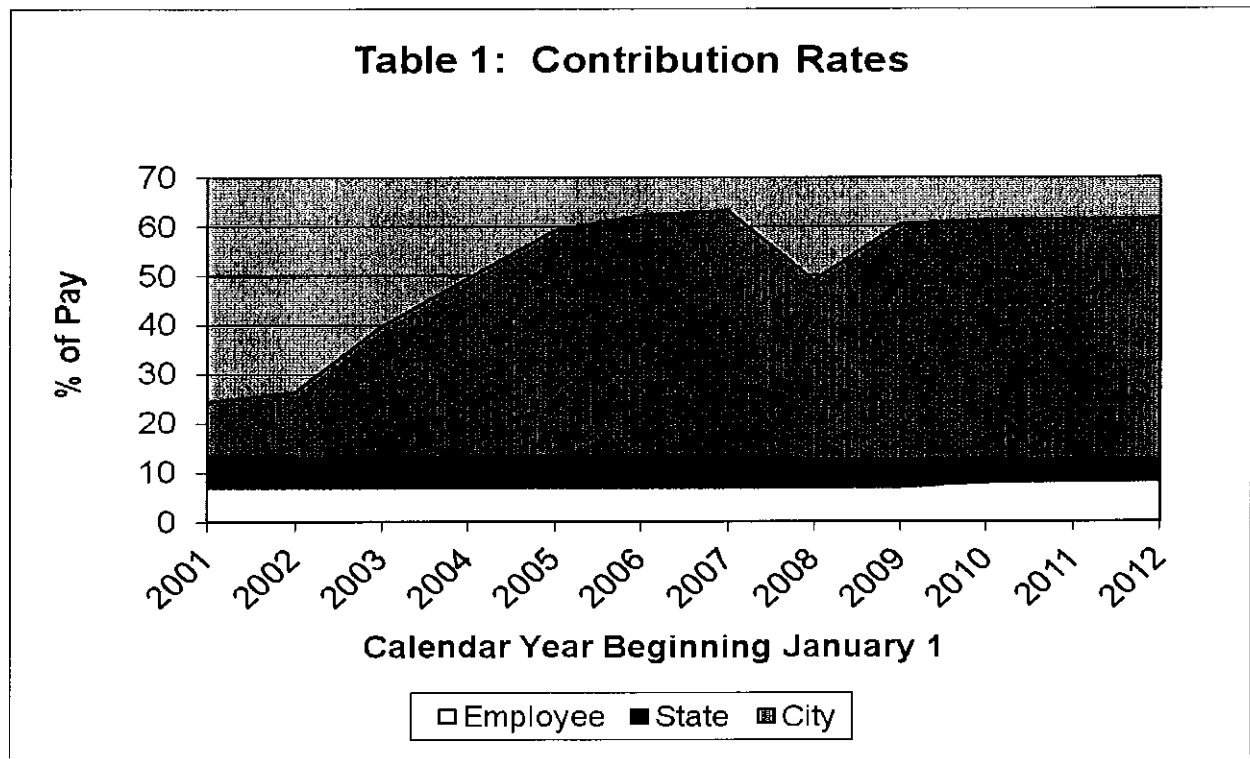
³ Adjusted Base Amount of \$3,000,946, reduced by 175 Supplemental Fire shortfall of \$276,875 plus interest to July 1, 2010 of \$15,199.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

REVIEW OF COSTS

SUMMARY DISCUSSION

Table 1 shows the contribution rates for the City, State, and members since 2001. The delayed recognition (due to asset smoothing) of adverse asset returns for 2000, 2001, and 2002 had driven up City costs from 2002-2007. Costs for 2008 declined due to favorable investment experience, revised actuarial assumptions, and a change to the asset valuation method. Costs for 2009 through 2012 have increased primarily due to unfavorable investment experience.



ANALYSIS OF COST CHANGES

Our detailed gain/loss analysis consists of a series of actuarial valuations, for each element of experience. This quantifies the impact on cost components and costs of the deviations of actual experience from that predicted by each actuarial assumption.

This is intended to provide insight to the Board of the relative importance of each assumption and serve as an audit of the realism of the assumption. It also is intended to provide quality control.

Quantification of the reasons for the changes is as follows:

Table 2 – Detailed Gain/Loss Analysis for January 1, 2011 through December 31, 2011

	Unfunded Actuarial Accrued Liability	Amortization	Normal Cost	City Contribution Percentage	City Contribution
	-\$-	-\$-	-\$-	-%-	
12/31/2010 Valuation	192,048,672	18,633,141	17,220,891	49.0*	30,667,513
12/31/2011 Expected (for continuing members)	186,855,234	19,005,804	17,146,495	50.5	31,061,134
<u>Element of Experience</u>					
Investment Return	13,132,939	1,052,189	0	1.7	1,116,745
Turnover	1,128,918	90,447	183,235	0.2	262,745
New Members	234,069	18,753	601,579	(0.3)	534,400
Mortality	(1,989,603)	(159,404)	15,717	(0.3)	(158,610)
Retirement, DROP	(134,029)	(10,738)	64,026	(1.6)	(86,042)
Salaries	502,650	40,271	15,992	0.0	51,687
Disability	271,322	21,738	3,189	0.0	24,196
Other, Data, Expense	<u>901,345</u>	<u>72,215</u>	<u>291</u>	<u>(2.6)</u>	<u>(1,699,920)</u>
Total Experience	14,047,611	1,125,471	884,029	(2.9)	45,201
Assumption Changes	17,891,215	1,145,717	(300,588)	1.4	874,369
12/31/2011 Actual	218,794,060	21,276,992	17,729,936	49.0* 41.4**	31,980,704

As may be noted from Table 2, of the elements of experience, investment return was by far the largest source of experience loss. The combined net effect on the City annual deposit of all elements of experience was an increase of \$1,859,223. The unfunded actuarial accrued liability increased \$14,047,611 more than expected. The assumption changes increased the unfunded actuarial accrued liability by \$17,891,215 and the City contribution by \$874,369.

* Percentage of Covered Payroll

** Percentage of Total Payroll

Projected Total Payroll of \$77,229,656 is equal to 106% of Covered Payroll of \$65,318,290 plus \$7,992,269 payroll for members in DROP.

Following is a discussion of the elements of experience:

Investment Return – There was a loss due to investment return in 2011, with a rate of return on the actuarial value of assets of 5.0%, compared with an expected return of 7.75%. This increased costs by \$1,116,745 or 1.7% of covered pay. The rate of return for the market value of assets was (0.3%).

Turnover – There were 16 terminations compared with 21.7 expected. This increased the Unfunded Liability by \$1,128,918 and the annual contribution amount by \$262,745 (0.2% of covered payroll).

New Members – The addition of 28 new members increased the annual cost \$534,400. However, the contribution rate decreased 0.3% as a percentage of covered payroll.

Mortality – There were no deaths of active members compared to 0.9 expected. There were 20 deaths among inactives compared to 17.0 expected. This decreased the Unfunded Liability by \$1,989,603 and decreased the annual contribution by \$158,610 (0.3% of covered payroll).

Retirement – There were 14 retirements and DROP entries compared to 31.7 expected. This decreased the Unfunded Liability by \$134,029 and decreased the annual contribution by \$86,042 (1.6% of covered payroll).

Salary Increases – Salaries for continuing actives increased by 6.58%, compared with an expected increase of 6.42%. This salary experience increased the Unfunded Liability by \$502,650 and the contribution amount by \$51,687. As a percentage of covered payroll the contribution rate was unchanged

Disability – There were two disabilities compared with 2.4 expected. This increased the Unfunded Liability by \$271,322 and increased the annual contribution by \$24,196 (0.0% of covered payroll).

Other – The City's advance contribution of \$28,088,083 on December 15, 2011 reduced interest charges by \$1,758,431. Administrative expenses increased from \$471,000 to \$506,000. This item, along with data changes/corrections, increased costs by \$58,511.

CITY CONTRIBUTION REQUIREMENTS (POLICE, FIRE SEPARATELY)

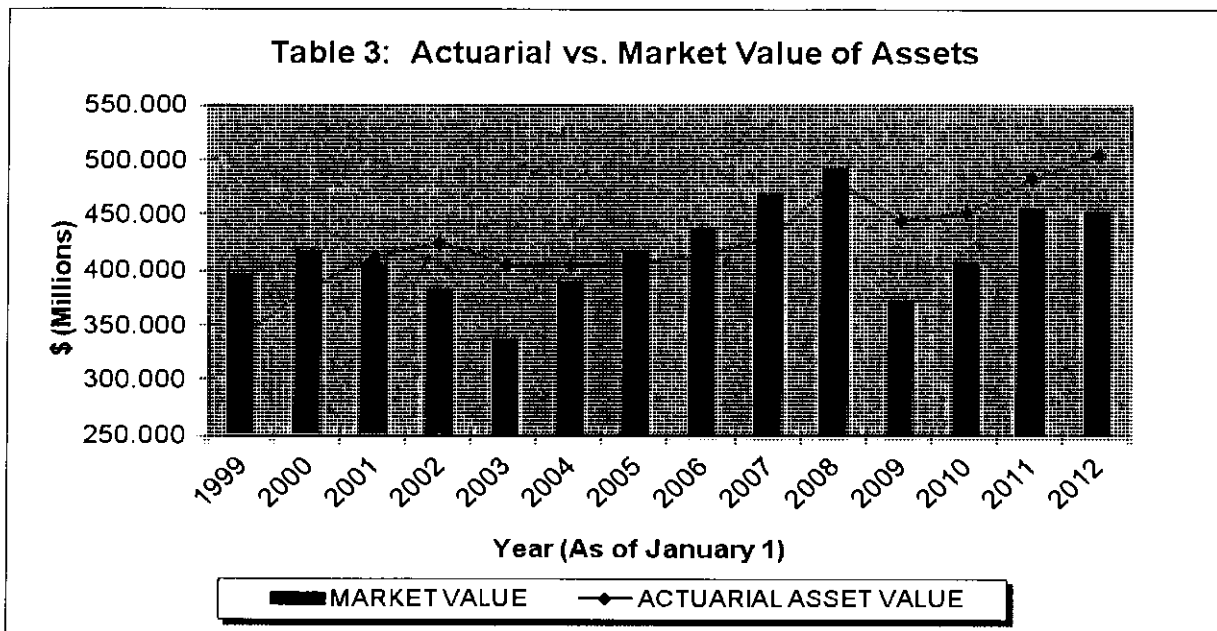
The Division of Retirement has stipulated that Chapters 175 and 185 may be separately maintained only if costs are separately determined. Exhibit 11 reflects the separate cost calculations. Since System assets have not been separately maintained, the December 31, 2011 assets have been allocated in proportion to the separately calculated Actuarial Accrued Liabilities.

PLAN ASSETS

Exhibits 2 and 3 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending December 31, 2011 was -0.3% (Exhibit 4).

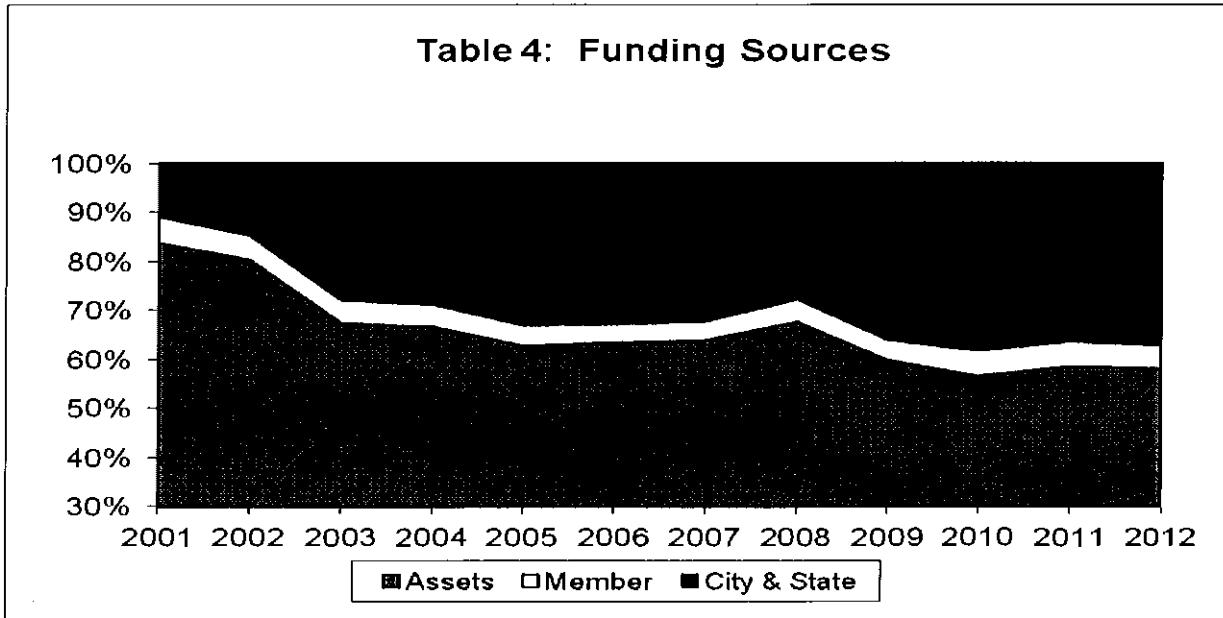
The rate of return on actuarial asset value was 5.0%, as compared to 7.75% expected.

The actuarial asset valuation method (Exhibit 4A) is the 20% Write Up Method. Under this method the actuarial value of assets is equal to expected value (using last year's actuarial value of assets, cash flow, and valuation interest) plus or minus 20% of the difference between the expected actuarial value of assets and the market value of assets. The result cannot be greater than 120% of market value or less than 80% of market value. As of December 31, 2011, the actuarial value of assets was 112% of market value.



Sources of Benefit Funding

Table 4 compares the sources of benefit funding for the past eleven actuarial valuations. The present value of all projected benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of future member contributions, and the present value of future City and State contributions.



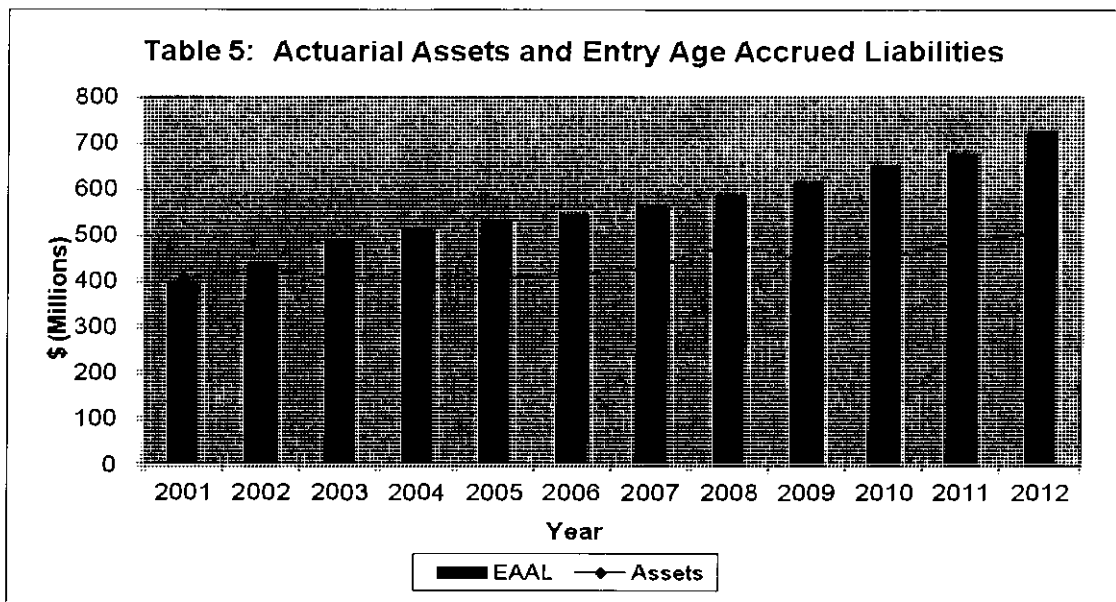
As shown in Table 4, the City and State portion of future benefit costs increased during the early part of the decade as the value of the assets decreased in relation to of the total present value of benefits. The situation had been stable for the past couple of years, as financial markets had recovered, until the large asset losses of 2008. As of January 1, 2012, the actuarial value of assets equals 58.1% of the present value of benefits, the present value of employee contributions equals 4.9%, and the present value of City and State contributions equals 37.0%.

EXPECTED ONGOING COSTS

The expected ongoing (long term) cost of a retirement system is the Normal Cost, expressed as a percentage of payroll. This does not include the amortization of the Unfunded Actuarial Liability, which is attributable to the past. Exhibit 1 (page 2 of 4) shows that the Normal Cost percentage of Total Payroll is 23.0% as of January 1, 2012. This is the expected long-term cost (City, Members, and State) if the future aggregate System experience is the same as the actuarial assumptions.

Funding Progress

Table 5 shows the comparison of the entry age normal accrued liability with the actuarial value of assets over the past twelve actuarial valuations. The unfunded actuarial accrued liability is the difference between the entry age normal accrued liability and the actuarial value of assets. As of January 1, 2012 the ratio of the actuarial asset value to the accrued liability is 69.8%, as compared to 71.5% as of January 1, 2011.



DETERMINATION OF CITY CONTRIBUTIONS

The total (City and State) amount for the 2012 fiscal year is \$34,704,775. The State revenue expected to be credited against the required contribution is as follows:

	<u>Maximum</u>	<u>Expected</u>
Base Year Chapter 185 Revenue:	\$1,567,271	\$1,567,271
Base Year Chapter 175 Revenue:	865,800	865,800
Base Year 175 Supplemental Revenue:	276,875	0
Annual Cost of 175 Benefits Adopted:	26,980	26,980
Annual Cost of 185 Benefits Adopted:	<u>264,020</u>	<u>264,020</u>
	<u>\$3,000,946</u>	<u>\$2,724,071</u>

Except for the Chapter 175 Supplemental Revenue, the amounts above are the maximum amounts that may be credited against the required contribution. The \$2,724,071 State amount would require a downward adjustment if the amounts received in 2012 are lower than the Base Year amounts shown. This happened in 2010 with a \$208,818 shortfall and in 2011 with a \$310,622 shortfall of Chapter 185 revenues. The City made up the Chapter 185 shortfalls during 2011. The Chapter 175 supplemental shortfall is incorporated into the City minimum contribution this year, as shown above in the Expected column.

The \$2,724,071 difference between \$34,704,775 and \$31,980,704 is calculated as of October 15, 2012.

GOVERNMENTAL ACCOUNTING STANDARDS

In November 1994 GASB issued Statement No. 25, Financial Reporting for Defined Benefit pension Plans...and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers.

Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 is effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1997.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

This is the GASB standard for disclosures comparing actual funding to GASB requirements. The requirements of GASB 25 include reporting a Schedule of Funding Progress and a Schedule of Employer Contributions (Exhibit 5, pages 2 and 3).

APPLICATION OF GASB 27

The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

POTENTIAL COLA INCREASE

Our understanding is that the System may provide for a cost of living adjustment (COLA) payable on the July 1st following the valuation date, if certain requirements are met. The increase is equal to the lesser of:

- the change in the Consumer Price Index (CPI) for the calendar year;
- the increase that can be supported by the net experience gain for the most recent year.

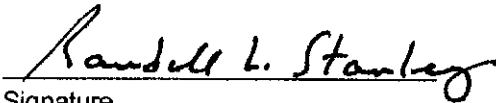
Since the cumulative experience position as of December 31, 2011, is a loss of \$145.7 million (Exhibit 10, page 5), the amount available for an increase is \$0. The State statutes do not permit a gain sharing COLA when the plan is in a cumulative loss position.

ACTUARY'S STATEMENT

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Fort Lauderdale Police and Firefighters' Retirement System as of December 31, 2011.

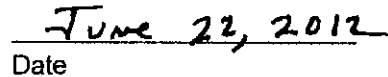
All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Fund.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Signature

Randall L. Stanley, FSA, FCA, MAAA, EA
Enrolled Actuary No. 11-602



Date

Copies of this Report are to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following addresses:

Ms. Patricia F. Shoemaker
Benefits Administrator
Municipal Police Officers' &
Firefighters' Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith E. Brinkman
Bureau Chief of Local Retirement Systems
Division of Retirement
Department of Management Services
Post Office Box 9000
Tallahassee, FL 32315-9000

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

City Contribution Requirements

	<u>January 1, 2012</u>		
	<u>Revised</u>	<u>Prior</u>	
	<u>Assumptions</u>	<u>Assumptions</u>	<u>January 1, 2011</u>
	-\$-	-\$-	-\$-
I. <u>Unfunded Actuarial Accrued Liability</u>			
A. Entry Age Reserve			
Active Members	258,775,372	251,075,047	231,840,338
Inactive Members ⁽¹⁾	<u>465,337,441</u>	<u>455,146,551</u>	<u>442,389,564</u>
Total	724,112,813	706,221,598	674,229,902
B. Actuarial Asset Value			
	505,318,753	505,318,753	482,181,230
C. Unfunded Actuarial Liability (UAAL)			
	218,794,060	200,902,845	192,048,672
II. <u>Normal Cost</u>			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	381,015,731	376,149,456	355,607,836
b. Turnover	7,270,857	6,953,994	6,811,239
c. Disability	11,948,950	14,062,217	13,853,449
d. Death	3,414,442	4,436,623	4,324,043
e. Refunds	<u>1,514,340</u>	<u>1,516,393</u>	<u>785,725</u>
f. Total	405,164,320	403,118,683	381,382,292
2. Retired Members and Beneficiaries			
a. Service Retirements & Beneficiaries	434,745,021	423,821,514	417,060,315
b. Disability Retirements	7,966,637	8,949,522	8,085,070
c. Terminated Vested Members	6,925,119	6,674,851	4,231,879
d. DROP Account Balances	<u>15,700,664</u>	<u>15,700,664</u>	<u>13,012,300</u>
e. Total	465,337,441	455,146,551	442,389,564
3. Total			
	870,501,761	858,265,234	823,771,856

(1) Including DROP Accounts

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

City Contribution Requirements

	<u>January 1, 2012</u>		
	<u>Revised</u>	<u>Prior</u>	<u>January 1, 2011</u>
	<u>Assumptions</u>	<u>Assumptions</u>	
	-\$-	-\$-	-\$-
II. <u>Normal Cost (Cont'd.)</u>			
A. Entry Age Normal Cost	17,729,936	18,030,524	17,220,891
B. Covered Payroll	65,318,290	65,318,290	62,571,391
C. Normal Cost Percentage of Covered Payroll	27.14%	27.60%	27.52%
D. Total Payroll (including DROP members)	77,229,656	77,229,656	73,473,835
E. Normal Cost Percentage of Projected Total Payroll ⁽¹⁾	23.0%	23.3%	23.4%
III. <u>City Contribution Requirements</u>			
A. Entry Age Normal Cost	17,729,936	18,030,524	17,220,891
B. Amortization of UAAL	21,276,992	20,131,275	18,633,141
C. Expenses	506,000	506,000	471,000
D. Interest	<u>587,649</u>	<u>558,409</u>	<u>2,228,692</u>
E. Total Contribution	40,100,577	39,226,208	38,553,724
F. Expected Member Contributions	5,395,802	5,395,802	5,162,140
G. Expected State Contributions	<u>2,724,071</u>	<u>2,724,071</u>	<u>2,724,071</u>
H. Net Expected City Contribution Requirement	31,980,704	31,106,335	30,667,513

(1) Projected Total Payroll = 106% of Covered Payroll (based on 5.87% salary increase assumption) plus 100% of DROP Payroll.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

City Contribution Requirements

IV. <u>Reconciliation of Unfunded Actuarial Accrued Liability</u>	-\$-
A. Unfunded Actuarial Accrued Liability (UAAL) as of December 31, 2010	192,048,672
B. City and State Normal Cost for 2011 (including administrative expenses)	12,529,751
C. City and State Contributions, less Reserve Account Contribution	(33,391,584)
D. Interest at 7.75%	15,668,395
E. Expected Unfunded Actuarial Accrued Liability as of December 31, 2011	186,855,234
F. 2011 (Gain)/Loss	14,047,611
G. Unfunded Actuarial Accrued Liability as of December 31, 2011	200,902,845
H. Change in Assumptions	17,891,215
I. Change in Asset Valuation Method	N/A
J. Unfunded Actuarial Accrued Liability as of December 31, 2011	218,794,060

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

City Contribution Requirements

V. Unfunded Actuarial Accrued Liability

<u>Date Established</u>	<u>Description</u>	<u>-----Initial-----</u>		<u>-----01/01/12-----</u>		<u>2%</u>
		<u>Amount</u>	<u>Period</u>	<u>Current Amount</u>	<u>Remaining Period</u>	<u>Increasing Payment</u>
		<u>-\$-</u>		<u>-\$-</u>		<u>-\$-</u>
01/01/2003	Re-initialized Base	78,732,560	20	59,791,461	11	6,971,326
01/01/2004	Actuarial (Gain)/Loss	28,715,070	20	23,153,938	12	2,533,820
01/01/2005	Software Change	(3,016,264)	20	(2,545,292)	13	(263,203)
01/01/2005	Actuarial (Gain)/Loss	23,810,048	20	20,092,243	13	2,077,698
01/02/2006	Share Plan Gain	(317,323)	20	(279,741)	14	(27,491)
01/01/2006	Actuarial (Gain)/Loss	8,973,681	20	7,910,920	14	777,435
01/01/2007	Actuarial (Gain)/Loss	3,123,728	20	2,863,407	15	268,737
01/01/2008	Actuarial (Gain)/Loss	(169,648)	20	(161,050)	16	(14,496)
01/01/2008	Assumption Change	2,918,826	20	2,770,908	16	249,409
01/01/2008	Asset Smoothing Change	(22,041,532)	20	(20,924,525)	16	(1,883,411)
01/01/2009	Actuarial (Gain)/Loss	66,572,825	20	64,313,615	17	5,572,381
01/01/2010	Plan Amendment	4,041,812	20	3,960,710	18	331,412
01/01/2010	Actuarial (Gain)/Loss	27,303,032	20	26,755,178	18	2,238,739
01/01/2011	Actuarial (Gain)/Loss	(854,077)	20	(846,538)	19	(68,604)
01/01/2012	Actuarial (Gain)/Loss	14,047,611	20	14,047,611	20	1,105,395
01/01/2012	Assumption Change	17,891,215	20	17,891,215	20	1,407,845
	Total			<u>218,794,060</u>		<u>21,276,992</u>

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Asset Transactions*
for Years Ending
December 31, 2011 and December 31, 2010
(Total Fund)

	<u>2011</u>	<u>2010</u>
	-\$-	-\$-
A. Market Value as of January 1	470,339,338	416,587,706
Adjustment to match Final Audit	<u>0</u>	<u>0</u>
Adjusted Market Value	470,339,338	416,587,706
 B. Additions During Year		
1. City Contributions	30,684,942	30,735,629
2. Member Contributions	5,202,719	5,247,391
3. State Contributions	4,735,930	4,816,576
4. Dividends, Interest, and other income	10,441,009	7,308,370
5. Gains (Losses)	(10,065,380)	43,570,058
6. Miscellaneous	<u>0</u>	<u>0</u>
7. Total	40,999,220	91,678,024
 C. Deductions During Year		
1. Benefit Payments	39,061,925	35,797,791
2. Contribution Refunds	149,752	139,800
3. Investment Expenses	1,829,421	1,486,530
4. Administrative Expenses	<u>536,958</u>	<u>502,271</u>
5. Total	41,578,056	37,926,392
 D. Market Value as of December 31		
(A)+(B) - (C)	469,760,502	470,339,338

* Based on Draft of Auditor's Report

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Asset Transactions
for Year Ending
December 31, 2011*
(Total Fund)

	Regular <u>Fund</u>	Chapter 185 <u>Reserve Account</u>	FF Share <u>Plan</u>	<u>Total</u>
	-\$-	-\$-	-\$-	-\$-
A. Market Value as of January 1	455,378,727	705,212	14,255,399	470,339,338
Adjustment to Match Final Audit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted Market Value	455,378,727	705,212	14,255,399	470,339,338
B. Additions During Year				
1. City Contributions	30,684,942			30,684,942
2. Member Contributions	5,202,719			5,202,719
3. State Contributions	2,413,449	0	2,322,481	4,735,930
4. Dividends and Interest	8,469,453			8,469,453
5. Gains (Losses)	(10,090,263)		24,883	(10,065,380)
6. Investment Return Allocation	(55,452)	55,452	0	0
7. Other Income	<u>1,971,556</u>			<u>1,971,556</u>
8. Total	38,596,404	55,452	2,347,364	40,999,220
C. Deductions During Year				
1. Benefit Payments	38,702,860		359,065	39,061,925
2. Contribution Refunds	149,752			149,752
3. Investment Expenses	1,829,421			1,829,421
4. Administrative Expenses	<u>506,099</u>		<u>30,859</u>	<u>536,958</u>
5. Total	41,188,132	0	389,924	41,578,056
D. Market Value as of December 31				
(A)+(B)-(C)	452,786,999	760,664	16,212,839	469,760,502

* Based on Draft of Auditor's Report with additional transfer of \$9,300 in State Contributions from Regular Fund to Share Plan to match State's Premium Tax Distribution report.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Distribution of Assets *

<u>Description</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	-\$-	-\$-
Marketable Securities		
U.S. Government Securities	72,847,040	41,811,410
Corporate Bonds and Debentures	71,062,855	38,212,053
Equities - Common Stock	127,021,150	150,247,621
Mutual Funds	105,952,435	163,581,214
Partnerships	30,588,166	31,714,279
Real Estate Funds	<u>41,054,901</u>	<u>31,022,300</u>
A. Sub-Total	448,526,547	456,588,877
B. Cash and Equivalents	49,595,331	15,243,915
Receivables:		
City Contributions	0	0
Accounts Receivable	0	0
Member Contributions	0	0
Accrued Interest and Dividends	1,665,123	1,028,314
Unsettled Trades	<u>520,796</u>	<u>879,804</u>
C. Sub-Total	2,185,919	1,908,118
D. Fixed Assets, Net	942	1,415
Payables:		
Accounts Payable & Accrued Liabilities	371,142	407,978
Deferred Revenue	28,088,083	0
Member Contribution Refunds	0	0
Due to City of Fort Lauderdale	521,564	577,121
Unsettled Trades	<u>1,567,448</u>	<u>2,417,888</u>
E. Sub-Total	30,548,237	3,402,987
F. Total (A+B+C+D-E)	469,760,502	470,339,338
G. State Distributions – Reserves		
Police - Ch. 185	760,664	705,212
Fire-Share Plan	<u>16,212,839</u>	<u>14,255,399</u>
	16,973,503	14,960,611
H. Net Assets Available for Benefits (F-H)	<u>452,786,999</u>	<u>455,378,727</u>

* Based on Draft of Auditor's Report

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Reserve Account For Future Benefit Improvements Under F.L. 99-1

Adjusted Base Amount for 2011 Year

Year <u>Established</u>	<u>Description</u>	Ch. 185 <u>Police</u> -\$-	Ch. 175 <u>Fire</u> -\$-	Suppl. <u>Fire</u> -\$-
1998	Base Year Tax Distribution	1,567,271	865,800	276,875
2000	Fire: 55, 10 NRD; minimum disability = accrued	0	26,980	0
2001	Police: 55, 10 NRD	29,665	0	0
2007	Police: 40 hours overtime	234,355	0	0
	Adjusted Base Amount	<u>1,831,291</u>	<u>892,780</u>	<u>276,875</u>

Reserve Account for 2011

	Ch. 185 <u>Police</u> -\$-	Ch. 175 <u>Fire</u> -\$-	Suppl. <u>Fire</u> -\$-
A. Reserve Account at December 31, 2010	705,212	0	0
B. Interest on (A) to September 30, 2011	40,878	0	0
C. Increase in Reserve Account			
1. Premium Tax Distribution for 2010	1,520,669	3,215,261	0
2. Date received	10/01/2010	10/01/2010	N/A
3. Adjusted Base Amount	1,831,291	892,780	276,875
Premium Tax Shortfall	310,622	0	276,875
4. Increase in Reserve Distribution	0	2,322,481	0
D. Interest on C (4) to September 30, 2011	<u>0</u>	<u>0</u>	<u>0</u>
E. Reserve Account at September 30, 2011 (A) + (B) + (C4) + (D)	746,090	2,322,481	0
F. Transfer to Firefighters' Share Plan	0	2,322,481	0
G. Transfer to Retirement System	0	0	0
H. Interest on (E) to December 31, 2011	<u>14,574</u>	<u>0</u>	<u>0</u>
I. Reserve Account at December 31, 2011 (E) – (F) + (G)	760,664	0	0

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Development of Actuarial Asset Value

I. Determination of Actuarial Asset Value as of December 31, 2011 – 20% Write Up Method

	-\$-
A. Actuarial Value of Assets December 31, 2011	482,181,230
B. Contributions and Transfers (Net of Excess Premium Taxes)	38,301,110
C. Benefits and Administrative Expenses	39,358,711
D. Expected Return at 7.75%	<u>37,328,063</u>
E. Expected Actuarial Value of Assets (A+B-C+D)	518,451,692
F. Market Value of Assets	452,786,999
G. Difference	(65,664,693)
H. 20% of Difference	(13,132,939)
I. Preliminary Actuarial Asset Value (E+H)	505,318,753
J. Application of 20% Corridor	
80% of Market Value	362,229,599
120% of Market Value	543,344,399
K. Actuarial Asset Value	505,318,753

II. Rate of Return on Actuarial Asset Value

	-\$-
A. Actuarial Asset Value at Beginning of Year	482,181,230
B. Contributions	
1. Employer	30,684,942
2. Members	5,202,719
3. State (limited to Adjusted Base)	<u>2,413,449</u>
4. Total	38,301,110
C. Benefits and Administrative Expenses	39,358,711
D. Actuarial Asset Value at End of Year	505,318,753
E. Net Return on Investment [D+C-B-A]	24,195,124
F. Rate of Return [2 x E/(A+D-E)]	5.0%

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**
Investment Results

I. Yield of Mean Market Value and Actuarial Value for Year Ending December 31, 2011

	<u>Actuarial</u>	<u>Market</u>
	-\$-	-\$-
A. Value at End of Year	505,318,753	452,786,999
B. Benefit Payments, Contribution Refunds, Admin. Expenses	39,358,711	39,358,711
C. Contributions by Members, City, and State	38,301,110	38,301,110
D. Value at Beginning of Year	482,181,230	455,378,727
E. Return on Investments (A + B - C - D)	24,195,124	(1,534,127)
F. Rate of Return [2E/(A+D-E)]	5.0%	(0.3)%

II. History of Investment Yield Rates

<u>Period Ending</u>	<u>Actuarial</u> <u>Asset Basis</u>	<u>Market Value</u> <u>Basis</u>
	-%-	-%-
12/31/11	5.0	(0.3)
12/31/10	6.3	11.8
12/31/09	5.1	13.9
12/31/08	(4.8)	(22.1)
12/31/07	14.8	7.2
12/31/06	6.3	9.7
12/31/05	3.5	6.4
12/31/04	2.7	9.9
12/31/03	1.5	17.1
12/31/02	(2.7)	(9.2)
12/31/01	6.4	(3.1)
12/31/00	12.2	2.1
12/31/99	15.6	7.0
12/31/98	19.9	18.8
12/31/97	15.9	23.3
12/31/96	11.9	15.0
12/31/95	10.1	26.3
12/31/94	5.8	(0.9)
<u>Averages</u>		
5 Years	5.1	1.2
10 Years	3.6	3.8
18 Years	7.3	6.7

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Accounting Information

	<u>12/31/2011</u>		<u>12/31/2010</u>
I. <u>Present Value of Vested Accrued Benefits</u>	-\$-	-\$-	-\$-
	FRS 7.75%	(7.5%)	
A. Service Retirements and Beneficiaries	441,261,057	450,445,685	430,072,615
B. Disability Retirements	7,802,850	7,966,637	8,085,070
C. Vested Terminated Members	6,720,040	6,925,119	4,231,879
D. Active Members	<u>177,924,724</u>	<u>183,842,805</u>	<u>161,280,566</u>
E. Total	633,708,671	649,180,246	603,670,130
II. <u>Present Value of Non-Vested Accrued Benefits</u>	<u>18,594,645</u>	<u>19,992,780</u>	<u>18,995,265</u>
III. <u>Present Value of Accrued Benefits</u>	652,303,316	669,173,026	622,665,395
IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, <u>Accounting and Reporting by Defined Benefit Pension Plans</u> .			
V. <u>Statement of Changes in Accrued Benefits</u>			
A. Present Value of Accrued Benefits at Beginning of Prior Year		622,665,395	
B. Increase (Decrease) During the Year Attributable to:			
1. Benefits Accumulated		21,271,453	
2. Benefits Paid and Contributions Refunded		(38,852,612)	
3. Assumption Changes		17,337,761	
4. Method Changes		0	
5. Plan Amendments		0	
6. Increase Due to Decrease in Discount Period		<u>46,751,029</u>	
7. Net Increase		46,507,631	
C. Present Value of Accrued Benefits at Valuation Date		669,173,026	

**CITY OF FORT LAUDERDALE
 POLICE AND FIREFIGHTERS'
 RETIREMENT SYSTEM**

Funding Progress
 (\$000)

	<u>12/31/2011</u>	<u>12/31/2010</u>
	-\$-	-\$-
I. <u>Assets</u>		
A. Actuarial Value	505,319	482,181
B. Market Value	452,787	455,379
II. <u>Liabilities</u>		
A. Retired and Vested	465,337	442,390
B. Active		
Employee Contributions	35,937	32,399
Other Vested	147,906	128,881
Non-Vested Accrued	<u>19,993</u>	<u>18,995</u>
C. Total Accrued	669,173	622,665
III. <u>Ratios</u>	%	%
IA/IIC	75.5	77.4
IB/IIC	67.7	73.1

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Disclosure Information Under GASB 25/27

I. Funding Status and Progress as of December 31, 2011 and 2010

	<u>\$(Millions)</u>	
	<u>2011</u>	<u>2010</u>
Entry Age Actuarial Accrued Liability:		
- Retirees and beneficiaries currently receiving benefits (including DROP accounts) and terminated employees not yet receiving benefits	465.3	442.4
- Current employees	<u>258.8</u>	<u>231.8</u>
Total Entry Age Actuarial Accrued Liability	724.1	674.2
Net assets available for benefits (Market Value)	452.8	455.4
Unfunded Entry Age Actuarial Accrued Liability	<u>271.3</u>	<u>218.8</u>

The Entry Age Actuarial Accrued Liability was determined as part of an actuarial valuation at December 31, 2011. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.50 percent per year for 2011 and 7.75 percent per year for 2010 compounded annually, (b) projected salary increases of 2.75% percent per year for 2011 and 3.25 percent per year for 2010 compounded annually, attributable to inflation, and (c) additional projected salary increases of 0 to 3 percent per year, attributable to seniority/merit.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Disclosure Information Under GASB 25/27 - (continued)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the individual entry age actuarial cost method. This cost method provides for an unfunded actuarial accrued liability. Details of this UAAL are shown on Exhibit 1, pages 3 and 4.

Contributions totaling \$40,623,591 (\$30,684,942 employer, \$4,735,930 State, and \$5,202,719 employees) were made for the year ending December 31, 2011. These contributions consisted of (a) \$17,987,790 normal cost, (b) \$19,776,362 amortization of the unfunded actuarial accrued liability, (c) \$0 contribution to the Reserve Account, (d) \$2,322,481 to the Firefighters share account, and (e) \$536,958 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements for the year ending December 31, 2011 are the same as those used to compute the Entry Age Actuarial Accrued Liability as of the beginning of the year.

III. Analysis of Funding Progress for GASB 25/27 (\$ Million)

<u>Fiscal Year</u>	(1) <u>Net Assets Available for Benefits *</u> (\$)	(2) <u>Entry Age Actuarial Liability</u> (\$)	(3) <u>Percent Funded</u> (%)	(4) <u>Unfunded AAL (2)-(1)</u> (\$)	(5) <u>Annual Covered Payroll</u> (\$)	(4)/(5) (%)
1995	222.2	259.8	85.5	37.6	33.0	114
1996	247.8	282.9	87.6	35.0	35.0	100
1997	282.1	311.4	90.6	29.3	33.3	88
1998	331.6	336.4	98.6	4.8	37.1	13
1999	375.4	362.4	103.6	(13.0)	42.1	(31)
2000	405.1	394.2	102.8	(10.9)	44.7	(24)
2001	424.5	436.6	97.2	12.1	44.5	27
2002 (Prior)	403.6	467.1	86.4	63.5	45.1	141
2002 (Revised)	403.6	482.3	83.7	78.7	45.1	175
2003	403.0	508.6	79.2	105.6	44.2	239
2004	405.5	529.4	76.6	123.9	42.3	293
2005	413.8	543.2	76.2	129.4	41.1	315
2006	428.3	557.1	76.9	128.8	42.8	301
2007 (Prior)	458.1	583.6	78.5	125.5	51.3	245
2007 (Revised)	480.9	586.5	82.0	105.5	51.3	206
2008	444.4	614.0	72.4	169.6	52.8	321
2009	451.6	649.0	69.6	197.4	61.7	320
2010	482.2	674.2	71.5	192.0	62.6	307
2011	505.3	724.1	69.8	218.8	65.3	335

Note: Prior to 2001, the Net Assets Available for Benefits and the Entry Age Actuarial Accrued Liability both excluded DROP account balances. For 2001 and later, DROP account balances are included in both.

*Actuarial Asset Values

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

IV. Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u> (\$)	<u>Employer Contributed</u> (\$)	<u>State¹ Contribution</u> (\$)	<u>Percentage Contributed</u> (%)	<u>Net Pension Obligation</u> (\$)
1996	9,131,730	7,092,440	2,264,323	102.5	0
1997	9,299,136	6,653,659	2,848,818	102.2	0
1998	8,626,102	6,054,880	2,709,946	101.6	0
1999	7,493,570	4,644,825	3,177,188	104.4	0
2000	6,899,795	4,638,299	2,849,971	108.5	0
2001	8,010,665	5,481,000	3,162,812	107.9	0
2002	8,908,703	6,394,811	3,380,116	109.7	0
2003	14,823,362	12,377,564	3,801,637	109.1	0
2004	18,806,811	16,402,796	4,160,988	109.3	0
2005	22,152,995	19,824,618	4,082,836	107.9	0
2006	22,786,472	20,472,413	4,359,435	108.9	0
2007	24,099,431	21,332,840	2,766,591	100.0	0
2008	21,627,937	19,146,573	3,000,946	102.4	0
2009	28,367,152	25,456,535	2,635,176	99.0	0 ²
2010	32,957,020	30,735,629	2,515,253	100.9	0 ³
2011	33,391,584	30,684,942	2,413,449	99.1	0 ³

¹. Starting in 2007, State contribution amount shown is net of reserve account accumulation and fire share plan amount.

². State contribution for Chapter 175 Fire Supplemental was not received this year; the anticipated amount of \$276,875 was increased with interest to July 1, 2011, and the resulting \$292,075 total was added to the 2011 City contribution requirement.

³. A portion of the State contribution for Chapter 185 was not received in these years; the shortfall was contributed by the City, including interest to the contribution date; the State contribution for Chapter 175 Fire Supplemental was neither anticipated nor received, but was contributed by the City as part of its regular contribution.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

V. Revenues and Expenses

Revenues by Source

<u>Fiscal Year</u>	<u>Employee Contributions</u> (\$)	<u>State Contributions</u> (\$)	<u>Employer Contributions</u> (\$)	<u>Investment Income</u> (\$)	<u>Total</u> (\$)
1995	2,341,221	1,944,969	8,011,268	9,342,093	21,639,551
1996	2,457,240	2,264,323	7,092,440	9,615,306	21,429,309
1997	2,443,703	2,848,818	6,653,659	11,235,906	23,182,086
1998	2,619,544	2,709,946	6,054,880	11,406,938	22,791,308
1999	2,752,294	3,177,188	4,644,825	12,383,761	22,958,068
2000	3,029,401	2,849,971	4,382,348	13,078,341	23,340,061
2001	2,981,342	3,158,761	5,485,051	7,960,515	19,585,669
2002	3,235,782	3,380,116	6,394,811	6,304,049	19,314,758
2003	3,421,577	3,801,637	12,377,564	6,359,805	25,960,583
2004	3,050,660	4,160,988	16,402,796	7,362,361	30,976,805
2005	3,036,448	4,082,836	19,824,618	7,764,218	34,708,120
2006	3,331,601	4,359,435	20,472,413	8,281,777	36,445,226
2007	3,596,451	5,204,949	21,332,840	7,919,695	38,053,935
2008	3,996,724	5,262,367	19,146,573	9,206,242	37,611,906
2009	4,264,471	4,409,900	25,456,535	6,092,184	40,223,090
2010	5,247,391	4,816,576	30,735,629	7,308,370	48,107,966
2011	5,202,719	4,735,930	30,684,942	10,441,009	51,064,600

Expenses by Type

<u>Fiscal Year</u>	<u>Benefits</u> (\$)	<u>Administrative Expenses</u> (\$)	<u>Refunds</u> (\$)	<u>Total</u> (\$)
1995	11,405,626	245,096	32,076	11,682,798
1996	12,258,028	281,344	22,997	12,562,369
1997	13,780,854	379,590	81,384	14,241,828
1998	14,527,306	347,590	117,437	14,992,333
1999	15,643,607	358,240	74,305	16,076,152
2000	29,228,716	432,142	156,476	29,817,334
2001	22,804,945	436,958	160,313	23,402,216
2002	22,027,681	465,054	180,413	22,673,148
2003	25,561,580	468,673	73,173	26,103,426
2004	29,695,131	416,870	224,275	30,336,276
2005	31,345,660	356,565	177,733	31,879,958
2006	37,910,775	422,075	137,338	38,470,188
2007	38,961,484	540,568	299,642	39,801,694
2008	39,516,627	592,611	249,791	40,359,029
2009	47,535,416	520,610	170,406	48,226,432
2010	35,797,791	502,271	139,800	36,439,862
2011	39,061,925	536,958	149,752	39,748,635

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Member Statistics

I. Active Members

	<u>Valuation Date</u>			
	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
<u>Number of</u>				
Males	699	707	715	669
Females	<u>99</u>	<u>95</u>	<u>89</u>	<u>85</u>
Total	798	802	804	754
 <u>Averages</u>				
Current Age	38.0	37.5	37.1	37.3
Credited Past Service	10.0	9.5	9.1	9.3
Annual Earnings	\$81,852	\$78,019	\$76,702	\$70,061

II. Inactive Members

A. DROP Participants				
Number	83	84	70	N/A
Average Annual Benefit	\$62,198	\$59,143	\$57,450	
Average Age	52.0	51.6	50.7	
B. Retirees and Beneficiaries				
Number	847	845	839	894
Average Annual Benefit	\$41,070	\$40,435	\$40,227	\$41,423
Average Age	65.1	64.4	63.7	62.2
C. Disabled				
Number	22	20	21	19
Average Annual Benefit	\$35,838	\$35,415	\$37,656	\$36,473
Average Age	48.0	47.7	47.9	47.6
D. Vested Terminated				
Number	18	16	18	20
Average Annual Benefit	\$34,368	\$28,282	\$26,867	\$27,106
Average Age	43.8	43.0	42.8	41.8

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Age-Service Distribution - Police

Age	Completed Years of Service									Total	Earnings	
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35+</u>		<u>Total</u>	<u>Avg</u>
											-\$-	-\$-
15-24	10	21	-	-	-	-	-	-	-	31	1,741,224	56,169
25-29	6	48	22	-	-	-	-	-	-	76	4,956,553	65,218
30-34	4	27	45	14	-	-	-	-	-	90	6,806,510	75,628
35-39	1	14	32	32	6	-	-	-	-	85	6,984,620	82,172
40-44	-	6	19	19	40	9	-	-	-	93	8,229,964	88,494
45-49	2	7	9	9	15	15	-	-	-	57	4,966,588	87,133
50-54	-	3	2	4	2	9	-	-	-	20	1,789,901	89,495
55-59	-	-	1	1	1	1	-	3	-	7	741,117	105,874
60-64	-	-	-	-	-	-	-	-	-	-	--	--
65+	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>169,620</u>	<u>84,810</u>
TOTAL	23	126	130	80	64	34	0	3	1	461	36,386,098	78,929

Average Age: 37.1

Average Service: 9.3

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Age-Service Distribution - Firefighters

Age	Completed Years of Service									Total	Earnings	
	<u>< 1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35+</u>		<u>Total</u>	<u>Avg</u>
											-\$-	-\$-
15-24	-	5	-	-	-	-	-	-	-	5	323,068	64,614
25-29	2	28	16	-	-	-	-	-	-	46	3,270,642	71,101
30-34	1	14	22	14	-	-	-	-	-	51	4,012,301	78,673
35-39	1	5	19	46	7	-	-	-	-	78	6,829,540	87,558
40-44	-	4	12	45	18	2	-	-	-	81	7,398,921	91,345
45-49	-	2	1	17	22	4	-	-	-	46	4,313,457	93,771
50-54	-	1	2	10	8	2	-	1	-	24	2,148,422	89,518
55-59	-	-	-	3	-	-	-	-	-	3	261,814	87,271
60-64	-	-	-	-	-	-	-	2	1	3	374,028	124,676
65+	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	4	59	72	135	55	8	0	3	1	337	28,932,192	85,852

Average Age: 39.1

Average Service: 10.9

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Age-Service Distribution - Total

Age	Completed Years of Service									Total	Earnings	
	<u><1</u>	<u>1-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30-34</u>	<u>35+</u>		<u>Total</u>	<u>Avg</u>
											-\$-	-\$-
15-24	10	26	2	-	-	-	-	-	-	36	2,064,292	57,341
25-29	8	76	38	-	-	-	-	-	-	122	8,227,195	67,436
30-34	5	41	67	28	-	-	-	-	-	141	10,818,811	76,729
35-39	2	19	51	78	13	-	-	-	-	163	13,814,160	84,749
40-44	-	10	31	64	58	11	-	-	-	174	15,628,885	89,821
45-49	2	9	10	26	37	19	-	-	-	103	9,280,044	90,098
50-54	-	4	4	14	10	11	-	1	-	44	3,938,324	89,507
55-59	-	-	1	4	1	1	-	3	-	10	1,002,931	100,293
60-64	-	-	-	-	-	-	-	2	1	3	374,028	124,676
65+	-	-	-	1	-	-	-	-	1	2	169,620	84,810
TOTAL	27	185	202	215	119	42	0	6	2	798	65,318,290	81,852

Average Age: 38.0

Average Service: 10.0

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Member Reconciliation

A. Active lives

1. Total number prior valuation (December 31, 2010)	802
2. Terminations	
a. Vested with deferred benefits	4
b. Non-vested or received refund of employee contributions	12
3. Deaths	
a. Beneficiary receiving benefits	0
b. No future benefits payable	0
4. Disabled	2
5. Retired or entered DROP	14
6. Voluntary withdrawal	0
	<hr/>
7. Continuing participants	770
8. New entrants	28
9. Data Corrections/Rehires	<u>0</u>
10. Total active participants in valuation (December 31, 2011)	798

B. Non-Active lives (including beneficiaries receiving benefits)

	<u>Service Retirees, Beneficiaries, and Vested Receiving Benefits</u>	<u>DROP</u>	<u>Disability</u>	<u>Vested Deferred</u>	<u>Total</u>
1. Number prior valuation	845	84	20	16	965
2. In	31	13	2	4	50
3. Out	29	14	0	2	45
4. Number current valuation	<u>847</u>	<u>83</u>	<u>22</u>	<u>18</u>	<u>970</u>

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal Provisions

Ordinances and Effective Date:	January 3, 1973; (Muni Code updated through C-03-34, enacted September 16, 2003; C-04-13, effective April 1, 2004; C-10-11, enacted April 6, 2010.
Plan Year:	January 1 - December 31.
Membership: [20-128(a)]	Police officers and fire fighters.
Covered Compensation: [20-127]	An employee's base pay, assignment pay, and longevity bonuses, including pick-up contributions, and up to 40 hours of overtime for police officers.
Member Contributions: [20-130(a)]	8% of Compensation increasing to 8.25% on 10/01/2011; for new members hired after April 18, 2010, 8.5%; 3% interest per annum is credited on Member Contributions.
City Contributions: [20-130(c)]	Actuarially determined, reduced by Member contributions and State Premium Tax refunds under Chapters 175 and 185 (up to the amounts received for 1998).
Credited Service: [20-127]	Continuous Service credited under Retirement System, from most recent date of employment.
Average Final Compensation: [20-127]	Average Compensation during the highest 2 years of Credited Service.
Normal Retirement Date: [20-127]	20 Years of Credited Service or age 55 with 10 Years of Credited Service.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal Provisions
(Continued)

Service Retirement: [20-129(b)(1)(b)]	Firefighters Plan 1: 3.38% of Average Final Compensation for each year of Credited Service, with a maximum of 81% of Average Final Compensation; a group of firefighters with 25 or more years of service on October 1, 2002 is subject to a maximum of 91.26%;
[20-129(b)(1)(c)]	Police Officers Plan 1: 3.38% of Average Final Compensation for each year of Credited Service, with a maximum of 81% of Average Final Compensation; a group of officers with 25 or more years of service on January 1, 2002 is subject to a maximum of 91.26%;
[20-129(b)(1)(a)]	Both Groups Plan 2: 3.0% of Average Final Compensation for each of the first 20 years of Credited Service, 2.0% of Average Final Compensation for each year of Credited Service over 20, with a maximum of 100%;
[20-129(b)(1.1)]	Firefighters who were employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation, which is not counted towards the 81% maximum percentage for firefighters under Plan 1.
Early Service Retirement:	Age 50 with 10 years of Creditable Service (Firefighters).
Early Retirement Benefit:	Accrued retirement benefit reduced by 3% for each year member's retirement age precedes member's normal retirement date.
Disability: [20-129(c)(2)]	Non-Service Connected Disability: Immediate benefit of 50% of Average Final Compensation, offset by 100% of Social Security disability benefits and Workers' Compensation benefits, but not reduced below 25% of Average Final Compensation; benefit at the time of Normal Service Retirement, based on Credited Service, including the period of disability.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal Provisions
(Continued)

Disability (continued): [20-129(c)(1)]	<p>Service Connected Disability: Incurred as accident in performance of duties. Total and permanent; completely incapacitated for service to Fire or Police Department of the City, or performing offered employment within the Fire or Police Department.</p> <p>Immediate benefit of 65% of Average Final Compensation, offset by 100% of Social Security disability benefits and Workers' Compensation benefits, not reduced below 42% of Average Final Compensation; benefit terminates upon the earliest of death, recovery, or Normal Service Retirement eligibility;</p> <p>Service Retirement benefit at the time of Normal Service Retirement, based on Credited Service including the period of disability.</p>
Death [20-129(d)(2)]	<p>Non-Service Incurred Death: Death not accidentally incurred in performance of duties. Surviving spouse, or other beneficiary, or the Member's estate, would receive 50% of the Member's monthly Compensation as of date of death for eight years; for Members employed on January 1, 1973, who have made an election, a lump sum of 400% of the member's annual Compensation may be paid in lieu of the member's annual Compensation may be paid in lieu of the monthly payments. Children's benefits (to be completed).</p> <p>For a member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age.</p>
[20-129(d)(1)]	<p>Service Incurred Death: Incurred in performance of duties. Pension of 50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, with a maximum of 80% to spouse and children. For firefighters who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary.</p>
Employment Termination: [20-129(e)]	<p>Refund of member contributions for Members with less than 10 years of Credited Service; Accrued Service Retirement benefit, deferred to time at which 20 years would have been completed and attainment of age 50, for Members with 10 or more years of Credited Service .</p>
Optional Allowances: (20-131]	<p>Normal form is 60% joint & survivor, with an additional 40% death benefit during the first year of retirement, and including children's survivor benefits, if applicable. Optional forms: 100% joint & survivor, life annuity, 10 years certain & life, 75%, 66-2/3%, and 50% joint and survivor with benefit reducing upon first death.</p>

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal Provisions
(Continued)

DROP:
[20-129(b)1.2(b.1)]
[20-129(b)1.2(a)]

Members eligible for Normal Service Retirement may elect either a Deferred Retirement Option Plan for up to 96 months or a Benefit Actuarially Calculated Deferred Retirement Option Program for up to 36 months, but not both.

COLA:
[20-129(f)]

(1) Adjusted on July 1 ("adjustment date") to reflect increase in cost of living, if benefit is paid (to Beneficiary or deceased Member) on the adjustment date and on July 1 of preceding year.

(2) COLA is added to each monthly benefit paid, excluding any previous COLA. Percentage amount is lesser of (a) or (b), but not more than 5%, unless approved by City Commission:

(a) Percentage not greater than CPI (all Urban Consumers) for calendar year preceding adjustment date; or

(b) Percentage increase, limited to present value of which can be funded by "excess gains" for preceding calendar year.

"Excess gains": (i) 1/3 of sum of all actuarial gains and losses for preceding three calendar years; or

(ii) if investment earnings are spread over three or more years, the sum of all actuarial gains and losses for preceding calendar year.

(3) Excess gains are based on actuarial assumptions as of January 1, excluding changes in benefits and/or assumptions.

(4) If cumulative COLA's in previous three adjustment years were less than cumulative CPI, additional COLA (not greater than 4%) may be granted from residual excess gains, subject to 5% overall maximum, unless approved by City Commission.

(5) In lieu of percentage increase, Board may utilize graduated percent-age based on length of time a benefit has been paid or a formula which provides an equal dollar monthly benefit.

The COLA increases may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987. (in State Statute - not in Ordinance)

Changes Since
Prior Valuation:

None.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis (Prior Basis)

Valuation Date: January 1, 2012 for Plan Year beginning January 1, 2012 and Fiscal Year beginning October 1, 2012.

Valuation Method: Individual Entry Age Normal Cost Method; Closed Group; Initial amortization period is 20 years; payments increase 2% per year.

Asset Valuation Method: 20% Write-Up method: Actuarial value of assets is equal to expected value (using last year actuarial value of assets, cash flow, and valuation interest) plus or minus 20% of the difference between the expected actuarial value of assets and the market value of assets. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Investment Discount/
Investment Return: 7.75% compounded annually.

Salary Increases: 3.25% inflation plus service-based rates according to the following schedule:

<u>Service</u>	<u>-%-</u>
1-6	7.5 year
7-10	2.5 year
11-25	1.0 year
26+	0.5 year

An additional 4.5% is included in the year of retirement, primarily to reflect retirements throughout that year.

Mortality: 1994 Group Annuity Mortality Table for healthy lives and the same table set forward five years for disabled lives, producing following specimen rates:

<u>Age</u>	<u>Healthy Male</u>	<u>Healthy Female</u>	<u>Disabled Male</u>	<u>Disabled Female</u>
20	.0507%	.0284%	.0661%	.0291%
30	.0801%	.0351%	.0851%	.0478%
40	.1072%	.0709%	.1578%	.0973%
50	.2579%	.1428%	.4425%	.2294%
60	.7976%	.4439%	1.4535%	.8636%
70	2.3730%	1.3730%	3.7211%	2.2686%

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis (Prior Basis)
(Continued)

Retirement: Service based rates as follows:

<u>Service</u>	<u>Police</u>	<u>Fire</u>
20-22	45%	40%
23-24	50%	30%
25-30	15%	15%
30+	100%	100%

None are expected to take reduced early retirement benefits at age 50 with 10 years of service.

Turnover and
Disability:

Specimen rates are shown below:

<u>Age</u>	<u>Disability</u>	<u>Turnover*</u>
20	.0014	*
25	.0015	.047
30	.0018	.043
35	.0023	.030
40	.0030	.013
45	.0051	.006
50	.0100	.003
55	.0155	.000

* Select turnover rates apply at all ages for the first five years of employment according to the table below:

<u>Service</u>	<u>-%-</u>
0	10.00
1	6.67
2	6.00
3	5.33
4	4.67

Type of Disability: No turnover or disability assumed after 20 years of service. 75% of the disabilities are expected to be service connected disabilities, and 25% are expected to be non-service connected.

Recovery: No probabilities of recovery are used.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS
RETIREMENT SYSTEM**

Summary of Actuarial Basis (Prior Basis)
(Continued)

Disability Offsets:	It is assumed that there are no offsets for service-incurred or non-service incurred disabilities of active Members; benefits valued for disability retirees are net of all current offsets.
Type of Death:	75% of the assumed deaths are expected to be service-connected deaths and 25% are assumed to be non-service connected.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employed Members and all retired Members are assumed to be married.
State Contributions:	Premium tax refunds under Chapters 175 and 185 are assumed to be the same as in prior year.
Administrative Expenses:	One-year term cost method, based on expected expenses for the year.
Withdrawal of Employee Contributions:	It is assumed that employees withdraw their contribution balances upon employment termination, if not vested. If vested, employees are assumed to not withdraw contributions, with monthly benefit deferred to the time at which 20 years of service would have been completed.
Sources of Data:	Draft audit reports and membership data were furnished by Plan Administrator.
DROP Participation:	No distinction is made between retirement and DROP entry.
Changes Since Prior Valuation:	None.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis (Revised Basis)

Valuation Date: January 1, 2012 for Plan Year beginning January 1, 2012 and Fiscal Year beginning October 1, 2012.

Valuation Method: Individual Entry Age Normal Cost Method; Closed Group; Initial amortization period is 20 years; payments increase 2% per year.

Asset Valuation Method: 20% Write-Up method: Actuarial value of assets is equal to expected value (using last year actuarial value of assets, cash flow, and valuation interest) plus or minus 20% of the difference between the expected actuarial value of assets and the market value of assets. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Investment Discount/
Investment Return: 7.50% compounded annually.

Salary Increases: 2.75% inflation plus service-based rates according to the following schedule:

<u>Service</u>	<u>-%-</u>
1-6	6.5 year
7-10	2.5 year
11-25	1.0 year
26+	0.5 year

An additional 4.5% is included in the year of retirement, primarily to reflect retirements throughout that year.

Mortality: RP 2000 Mortality Table, Employees and Annuitants combined, projected by scale AA to 2012, producing following specimen rates:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.0274%	.0157%
30	.0418%	.0234%
40	.0980%	.0589%
50	.1719%	.1364%
60	.5560%	.4760%
70	1.8523%	1.5765%

Disabled Mortality: RP 2000 Disable Mortality Table projected by Scale AA to 2012, producing the following specimen rates.

<u>Age</u>	<u>Male</u>	<u>Female</u>
30	2.1253%	.6604%
40	2.0497%	.6214%
50	2.3300%	.9390%
60	3.4644%	2.0564%
70	5.2202%	3.5438%

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis (Revised Basis)
(Continued)

Retirement: Service based rates as follows:

<u>Service</u>	<u>Police</u>	<u>Fire</u>
20-22	45%	40%
23-24	50%	30%
25-30	15%	15%
30+	100%	100%

None are expected to take reduced early retirement benefits at age 50 with 10 years of service.

Turnover and
Disability:

Specimen rates are shown below:

<u>Age</u>	<u>Disability</u>	<u>Turnover*</u>
20	.0014	*
25	.0015	.047
30	.0018	.043
35	.0023	.030
40	.0030	.013
45	.0051	.006
50	.0100	.003
55	.0155	.000

* Select turnover rates apply at all ages for the first five years of employment according to the table below:

<u>Service</u>	<u>-%-</u>
0	10.00
1	6.67
2	6.00
3	5.33
4	4.67

Type of Disability: No turnover or disability assumed after 20 years of service. 75% of the disabilities are expected to be service connected disabilities, and 25% are expected to be non-service connected.

Recovery: No probabilities of recovery are used.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS
RETIREMENT SYSTEM**

Summary of Actuarial Basis (Revised Basis)
(Continued)

Disability Offsets:	It is assumed that there are no offsets for service-incurred or non-service incurred disabilities of active Members; benefits valued for disability retirees are net of all current offsets.
Type of Death:	75% of the assumed deaths are expected to be service-connected deaths and 25% are assumed to be non-service connected.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employed Members and all retired Members are assumed to be married.
State Contributions:	Premium tax refunds under Chapters 175 and 185 are assumed to be the same as in prior year.
Administrative Expenses:	One-year term cost method, based on expected expenses for the year.
Withdrawal of Employee Contributions:	It is assumed that employees withdraw their contribution balances upon employment termination, if not vested. If vested, employees are assumed to not withdraw contributions, with monthly benefit deferred to the time at which 20 years of service would have been completed.
Sources of Data:	Draft audit reports and membership data were furnished by Plan Administrator.
DROP Participation:	No distinction is made between retirement and DROP entry.
Changes Since Prior Valuation:	The Investment Return assumption was changed to 7.50%. The Salary Scale assumption was changed to 6.5% at 1-6 years of service and the inflation assumption was reduced to 2.75%. The mortality table was updated to the RP 2000 combined mortality projected to 2012. The disabled mortality was updated to the RP 2000 Disabled Mortality projected to year 2012.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Information Under Florida Statutes

Year Ending

	<u>Salary Increases</u>		<u>Investment Return</u>		<u>Payroll Growth</u>	
	<u>Actual</u>	<u>Assumed</u>	<u>Actual</u> ⁽¹⁾	<u>Assumed</u>	<u>Actual</u>	<u>Assumed</u>
	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>
12/31/11	6.6	6.4	5.0	7.75	4.4	2.0
12/31/10	3.2	6.5	6.3	7.75	1.5	2.0
12/31/09	13.8	6.2	5.1	7.75	16.7	2.0
12/31/08	7.7	6.3	(4.8)	7.75	3.0	2.0
12/31/07	7.5	5.8	14.8	7.75	19.7	N.A.
12/31/06	6.0	5.8	6.3	7.75	4.3	N.A.
12/31/05	2.1	4.3	3.5	7.75	(2.8)	N.A.
12/31/04	3.4	5.7	2.7	7.75	(4.4)	N.A.
12/31/03	5.7	5.7	1.5	7.75	(1.9)	N.A.
12/31/02	9.4	6.7	(2.7)	8.00	1.4	5.2
12/31/01	10.1	6.7	6.4	8.00	(0.5)	5.2
12/31/00	5.7	6.7	12.2	8.00	6.1	5.2
12/31/99	7.2	6.4	15.6	8.00	13.5	5.2
12/31/98	7.2	6.4	20.0	8.00	11.3	5.2
12/31/97	6.8	6.2	15.9	8.00	(4.9)	5.2
12/31/96	6.4	6.5	11.9	8.00	6.3	5.2
12/31/95	2.6	6.5	10.1	8.00	5.2	N.A.
12/31/94	4.5	7.0	5.8	8.00	4.2	N.A.
12/31/93	0.8	7.0	8.4	8.00	0.1	N.A.
12/31/92	3.7	7.0	8.3	8.00	(0.7)	N.A.
12/31/91	6.6	7.0	25.2	8.00	2.1	N.A.
Average Payroll Growth over the last ten years:					3.9	

Amortization of Unfunded Liability

<u>Valuation</u>	<u>Unfunded Liability</u>	<u>Amortization</u>
	<u>-\$-</u>	<u>-\$-</u>
01/01/2012	218,794,060	21,276,992
01/01/2013	212,330,846	21,702,533
01/01/2014	204,925,436	22,136,583
01/01/2015	196,498,017	22,579,314

01/01/2032	0	0

⁽¹⁾Based on mean actuarial asset values for periods ending 12/31.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Cumulative Experience Position (Revised Asset Method)

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 12/31/2007

	-\$-
A. Expected Unfunded Actuarial Accrued Liability at 12/31/2006	96,142,904
B. Entry Age Normal Cost for 2007 Year Paid or Payable by Employer	11,132,203
C. Contributions for 2007 Year Paid or Payable by Employer (Required)	24,333,786
D. Interest	<u>6,680,470</u>
E. Expected Unfunded Actuarial Accrued Liability at 12/31/2007	89,621,791
F. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	2,918,826
G. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	<u>0</u>
H. Final Expected Unfunded Actuarial Accrued Liability at 12/31/2007	92,540,617

II. Determination of Net Cumulative Experience Position at 12/31/2007

A. Expected Unfunded Actuarial Liability as of December 31, 2007	92,540,617
B. Entry Age Reserve - Actives	189,252,958
- Inactives	<u>397,279,293</u>
- Total	586,532,251
C. Actuarial Asset Value	480,944,264
D. Actual Unfunded Actuarial Liability (B)-(C)	<u>105,587,987</u>
E. Cumulative Experience Gain (Loss) (A)-(D)	(13,047,370)

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Cumulative Experience Position

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 12/31/2008

	-\$-
A. Expected Unfunded Actuarial Accrued Liability at 12/31/2007	92,540,617
B. Entry Age Normal Cost for 2008 Year Paid or Payable by Employer	11,555,203
C. Contributions for 2008 Year Paid or Payable by Employer (Required)	22,147,519
D. Interest	<u>7,010,764</u>
E. Expected Unfunded Actuarial Accrued Liability at 12/31/2008	88,959,065
F. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	0
G. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	<u>0</u>
H. Final Expected Unfunded Actuarial Accrued Liability at 12/31/2008	88,959,065

II. Determination of Net Cumulative Experience Position at 12/31/2008

A. Expected Unfunded Actuarial Liability as of December 31, 2008	88,959,065
B. Entry Age Reserve - Actives	188,445,472
- Inactives	<u>425,592,486</u>
- Total	614,037,958
C. Actuarial Asset Value	444,447,527
D. Actual Unfunded Actuarial Liability (B)-(C)	<u>169,590,431</u>
E. Cumulative Experience Gain (Loss) (A)-(D)	(80,631,366)

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Cumulative Experience Position

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 12/31/2009

	-\$-
A. (i) Expected Unfunded Actuarial Accrued Liability at 12/31/2008	88,959,065
(ii) Additional Unfunded Actuarial Accrued Liability at 12/31/2008	3,751,102
B. Entry Age Normal Cost for 2009 Year Paid or Payable by Employer	11,000,251
C. Contributions for 2009 Year Paid or Payable by Employer (Required)	28,091,712
D. Interest	<u>7,560,909</u>
E. Expected Unfunded Actuarial Accrued Liability at 12/31/2009	83,179,615
F. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	0
G. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	<u>0</u>
H. Final Expected Unfunded Actuarial Accrued Liability at 12/31/2009	83,179,615

II. Determination of Net Cumulative Experience Position at 12/31/2009

A. Expected Unfunded Actuarial Liability as of December 31, 2009	83,179,615
B. Entry Age Reserve - Actives	221,933,075
- Inactives	<u>427,040,348</u>
- Total	648,973,423
C. Actuarial Asset Value	451,610,479
D. Actual Unfunded Actuarial Liability (B)-(C)	<u>197,362,944</u>
E. Cumulative Experience Gain (Loss) (A)-(D)	(114,183,329)

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Cumulative Experience Position

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 12/31/2010

	-\$-
A. Expected Unfunded Actuarial Accrued Liability at 12/31/2009	83,179,615
B. Entry Age Normal Cost for 2010 Year Paid or Payable by Employer	12,431,797
C. Contributions for 2010 Year Paid or Payable by Employer (Required)	32,957,020
D. Interest	<u>7,215,820</u>
E. Expected Unfunded Actuarial Accrued Liability at 12/31/2010	69,870,212
F. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	0
G. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	<u>0</u>
H. Final Expected Unfunded Actuarial Accrued Liability at 12/31/2010	69,870,212

II. Determination of Net Cumulative Experience Position at 12/31/2010

A. Expected Unfunded Actuarial Liability as of December 31, 2010	69,870,212
B. Entry Age Reserve - Actives	231,840,338
- Inactives	<u>442,389,564</u>
- Total	674,229,902
C. Actuarial Asset Value	482,181,230
D. Actual Unfunded Actuarial Liability (B)-(C)	<u>192,048,672</u>
E. Cumulative Experience Gain (Loss) (A)-(D)	<u>(122,178,460)</u>

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Cumulative Experience Position

I. Calculation of Expected Unfunded Actuarial Accrued Liability at 12/31/2011

	-\$-
A. Expected Unfunded Actuarial Accrued Liability at 12/31/2010	69,870,212
B. Entry Age Normal Cost for 2011 Year Paid or Payable by Employer	12,529,751
C. Contributions for 2011 Year Paid or Payable by Employer (Required)	33,391,584
D. Interest	<u>6,199,564</u>
E. Expected Unfunded Actuarial Accrued Liability at 12/31/2011	55,207,943
F. Additional Unfunded Actuarial Accrued Liability due to Assumption and Method Changes	17,891,215
G. Additional Unfunded Actuarial Accrued Liability due to Florida Law 99-1	<u>0</u>
H. Final Expected Unfunded Actuarial Accrued Liability at 12/31/2011	73,099,158

II. Determination of Net Cumulative Experience Position at 12/31/2011

A. Expected Unfunded Actuarial Liability as of December 31, 2011	73,099,158
B. Entry Age Reserve - Actives	258,775,372
- Inactives	<u>465,337,441</u>
- Total	724,112,813
C. Actuarial Asset Value	505,318,753
D. Actual Unfunded Actuarial Liability (B)-(C)	<u>218,794,060</u>
E. Cumulative Experience Gain (Loss) (A)-(D)	<u>(145,694,902)</u>

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

City Contribution Requirements
(Police, Fire Separately)

	<u>Total (1)</u>	<u>Police (2)</u>	<u>Fire (3)</u>
	-\$-	-\$-	-\$-
I. <u>Unfunded Actuarial Accrued Liability</u>			
A. Entry Age Reserve			
Active Members	258,775,372	137,853,467	120,921,905
Inactive Members	<u>465,337,441</u>	<u>282,461,199</u>	<u>182,876,242</u>
Total	724,112,813	420,314,666	303,798,147
B. Actuarial Asset Value	505,318,753	293,314,632 ⁽¹⁾	212,004,121 ⁽²⁾
C. Unfunded Actuarial Liability (UAAL)	218,794,060	127,000,034	91,794,026
II. <u>Normal Cost</u>			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	381,015,731	208,218,555	172,797,176
b. Turnover	7,270,857	3,997,520	3,273,337
c. Disability	11,948,950	6,740,296	5,208,654
d. Death	3,414,442	1,848,761	1,565,681
e. Refunds	<u>1,514,340</u>	<u>1,009,858</u>	<u>504,482</u>
f. Total	405,164,320	221,814,990	183,349,330
2. Retired Members and Beneficiaries			
a. Service Retirements & Beneficiaries	434,745,021	266,272,549	168,472,472
b. Disability Retirements	7,966,637	5,353,189	2,613,448
c. Terminated Vested Members	6,925,119	4,037,243	2,887,876
d. DROP Account Balances	<u>15,700,664</u>	<u>6,798,218</u>	<u>8,902,446</u>
e. Total	465,337,441	282,461,199	182,876,242
3. Total	870,501,761	504,276,189	366,225,572

(1) [1 (I (B)/I (A))] X 2 (I (A))

(2) [1 (I (B)/I (A))] X 3 (I (A))

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

City Contribution Requirements
(Police, Fire Separately)

	<u>Total (1)</u>	<u>Police (2)</u>	<u>Fire (3)</u>
	-\$-	-\$-	-\$-
II. <u>Normal Cost (Cont'd.)</u>			
A. Entry Age Normal Cost	17,729,936	9,915,719	7,814,217
B. Covered Payroll	65,318,290	36,386,098	28,932,192
C. Entry Age Normal Cost Percentage	27.14%	27.25%	27.01%
III. <u>City Contribution Requirements</u>			
A. Entry Age Normal Cost	17,729,936	9,915,719	7,814,217
B. Amortization of UAAL	21,276,992	12,350,329 ⁽³⁾	8,926,663 ⁽⁴⁾
C. Expenses*	506,000	301,654	204,346
D. Interest	<u>587,649</u>	<u>335,634</u>	<u>252,015</u>
E. Total Contribution	40,100,577	22,903,336	17,197,241
F. Expected Member Contributions	5,395,802	3,005,777	2,390,025
G. Expected State Contributions	<u>2,724,071</u>	<u>1,831,291</u>	<u>892,780</u>
H. Net Expected City Contribution Requirement	31,980,704	18,066,268	13,914,436

*Allocated based on member count.

Notes:

(3) $1(\text{III (B)}) \times (2 (\text{I (C)})/1 (\text{I (C)}))$

(4) $1(\text{III (B)}) \times (3 (\text{I (C)})/1 (\text{I (C)}))$

May 16, 2012

(Via Courier)

Ms. Lynn Wenguer, Administrator
City of Fort Lauderdale
Police and Firefighters' Retirement System
888 South Andrews Avenue, Suite 202
Fort Lauderdale, Florida 33316

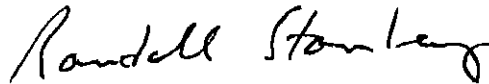
2007-2011 Experience Study

Dear Lynn:

Enclosed is our report, summarizing the results of our Experience Study for the 5 years ending December 31, 2011.

I look forward to discussing this report in conference with the Board. If there are any questions or comments in the meantime, please let us know.

Sincerely,



Randall L. Stanley, FSA, FCA, MAAA, EA
Actuary

RLS/di
501301/745

Enclosures (15)

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

2007-2011 EXPERIENCE STUDY

Prepared by:

THE NYHART COMPANY, INC.
2000 RiverEdge Parkway/Suite 540
Atlanta, Georgia 30328
(770) 933-1933

May 16, 2012

May 16, 2012

(Via Courier)

Board of Trustees
City of Fort Lauderdale
Police and Firefighters' Retirement System
888 South Andrews Avenue, Suite 202
Fort Lauderdale, Florida 33316

Attention: Ms. Lynn Wenguer, Administrator

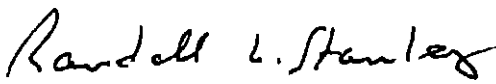
2007-2011 Experience Study

Dear Board Members:


Enclosed is our report on the experience of the Retirement System for the City of Fort Lauderdale Police and Firefighters for the 5-year period beginning January 1, 2007 and ending December 31, 2011.

This is our third multi-year Experience Analysis for the Retirement System.

The report is based upon the data, assumptions, and methods used for the actuarial valuation of the Retirement System, and upon generally accepted actuarial methods and practices. To the best of our knowledge, the report is complete and accurate in all respects.


Randall L. Stanley, FSA, FCA, MAAA, EA
Actuary


Frans Christ, FSA, MAAA, E.A.
Actuary


David D. Harris, ASA, MAAA, EA
Actuary

RLS/FC/DDH:di
501301/745

Enclosures (15)

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

2007-2011 Experience Study

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**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

2007-2011 Experience Study

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**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

2007-2011 Experience Study

SUMMARY OF RESULTS

1. Investment returns on market value have averaged 1.2% over the past five years and 3.8% over the last ten years (Table 9, page 10). We recommend that the 7.75% investment return/interest discount assumption be reduced to 7.5%, to reflect a reduction in expected future inflation from 3.25% to 3% (Table 3, page 5).
2. Compensation increases were significantly lower than expectations. We recommend some fine-tuning of the service-based seniority/merit scale, combined with a 0.25% reduction in the inflation component of the salary scale, consistent with the recommended reduction in the investment return assumption, and a further 0.25% reduction to reflect anticipated future experience.
3. Retirement experience shows fewer retirements than expected (Table 10, page 11). The impact on costs has been an average annual gain of \$744,934 (Table 11, page 12). A strong pattern of retirement by service (Tables 15, 16, and 17) continues. Given the economic environment, we recommend no changes to the retirement assumption at this time (Table 18).
4. Our analysis of actual and expected turnover during the five year period showed a pattern of lower than expected turnover for fire. For police the most recent three years also showed lower than expected turnover, but the earlier years showed higher turnover than expected, consistent with the preceding five year period for police (Table 19, page 17). The resulting impact on the entry age reserve has been an average annual loss of about \$1 million (Table 21). Given the economic environment, we recommend no adjustment to the turnover assumption at this time.
5. The current mortality assumption is the 1994 Group Annuity Mortality Table (page 20). For disabled lives this table is set forward five years. We recommend that these tables be updated to the RP 2000 Mortality Table, separate for males and females, combined for annuitants and employees, without adjustment for collar, projected to the valuation date. In addition, we recommend the disabled mortality be updated to the RP 2000 disabled mortality table, projected to the valuation date.
6. We recommend no changes to the current disability rates (page 22).

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

2007-2011 Experience Study

**SUMMARY OF RESULTS
(Continued)**

7. We continue to recommend that the current 100% marital status assumption for retirees be changed to 80% for those married to the spouse at retirement, with the remaining 20% to cover those not married to that spouse at retirement, elimination of the remarriage penalty, and an actuarial adjustment for post-retirement J&S benefits if a new spouse after retirement is more than 5 years younger than the member.
8. We recommend no changes to the asset valuation method or to the actuarial cost method.
9. The amortization of the unfunded liability is based on a 2% annual payroll growth assumption. Since the average annual payroll growth for the past 10 years has been 3.9%, there is no need to change this assumption (page 27).
10. Cost calculation results are shown in Table 26 (page 28) for the alternative assumption combinations, reflecting the assumption refinements recommended in this Study.
- 11. In total, the recommended demographic and economic assumption refinements would increase annual costs by approximately \$1,100,000 or 1.7% of pay (page 28).**

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM
2007-2011 Experience Study**

BACKGROUND, SCOPE, AND PERSPECTIVE

The purpose of this report is to present the results of our analysis of experience for the years 2007 through 2011 and certain calculation results of our recommendations due to these analyses. The objective of this activity is to enable fine-tuning of the actuarial assumptions. This is the third 5-year Experience Study prepared by Nyhart, formerly Stanley, Holcombe & Associates, Inc.

Since experience for any limited period of time may be significantly impacted by outside influences, such as economic conditions and personnel practices, the results of any analysis should be judged within the environment in which it occurred.

A major part of our analysis and discussion includes the concept of actuarial gains and losses. These are the result of unanticipated deviations of actual experience from that predicted by the actuarial assumptions. Under the entry age cost method, these are measured as the change in the entry age reserve and result in increases or decreases in amortization costs (over 20 years). Using the amortization method in place as of January 1, 2012, a \$1,000 gain (or loss) would result in approximately a \$93 decrease (or increase) in the initial amortization costs.

In reviewing the impact of gains (or losses), the magnitude should be viewed in relation to the existing entry age reserve, which was \$706,221,598 in the 2012 Actuarial Valuation Report. Therefore, while the impact of an experience deviation of \$10,000,000 is cause for review/action, it nevertheless represents only approximately 1.4% of the existing reserve. However, due to the significant leveraging on assets, it could have a significant impact on the annual cost, if the unfunded actuarial liability were \$20,000,000.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM
2007-2011 Experience Study**

ECONOMIC ASSUMPTIONS

Compensation Increases

The current assumption is that compensation will increase by 3.25% annually due to inflation and by the following service-based rates due to longevity and promotions.

<u>Table 1 – Longevity and Promotional Assumptions</u>	
<u>Service</u>	<u>-%-</u>
1-6	7.5
7-10	2.5
11-25	1.0
26+	0.5
An additional 4.5% is included in the year of retirement, primarily to reflect retirements throughout the year.	

The actual average annual increases for the 5-year and previous 5-year periods have been:

<u>Table 2 - Average Annual Increases</u>			
	<u>2007-2011</u>	<u>2002-2006</u>	<u>1997-2001</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Police	1.2	4.5	6.2
Fire	1.5	5.9	8.8
Combined	1.2	5.2	7.2

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM
2007-2011 Experience Study**

ECONOMIC ASSUMPTIONS

Compensation Increases (continued)

A major component of compensation increases is inflation. During this period, inflation (as measured by the CPI-Urban index) has increased as follows:

<u>Table 3 - Consumer Price Index</u>			
<u>Year</u>	<u>%</u>	<u>Year</u>	<u>%</u>
2011	2.96	2006	2.55
2010	1.50	2005	3.42
2009	2.73	2004	3.25
2008	0.10	2003	1.88
2007	<u>4.07</u>	2002	<u>2.38</u>
	2.26	Avg.	2.69
Avg. (10 yrs.)	<u>2.48</u>		

Although the incidence of compensation increases does not directly correlate with underlying inflation, the actual increases shown suggest that significant portions of the additional increases are due to longevity and merit increases.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM
2007-2011 Experience Study**

ECONOMIC ASSUMPTIONS

Compensation Increases (Continued)

The following Table shows the compensation increases by age over the 5-year period:

<u>Age Bracket</u>	<u>Increase</u>	<u>Age Bracket</u>	<u>Increase</u>
21-25	4.0%	41-45	0.0%
26-30	3.1%	46-50	(0.2)%
31-35	1.7%	51+	--
36-40	1.9%		
Total			1.2%

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ECONOMIC ASSUMPTIONS

Compensation Increases (Continued)

The following Table shows the increases by service over the past two 5-year periods, and over the past 10 years:

<u>Table 5 - Compensation Increase by Service</u>			
<u>Service Bracket</u>	<u>2007-2011 Increase</u>	<u>2002-2006 Increase</u>	<u>Combined Increase</u>
1-6	4.8%	7.2%	6.0%
7-11	3.1%	2.4%	2.7%
12-20	0.9%	0.6%	0.7%
21+	--	--	--
Total	1.2%	5.2%	3.2%

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ECONOMIC ASSUMPTIONS

Compensation Increases (Continued)

The actuarial (gains) and losses for the last 5 years, as well as for the 5 preceding years, have been:

Table 6 - (Gains) & Losses due to Compensation Increases			
	<u>Police</u>	<u>Fire</u>	<u>Total</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>
2011	481,703	20,947	502,650
2010	(3,770,644)	(3,688,135)	(7,458,779)
2009	7,954,406	6,367,058	14,321,464
2008	1,907,344	1,062,018	2,969,362
2007	<u>2,108,096</u>	<u>(100,578)</u>	<u>2,007,518</u>
Averages (2007-2011) ⁽¹⁾	1,736,181	732,262	2,468,443
2006	(687,707)	(108,295)	(796,002)
2005	(2,616,381)	(2,033,446)	(4,649,827)
2004	(2,114,304)	(2,450,342)	(4,564,646)
2003	(802,856)	247,308	(555,548)
2002	<u>650,334</u>	<u>1,138,195</u>	<u>1,788,529</u>
Averages (2002-2006) ⁽²⁾	(1,114,182)	(641,316)	(1,755,498)
Averages (10 years)	310,999	45,473	356,472

⁽¹⁾ Service-based assumptions; ⁽²⁾ Age-based assumptions

Over the past ten years, the salary experience has been nominal. A review of Tables 1, 2, and 3 indicates the possibility of some fine-tuning of the service-based salary scale in the early years. Therefore, we recommend that the service-based component of the salary scale be modified as shown below:

Table 7 - Seniority/Merit/Promotional Schedules		
	<u>Current</u>	<u>Recommended</u>
<u>Service</u>	<u>%</u>	<u>%</u>
1-6	7.5%/year	6.5%/year
7-10	2.5%/year	2.5%/year
11-25	1.0%/year	1.0%/year
26+	0.5%/year	0.5%/year

We have continued the current assumption that an additional 4.5% to be included in the year of retirement, primarily to reflect retirements throughout that year but recommend that experience continue to be monitored for possible future adjustment.

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ECONOMIC ASSUMPTIONS

Investment Return

The investment return assumption is typically the most powerful of the actuarial assumptions used for funding a retirement system.

As discussed in the previous section, the inflation rate has averaged less than 3% in the past 10 years. However, historical results for all of the components depend on the period reviewed, as shown by the following table:

Table 8 – Investment Return Components*

<u>Period</u>	<u>Inflation</u>	<u>Real Return</u>	<u>Risk Premium</u>	60/40 <u>Mix</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
2007 – 2011	2.3	4.0	(0.2)	2.9
2002 – 2006	2.7	2.3	3.8	5.9
1997 – 2001	2.2	5.1	8.3	9.2
1992 – 1996	2.8	4.1	12.1	11.7
1987 – 1991	4.5	9.7	10.5	14.7
1982 – 1986	3.3	14.7	16.0	18.8
1977 – 1981	10.1	(6.6)	(2.0)	6.3
1972 – 1976	7.2	0.1	(2.5)	5.7
Last 5 Years	2.3	4.0	(0.2)	2.9
Last 10 Years	2.5	3.1	1.8	4.4
Last 20 Years	2.5	3.9	5.9	7.4
1972 – 2011 (40 Years)	4.4	4.0	5.5	9.3

For this purpose, "real return" is the excess of the Lehman Aggregate Bond Index over the CPI – Urban, and "risk premium" is the excess of the S&P 500 over the CPI-U.

As will be noted, the return statistics result in a range of 2.9% to 18.8% for 5-year periods, using an investment mix of 60% equities and 40% fixed income investments. However, they have averaged significantly less than the System's 8%/7.75% assumption over the past several years.

*Source: "Investment Statistics for Actuaries," Milliman USA, 2012.

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The actual average investment return (on market value) during the 10-year period has fallen short of the assumption, as follows:

Table 9 - Investment Return

<u>Year</u>	<u>Interest and Dividends</u> \$	<u>Realized and Unrealized Gains/(Losses)</u> \$	<u>Expected</u> %	<u>Actual Rate of Return*</u> %	<u>60/40 Mix</u> -%-
2011	8,469,453	(10,090,263)	7.75	(0.3)	4.3
2010	5,398,271	42,167,095)	7.75	11.8	11.4
2009	6,092,184	43,438,711	7.75	13.9	17.9
2008	9,206,242	(114,554,237)	7.75	(22.1)	(20.2)
2007	7,919,695	27,683,280	<u>7.75</u>	<u>7.2</u>	<u>8.5</u>
Avg. (5 yrs.)			7.75	1.2	3.5
2006	8,281,777	35,761,969	7.75	9.7	12.7
2005	7,764,218	20,133,521	7.75	6.4	3.8
2004	7,362,361	31,571,736	7.75	9.9	8.1
2003	6,359,805	52,683,859	7.75	17.1	18.4
2002	6,304,049	(39,615,846)	<u>8</u>	<u>(9.2)</u>	<u>(9.0)</u>
Avg. (5 yrs.)			7.8	6.4	6.4
Avg. (10 yrs.)			7.8	3.8	4.9

For the past 21 years the geometric average rate of return on market value has been about 7.8% annually.

* Calculated as $2I/(A+B-I)$.

The major components of the assumed rate of return include:

- inflation
- real return
- risk premium

The current investment return assumption of 7.75% may be viewed as a combination of 3.25% inflation and 4.5% due to real return and risk premium.

Based on Tables 3, 8, and 9, we recommend that the 3.25%/inflation assumption used in the salary scale and investment return assumptions be reduced to 3%.

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Retirements

Expected and actual retirements during the 5-year period were as follows:

Table 10 - Expected and Actual Retirements

	Year											
	2007		2008		2009		2010		2011		Total	
	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.	Exp.	Act.
<u>Police</u>												
< 40	0.00	0	0.35	0	0.00	0	0.45	0	0.45	0	1.25	0
40-44	1.40	0	3.15	3	4.95	5	6.45	1	5.55	4	21.50	13
45-49	2.95	2	4.15	7	3.35	2	10.10	6	8.30	4	28.85	21
50-54	3.20	3	3.75	8	3.45	2	3.85	0	5.60	5	19.85	18
55-59	1.20	0	2.40	3	3.90	2	3.90	3	2.65	0	14.05	8
60-64	4.00	2	2.00	0	2.00	0	4.00	2	2.00	0	14.00	4
65+	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
<u>Total</u>	<u>12.75</u>	<u>7</u>	<u>15.80</u>	<u>21</u>	<u>17.65</u>	<u>11</u>	<u>28.75</u>	<u>12</u>	<u>24.55</u>	<u>13</u>	<u>99.50</u>	<u>64</u>
<u>Fire</u>												
< 40	0.00	0	0.60	1	0.00	0	0.00	0	0.40	0	1.00	1
40-44	2.70	0	2.40	7	0.80	1	1.20	0	0.40	0	7.50	8
45-49	1.95	1	4.65	7	2.95	2	2.55	3	1.75	0	13.85	13
50-54	1.05	1	2.25	6	1.20	3	1.60	3	1.20	1	7.30	14
55-59	4.60	0	3.60	1	3.00	0	1.80	2	0.40	0	13.40	3
60-64	1.00	0	2.00	0	3.00	2	3.00	1	3.00	0	12.00	3
65+	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
<u>Total</u>	<u>11.30</u>	<u>2</u>	<u>15.50</u>	<u>22</u>	<u>10.95</u>	<u>8</u>	<u>10.15</u>	<u>9</u>	<u>7.15</u>	<u>1</u>	<u>55.05</u>	<u>42</u>
<u>Total</u>												
< 40	0.00	0	0.95	1	0.00	0	0.45	0	0.85	0	2.25	1
40-44	4.10	0	5.55	10	5.75	6	7.65	1	5.95	4	29.00	21
45-49	4.90	3	8.80	14	6.30	4	12.65	9	10.05	4	42.70	34
50-54	4.25	4	6.00	14	4.65	5	5.45	3	6.80	6	27.15	32
55-59	5.80	0	6.00	4	6.90	2	5.70	5	3.05	0	27.45	11
60-64	5.00	2	4.00	0	5.00	2	7.00	3	5.00	0	26.00	7
65+	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
<u>Total</u>	<u>24.05</u>	<u>9</u>	<u>31.30</u>	<u>43</u>	<u>28.60</u>	<u>19</u>	<u>38.90</u>	<u>21</u>	<u>31.70</u>	<u>14</u>	<u>154.55</u>	<u>106</u>

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Retirements

During the 5-year period, there were 106 retirements, as compared to 155 expected. This compares to 181 retirements in the 2002-2006 period, as compared to 86 expected. As a result of the previous Experience Study, the retirement assumptions were modified to use service-based decrements.

The results, as shown in Table 11, have been a mixed pattern of experience gains and losses, indicating that the current assumptions are reasonably close to the actual experience that has emerged over the past five years, and given the current economic environment.

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>
2011	184,169	(318,198)	(134,029)
2010	(2,231,186)	(1,050,793)	(3,281,979)
2009	(455,564)	(619,448)	(1,075,012)
2008	(28,072)	698,000	669,928
2007	173,232	(76,808)	96,424
Avg. (2007-2011)	(471,484)	(273,449)	(744,934)
2006	632,949	78,319	711,268
2005	(937,222)	(12,429)	(949,651)
2004	3,562,804	636,497	4,199,301
2003	(543,533)	(129,389)	(672,922)
2002	1,994,748	311,838	2,306,586
Avg. (2002-2006)	941,949	176,967	1,118,916
Averages (10 years)	235,233	(48,241)	186,991

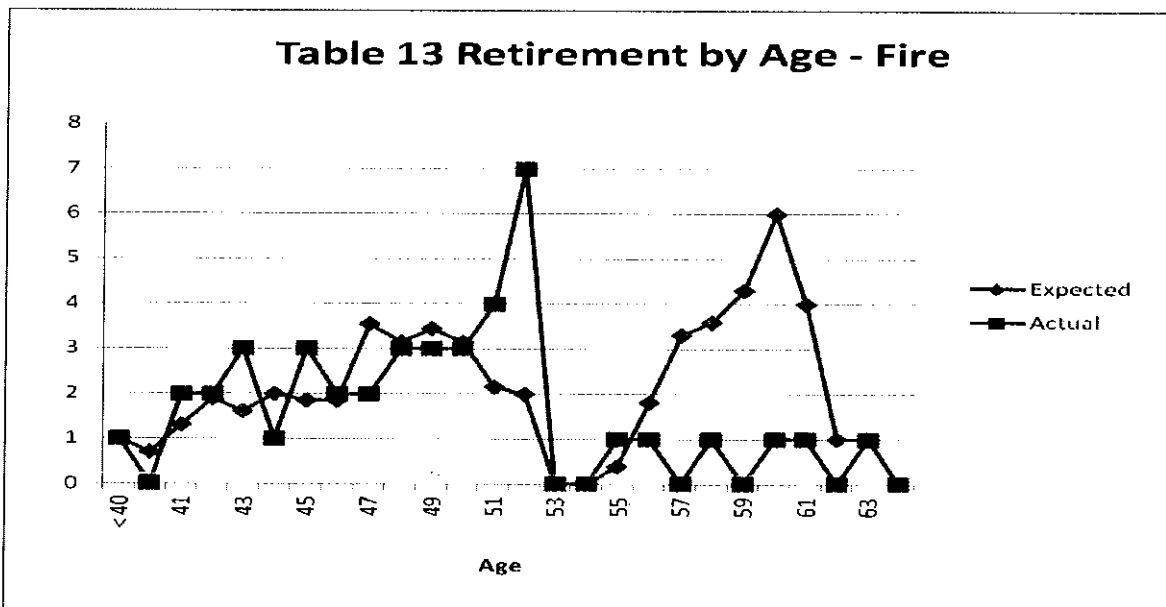
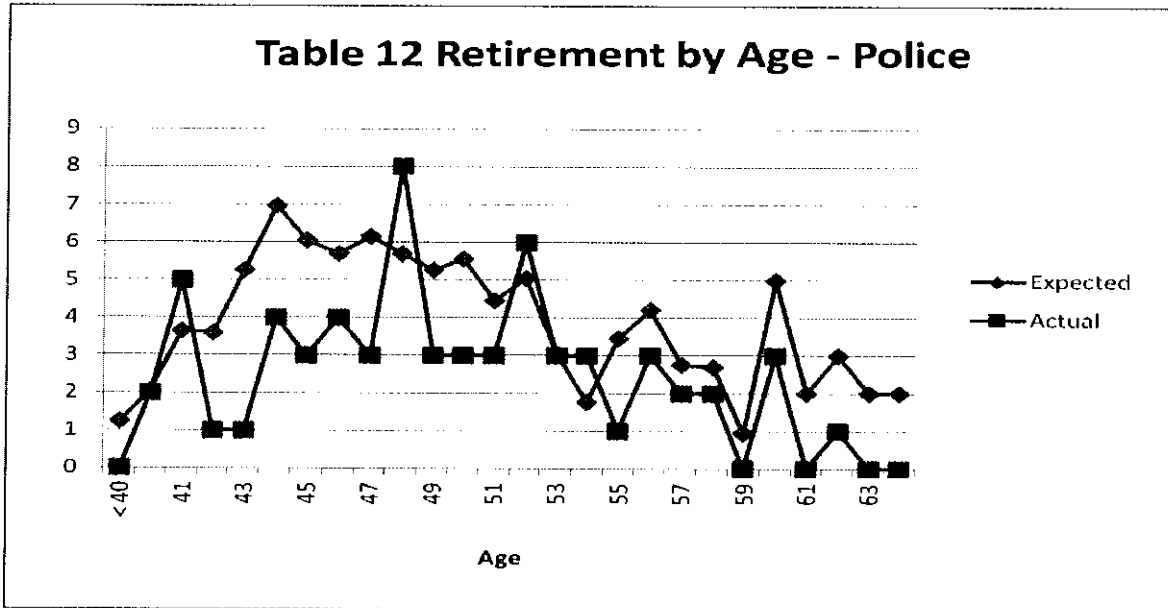
Tables 12, 13, and 14 shows the expected and actual retirements by age, with significantly less retirements than expected at most ages except for the early 50's.

Tables 15, 16, and 17 show the expected and actual retirements by service, with significant peaks around 20 years of service, confirming the service-based retirement decrements currently in use.

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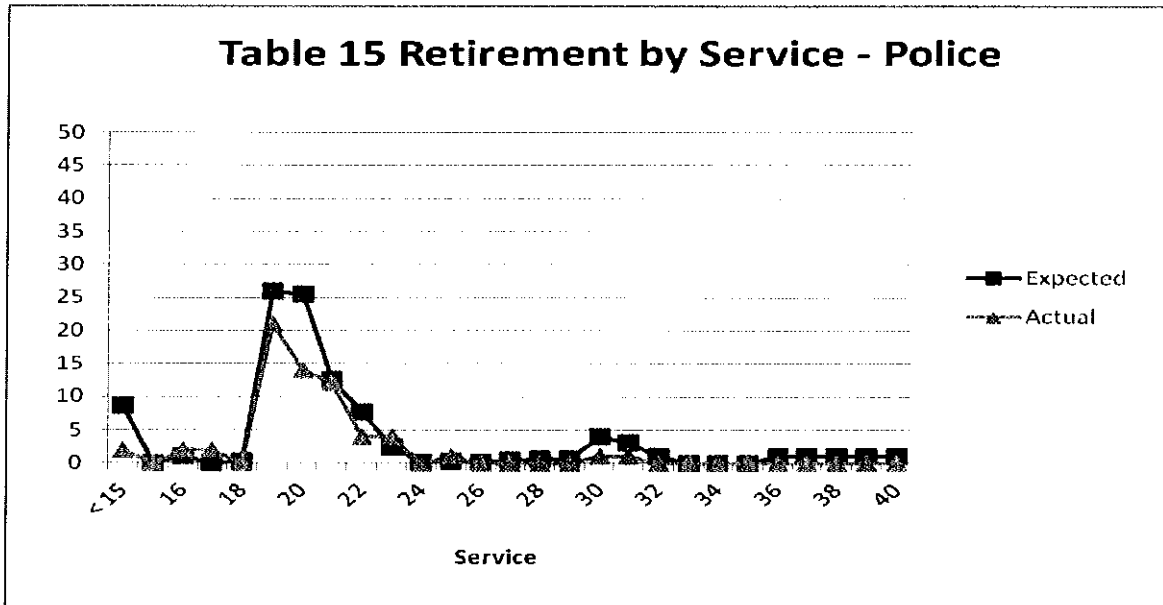
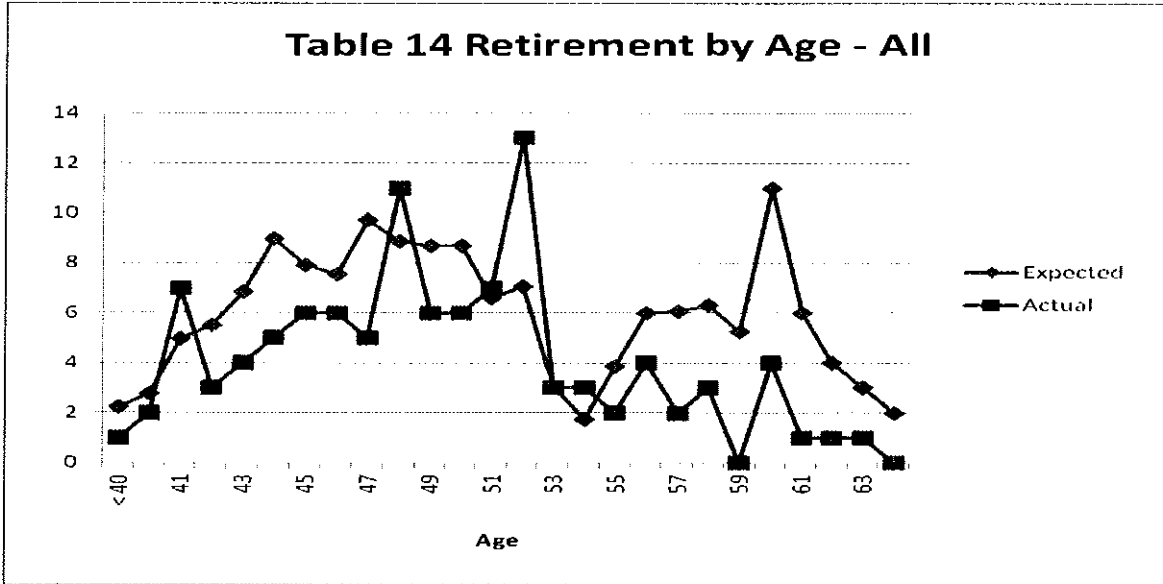
Retirements (continued)



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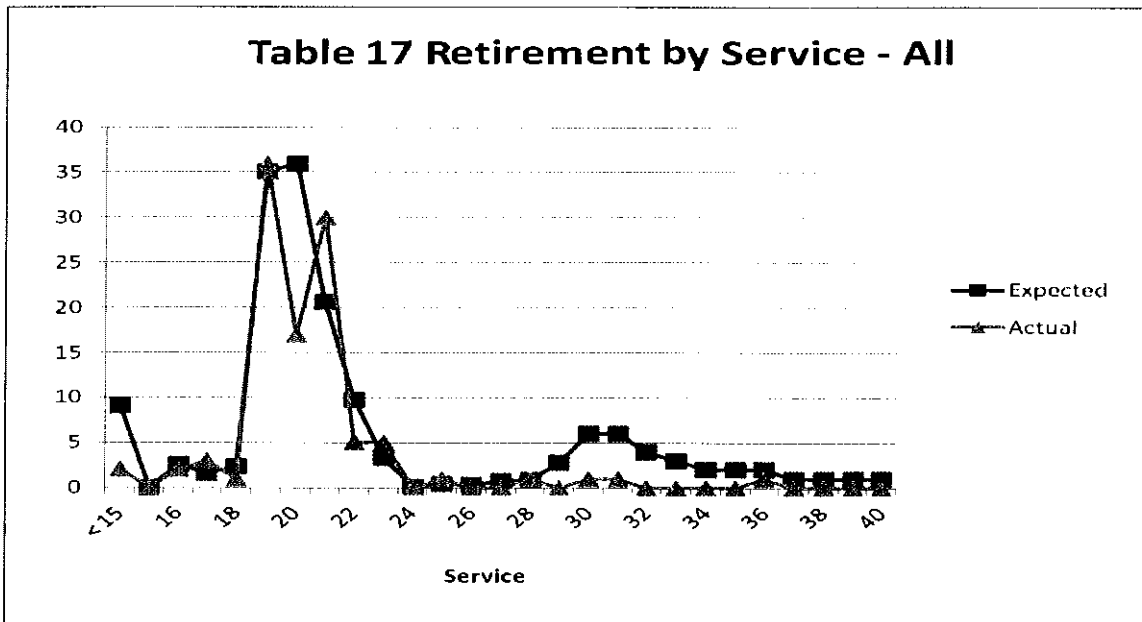
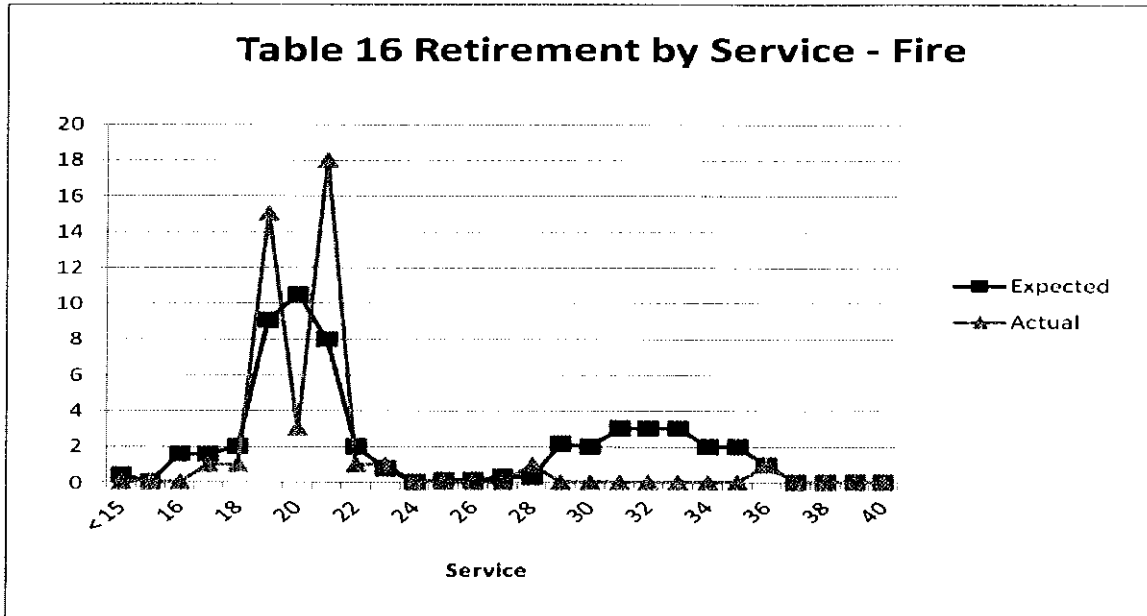
Retirements (continued)



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DEMOGRAPHIC ASSUMPTIONS

Retirements (continued)



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DEMOGRAPHIC ASSUMPTIONS

Retirements (continued)

The current assumptions are as follows:

<u>Service</u>	<u>Police</u>	<u>Fire</u>
20-22	35%	30%
23-24	50%	30%
25-30	15%	15%
30+	100%	100%

We recommend that the current retirement assumptions remain unchanged.

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DEMOGRAPHIC ASSUMPTIONS

Employee Turnover

Expected and actual turnover for the 5-year and 10-year periods have been as follows:

Table 19 - <u>Expected and Actual Turnover by Year</u>						
	<u>Police</u>		<u>Fire</u>		<u>Total</u>	
	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>
2011	13.9	13	7.8	3	21.7	16
2010	14.8	13	9.4	3	24.2	16
2009	14.1	10	7.8	1	21.9	11
2008	12.5	13	8.1	7	20.6	20
2007	<u>6.1</u>	<u>9</u>	<u>8.9</u>	<u>6</u>	<u>15.0</u>	<u>15</u>
Totals	61.4	58	42.0	20	103.5	78
Average	12.3	11.6	8.4	4.0	20.7	15.6
2006	6.7	9	7.4	5	14.1	14
2005	8.3	42	7.5	7	15.8	49
2004	7.8	9	9.8	7	17.6	16
2003	9.0	1	12.2	10	21.2	11
2002	<u>8.6</u>	<u>8</u>	<u>11.9</u>	<u>7</u>	<u>20.5</u>	<u>15</u>
Totals	40.4	69	48.8	36	89.2	105
Average	8.1	13.8	9.8	7.2	17.9	21.0
Totals (10 years)	101.8	127	90.9	56	192.7	183
10 Year Average	10.2	12.7	9.1	5.6	19.3	18.3
Total 1997-2001	71.3	32	66.8	24	138.1	56
Average 1997-2001	14.3	6.4	13.3	4.8	27.6	11.2
Total 15 Years	173.1	159	157.7	80	330.8	239
15 Year Average	11.6	10.6	10.5	5.3	22.1	15.9

For the past 5 years, Police turnover and Fire turnover have both been less than expected. For the last 15 years, Police has been 90% of expected, and Fire has been about 50%.

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DEMOGRAPHIC ASSUMPTIONS

When reviewed based on duration since employment, the results for the 5-year and 10-year periods are:

Table 20 - <u>Expected and Actual Turnover by Duration Since Employment</u>						
<u>2007-2011</u>	<u>Police</u>		<u>Fire</u>		<u>Total</u>	
<u>Years</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>
0-1	24.4	27	14.7	10	39.2	37
2	8.6	7	3.9	0	12.5	7
3	5.9	3	3.2	0	9.0	3
4	4.0	3	2.8	0	6.8	3
5-10	21.8	8	13.1	7	25.9	15
11+	<u>5.8</u>	<u>10</u>	<u>4.4</u>	<u>3</u>	<u>10.2</u>	<u>13</u>
Totals	61.4	58	42.1	20	103.5	78
<u>2002-2006</u>	<u>Police</u>		<u>Fire</u>		<u>Total</u>	
<u>Years</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>
0-1	8.0	14	11.6	11	19.6	25
2	5.1	22	8.2	4	13.3	26
3	4.4	5	7.9	4	12.3	9
4	3.6	2	5.3	2	8.9	4
5-10	12.5	14	12.2	11	24.7	25
11+	<u>6.8</u>	<u>12</u>	<u>3.6</u>	<u>4</u>	<u>10.5</u>	<u>16</u>
Totals (2002-2006)	40.4	69	48.8	36	89.2	105
10 Year Total	101.8	127	90.9	56	192.7	183
<u>1997-2001</u>						
Totals	71.3	32	66.8	24	138.1	56
15 Year Totals	173.1	159	157.7	80	330.8	239

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DEMOGRAPHIC ASSUMPTIONS

Employee Turnover (Continued)

The impacts on the actuarial accrued liability of the deviations between actual and expected turnover have been as follows:

Table 21 – <u>Turnover (Gains) & Losses</u>			
	<u>Police</u>	<u>Fire</u>	<u>Total</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>
2011	207,537	921,381	1,128,918
2010	723,486	916,812	1,640,298
2009	943,899	912,592	1,856,491
2008	23,937	650,911	674,848
2007	<u>(368,548)</u>	<u>45,416</u>	<u>(323,132)</u>
Averages (2007-2011)	306,062	689,422	995,485
2006	378,367	64,032	442,399
2005	(2,432,383)	(202,884)	(2,635,267)
2004	(115,186)	262,099	146,913
2003	497,674	(249,802)	247,872
2002	<u>491,370</u>	<u>68,243</u>	<u>559,613</u>
Averages (2002-2006)	(236,032)	(11,662)	(247,694)
Averages (10 Years)	35,015	338,880	374,195

As will be noted, the average (gain)/loss for the 10 years has been nominal. Given that turnover is often influenced by economic factors (compensation increases and availability of alternative employment), our recommendation is to make no changes to the turnover assumption at this time.

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DEMOGRAPHIC ASSUMPTIONS

Mortality

Expected and actual mortality for the 5 and 10-year periods have been as follows:

	<u>Police</u>		<u>Fire</u>		<u>Totals</u>		<u>Ratio (A/E)</u>
	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	
Actives							
2011	0.5	0	0.8	0	1.3	0	0%
2010	0.7	0	0.5	0	1.2	0	0%
2009	1.0	0	0.4	0	1.4	0	0%
2008	1.0	0	0.5	0	1.5	0	0%
2007	<u>0.5</u>	<u>1</u>	<u>0.5</u>	<u>1</u>	<u>0.9</u>	<u>2</u>	<u>220%</u>
Totals	3.6	1	2.7	1	6.3	2	32%
2006	0.4	0	0.4	0	0.8	0	0%
2005	0.4	1	0.3	1	0.7	2	286%
2004	0.5	0	0.4	0	0.9	0	0%
2003	0.5	0	0.4	0	0.9	0	0%
2002	<u>0.5</u>	<u>0</u>	<u>0.4</u>	<u>0</u>	<u>0.9</u>	<u>0</u>	<u>0%</u>
Totals	2.3	1	1.9	1	4.2	2	48%
10 Yr Totals	5.9	2	4.6	2	10.5	4	38%

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DEMOGRAPHIC ASSUMPTIONS

Mortality (Continued)

The actuarial (gains) and losses for the last 10 years are as follows:

Table 23 - <u>Mortality (Gains) & Losses</u>			
	<u>Police</u>	<u>Fire</u>	<u>Total</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>
2011	(1,985,998)	(3,605)	(1,989,603)
2010	654,297	255,508	909,805
2009	(579,611)	(253,754)	(833,365))
2008	(850,439)	339,612	(510,827)
2007	<u>(236,262)</u>	<u>(46,247)</u>	<u>(282,509)</u>
Averages	(599,603)	58,303	(541,300)
2006	(412,718)	(222,734)	(635,452)
2005	1,538,242	1,248,091	2,786,333
2004	193,080	69,261	262,341
2003	343,423	217,854	561,277
2002	<u>393,549</u>	<u>183,755</u>	<u>577,303</u>
Averages	411,115	299,245	710,360
10 Year Averages	(94,244)	178,774	84,530

While it is recommended practice to update to the most recent table, the analysis above would not necessarily support such a change. Mortality is not a major demographic assumption, and experience is not statistically significant, except for very large groups.

The mortality assumption (healthy lives) was updated to the 1994 Group Annuity Mortality Table following the 1997-2001 Experience Study. A more current table (RP2000) is available; we are recommending a change to the RP 2000 Mortality Table, separate for males and females, combined for annuitants and employees, without adjustment for collar, projected to the valuation date. The mortality rates under the RP 2000 table are not materially different from the 1994 Table.

The current mortality assumption for disabled lives was updated to the 1994 Table (set forward 5 years), following the 1997-2001 Experience Study. We recommend an update at this time to the RP 2000 disabled mortality table, projected to the valuation date, consistent with the updated mortality tables for all other members.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
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DEMOGRAPHIC ASSUMPTIONS

Disability

Expected and actual disabilities during the period were:

Table 24 - <u>Expected and Actual Disabilities</u>						
	Police		Fire		Totals	
	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>
2011	1.3	1	1.1	1	2.4	2
2010	1.2	1	1.1	0	2.3	1
2009	1.2	1	1.0	2	2.2	3
2008	1.2	0	0.9	2	2.1	2
2007	<u>1.0</u>	<u>2</u>	<u>1.0</u>	<u>1</u>	<u>1.9</u>	<u>3</u>
Totals	5.7	5	5.1	6	10.8	11
	Police		Fire		Totals	
	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>	<u>Expected</u>	<u>Actual</u>
2006	1.2	0	1.0	2	2.2	2
2005	1.2	0	1.0	0	2.2	0
2004	1.2	0	1.0	0	2.2	0
2003	1.2	0	1.0	1	2.2	1
2002	<u>1.3</u>	<u>3</u>	<u>0.9</u>	<u>0</u>	<u>2.2</u>	<u>3</u>
Totals	6.1	3	4.9	3	11.0	6
10 Year Totals	11.8	8	10.0	9	21.8	17

This suggests that the disability assumption could perhaps be decreased. However, the credibility of the experience is very limited. In fact, the availability of the DROP could be expected to reduce the incidence of disabilities. Therefore, we recommend no change to the current disability assumption.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
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DEMOGRAPHIC ASSUMPTIONS

Marital Status, Spouses' Ages, Divorce, Remarriage

Currently 100% of members are assumed to be married, and female spouses are assumed to be three years younger than males.

A more standard assumption is that 70% to 80% are married. However, the provision which provides survivor benefits to the spouses at the time of death is, to some extent, a justification of the 100% marital assumption. Actuarially, this could lead to the need for no mortality discount in certain circumstances. To address this issue we have made calculations to determine a maximum age differential between retired member and spouse, in conjunction with an 80% married assumption, which would have an expected cost not greater than the 100% married assumption, with a 3-year age differential. The System also currently provides for the forfeiture of surviving spouses' benefits upon remarriage. (In our experience this is a relatively unusual provision, although we do have at least one other client with a similar provision.) Since there are no current assumptions involving remarriage, there would be no immediate actuarial impact due to eliminating the forfeiture.

Consequently, we would recommend that the 100% marital assumption be changed to 80% for members who remain married to their spouses at retirement. The remaining 20% assumption would adequately cover the following:

- Payment of survivor benefits to the spouse at the time of the member's death.
- Elimination of the forfeiture upon remarriage of surviving spouses.
- Actuarial reduction of benefits for marriage (or remarriage) after benefit commencement, for age differentials greater than 5 years.

This leads to the recommendation that no change be made to the current assumption.

**CITY OF FORT LAUDERDALE
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RETIREMENT SYSTEM
2007-2011 Experience Study**

DEMOGRAPHIC ASSUMPTIONS

Disability Recovery

No recovery probabilities are used. This is standard actuarial practice, and we recommend no change. To the extent that recoveries occur, they can be expected to produce actuarial gains.

Actual and Expected Benefits

The detailed gain/loss analysis involves, for each assumption, the quantification of the liabilities of three elements. For example, for retirements, the comparison would be:

- (1) Expected Retirements, with Expected Benefits
- (2) Actual Retirements, with Expected Benefits
- (3) Actual Retirements, with Actual Benefits

The comparison of (1) and (2) provides the impact of the gain or loss due to the differences between actual retirements and those predicted by the retirement assumptions. Similarly, the comparison of (2) and (3) quantifies the impact of the differences between expected and actual benefits. Any difference between actual and expected benefits could be due to compensation or service practices not reflected in the assumptions or to a misinterpretation of the ordinance provisions, for examples. No quantification of these differences has been made for this report.

**CITY OF FORT LAUDERDALE
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ASSET VALUATION METHOD

The current actuarial asset valuation methodology is the 20% Write-Up Method, described as follows:

- (1) Determine expected actuarial asset value;
- (2) Reflect difference between market value and (1), to be recognized at 20%/year;

Under Florida Law, the actuarial asset value used must be between 80% and 120% of market value.

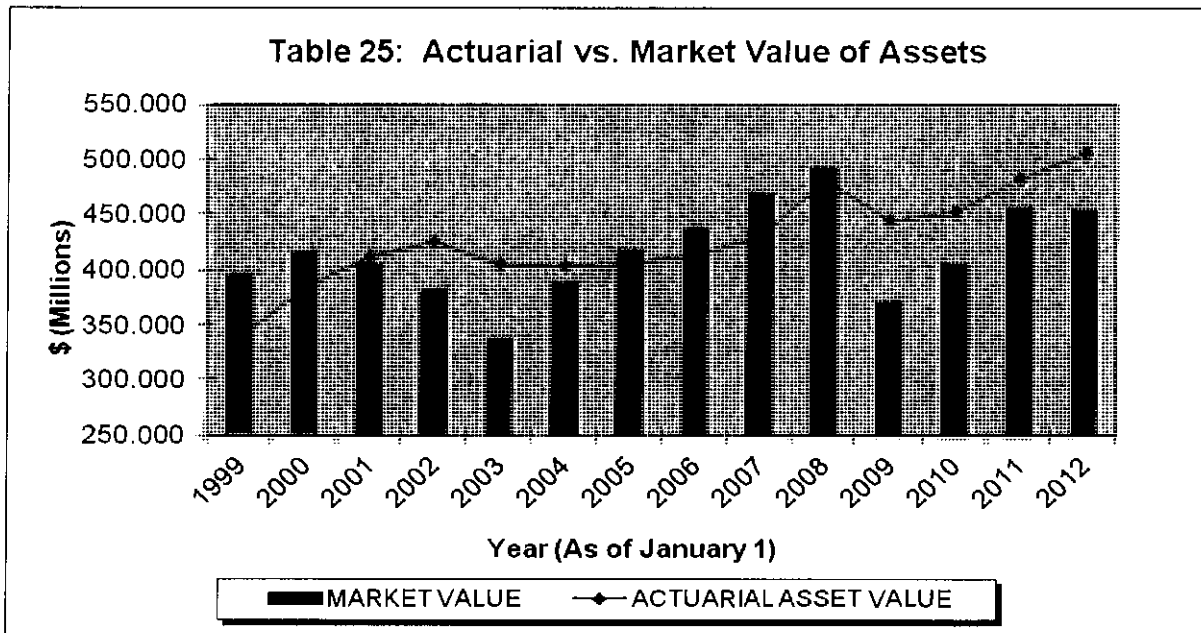
Characteristics of the current method are:

- (A) In periods of erratic market value returns, it helps smooth market value aberrations, which is the primary purpose of asset valuation methods.
- (B) It implicitly assumes that recognition of 20% of the difference between market value and actuarial value is a sufficiently large percentage for smoothing.
- (C) During periods of market value returns which are consistently higher or lower than the expected return, it may tend to unnecessarily lag current reality, since a primary component of the methodology is the expected asset value. (In periods of actual returns consistently greater than the assumption, the actuarial asset value will be consistently lower than market value. In periods when actual return is consistently less than market, actuarial value will tend to be consistently above market.)

**CITY OF FORT LAUDERDALE
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ASSET VALUATION METHOD

Note that an argument has been made that this asset valuation method provides too much smoothing. However, a comparison of market value and actuarial asset value since 2007 indicates reasonable results as shown in Table 25 below.



As is clear from Table 25, the current investment environment, including recent experience, has led to large fluctuations in market value, and somewhat smaller changes in actuarial value. Therefore, the asset valuation method has “smoothed” the fluctuations in market value. We recommend no change in the current asset valuation method.

**CITY OF FORT LAUDERDALE
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COST METHOD AND UNFUNDED LIABILITY AMORTIZATION

Currently the System uses the Individual Entry Age Normal Cost Method, based on the closed group of current members. Unfunded Liabilities are amortized over 20 years, with payments increasing 2%/year.

We recommend that no changes be made to the cost method or the unfunded liability amortization.

Under Chapter 112.64, Florida Statutes, any payroll growth assumption for amortization purposes may generally not exceed the average payroll growth for the preceding 10 years.

Since the average covered payroll has increased by 3.9% for the past 10 years, there is no current need to modify this assumption.

**CITY OF FORT LAUDERDALE
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COST CALCULATION RESULTS

Table 26 shows the impact on cost components and costs of the recommendations in this report. As will be noted, the combined impact is an increase in the City contribution rate of 1.4% of total pay.

	(a) Actuarial Report \$	(b) Mortality Assumption Changes \$	(c) 7.5% Interest New Salary Scale \$	(d) 7.25% Interest New Salary Scale \$	(e) Recommended (b) and (c) Combined \$
Unfunded Liability	200,902,845	203,107,349	216,539,590	235,344,862	218,794,060
Normal Cost (Gross)	18,536,524	18,411,027	18,369,807	19,304,183	18,235,936
% of covered pay	28.4%	28.2%	28.1%	29.6%	27.9%
Amortization	20,131,275	20,307,896	21,361,718	22,792,578	21,539,120
% of covered pay	30.8%	31.1%	32.7%	34.9%	33.0%
City Contribution	31,106,335	31,160,595	32,156,689	34,579,045	32,202,805
% of covered pay	47.6%	47.7%	49.2%	52.9%	49.3%
% of total pay	40.3%	40.3%	41.6%	44.8%	41.7%
Increase	-	+54,260	+1,050,354	+3,472,710	+1,096,470
% of covered pay	-	+0.1%	+1.6%	+5.3%	+1.7%
% of total pay	-	+0.0%	+1.3%	+4.5%	+1.4%

**CITY OF FORT LAUDERDALE
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Table 27 - Active Membership Statistics

		<u>Total at End of Year</u>			<u>New Members During Year</u>		
		<u>Number</u>	<u>Earnings</u>	<u>Age</u>	<u>Number</u>	<u>Earnings</u>	<u>Age</u>
2011	Police	461	77,503	37.1	24	54,707	28
	Fire	337	85,365	39.1	4	47,000	31
	Total	798	80,823	38.0	28	53,606	28
2010	Police	464	75,469	36.9	31	52,687	28
	Fire	338	81,520	38.2	4	52,491	25
	Total	802	78,019	37.5	35	52,665	28
2009	Police	458	74,444	36.7	44	50,954	29
	Fire	346	79,692	37.7	37	52,121	29
	Total	804	76,702	37.1	81	51,487	29
2008	Police	434	67,635	36.8	48	43,518	30
	Fire	320	73,351	38.1	12	45,576	30
	Total	754	70,061	37.3	60	43,929	30
2007	Police	418	65,894	37.1	28	49,103	30
	Fire	339	70,084	37.8	14	48,144	27
	Total	757	67,770	37.4	42	48,783	29
2006	Police	306	67,331	39.3	12	46,047	33
	Fire	335	66,384	37.4	36	39,751	29
	Total	641	66,836	38.3	48	41,325	30
2005	Police	317	64,707	39.1	19	45,226	31
	Fire	314	65,537	37.7	15	41,343	29
	Total	631	65,120	38.4	34	43,513	30
2004	Police	351	63,672	38.1	33	61,612	30
	Fire	311	64,157	37.1	0	N/A	N/A
	Total	662	63,900	37.6	33	61,612	30
2003	Police	367	62,499	39.0	3	51,567	27
	Fire	336	63,379	36.6	6	42,483	32
	Total	703	62,920	37.9	9	45,511	30
2002	Police	394	59,692	38.7	31	43,026	30
	Fire	360	60,237	36.0	29	42,285	29
	Total	754	59,829	37.4	60	28,096	29

**CITY OF FORT LAUDERDALE
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RETIREMENT SYSTEM
2007-2011 Experience Study**

Table 27 - Active Membership Statistics

		<u>Total at End of Year</u>			<u>New Members During Year</u>		
		<u>Number</u>	<u>Earnings</u>	<u>Age</u>	<u>Number</u>	<u>Earnings</u>	<u>Age</u>
2001	Police	400	60,170	38.9	20	38,131	31.7
	Fire	<u>347</u>	58,844	35.9	<u>20</u>	18,907	29.0
	Total	747	59,554	37.5	40	28,519	30.3
2000	Police	448	58,637	39.5	16	30,939	28.2
	Fire	<u>336</u>	54,921	35.5	<u>43</u>	29,370	30.5
	Total	784	57,044	37.8	59	29,795	29.9
1999	Police	449	56,832	39.0	20	38,847	26.8
	Fire	<u>304</u>	55,112	35.1	<u>67</u>	42,576	28.5
	Total	753	56,137	37.4	87	41,719	28.1
1998	Police	439	54,551	38.6	14	38,662	32.3
	Fire	<u>244</u>	54,241	36.4	<u>26</u>	37,605	27.8
	Total	683	54,440	37.8	40	37,975	29.4
1997	Police	442	51,887	37.9	25	33,792	26.7
	Fire	<u>236</u>	51,939	37.1	<u>24</u>	33,792	30.9
	Total	678	51,905	37.6	49	33,792	28.8
1996	Police	464	50,947	38.7			
	Fire	<u>260</u>	51,341	38.8			
	Total	724	51,088	38.8			

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal Provisions

Ordinances and Effective Date:	January 3, 1973; (Muni Code updated through C-03-34, enacted September 16, 2003; C-04-13, effective April 1, 2004; C-10-11, enacted April 6, 2010.
Plan Year:	January 1 - December 31.
Membership: [20-128(a)]	Police officers and fire fighters.
Covered Compensation: [20-127]	An employee's base pay, assignment pay, and longevity bonuses, including pick-up contributions, and up to 40 hours of overtime for police officers.
Member Contributions: [20-130(a)]	8% of Compensation increasing to 8.25% on 10/01/2011; for new members hired after April 18, 2010, 8.5%; 3% interest per annum is credited on Member Contributions.
City Contributions: [20-130(c)]	Actuarially determined, reduced by Member contributions and State Premium Tax refunds under Chapters 175 and 185 (up to the amounts received for 1998).
Credited Service: [20-127]	Continuous Service credited under Retirement System, from most recent date of employment.
Average Final Compensation: [20-127]	Average Compensation during the highest 2 years of Credited Service.
Normal Retirement Date: [20-127]	20 Years of Credited Service or age 55 with 10 Years of Credited Service.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal Provisions
(Continued)

Service Retirement: [20-129(b)(1)(b)]	Firefighters Plan 1: 3.38% of Average Final Compensation for each year of Credited Service, with a maximum of 81% of Average Final Compensation; a group of firefighters with 25 or more years of service on October 1, 2002 is subject to a maximum of 91.26%;
[20-129(b)(1)(c)]	Police Officers Plan 1: 3.38% of Average Final Compensation for each year of Credited Service, with a maximum of 81% of Average Final Compensation; a group of officers with 25 or more years of service on January 1, 2002 is subject to a maximum of 91.26%;
[20-129(b)(1)(a)]	Both Groups Plan 2: 3.0% of Average Final Compensation for each of the first 20 years of Credited Service, 2.0% of Average Final Compensation for each year of Credited Service over 20, with a maximum of 100%;
[20-129(b)(1.1)]	Firefighters who were employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation, which is not counted towards the 81% maximum percentage for firefighters under Plan 1.
Early Service Retirement:	Age 50 with 10 years of Creditable Service (Firefighters).
Early Retirement Benefit:	Accrued retirement benefit reduced by 3% for each year member's retirement age precedes member's normal retirement date.
Disability: [20-129(c)(2)]	Non-Service Connected Disability: Immediate benefit of 50% of Average Final Compensation, offset by 100% of Social Security disability benefits and Workers' Compensation benefits, but not reduced below 25% of Average Final Compensation; benefit at the time of Normal Service Retirement, based on Credited Service, including the period of disability.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal Provisions
(Continued)

Disability (continued): [20-129(c)(1)]	<p>Service Connected Disability: Incurred as accident in performance of duties. Total and permanent; completely incapacitated for service to Fire or Police Department of the City, or performing offered employment within the Fire or Police Department.</p> <p>Immediate benefit of 65% of Average Final Compensation, offset by 100% of Social Security disability benefits and Workers' Compensation benefits, not reduced below 42% of Average Final Compensation; benefit terminates upon the earliest of death, recovery, or Normal Service Retirement eligibility;</p> <p>Service Retirement benefit at the time of Normal Service Retirement, based on Credited Service including the period of disability.</p>
Death [20-129(d)(2)]	<p>Non-Service Incurred Death: Death not accidentally incurred in performance of duties. Surviving spouse, or other beneficiary, or the Member's estate, would receive 50% of the Member's monthly Compensation as of date of death for eight years; for Members employed on January 1, 1973, who have made an election, a lump sum of 400% of the member's annual Compensation may be paid in lieu of the member's annual Compensation may be paid in lieu of the monthly payments. Children's benefits (to be completed).</p> <p>For a member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age.</p>
[20-129(d)(1)]	<p>Service Incurred Death: Incurred in performance of duties. Pension of 50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, with a maximum of 80% to spouse and children. For firefighters who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary.</p>
Employment Termination: [20-129(e)]	<p>Refund of member contributions for Members with less than 10 years of Credited Service; Accrued Service Retirement benefit, deferred to time at which 20 years would have been completed and attainment of age 50, for Members with 10 or more years of Credited Service .</p>
Optional Allowances: (20-131]	<p>Normal form is 60% joint & survivor, with an additional 40% death benefit during the first year of retirement, and including children's survivor benefits, if applicable. Optional forms: 100% joint & survivor, life annuity, 10 years certain & life, 75%, 66-2/3%, and 50% joint and survivor with benefit reducing upon first death.</p>

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal Provisions
(Continued)

DROP: [20-129(b)1.2(b.1)] [20-129(b)(1.2)(a)]	Members eligible for Normal Service Retirement may elect either a Deferred Retirement Option Plan for up to 96 months or a Benefit Actuarially Calculated Deferred Retirement Option Program for up to 60 months, but not both.
COLA: [20-129(f)]	<ol style="list-style-type: none">(1) Adjusted on July 1 ("adjustment date") to reflect increase in cost of living, if benefit is paid (to Beneficiary or deceased Member) on the adjustment date and on July 1 of preceding year.(2) COLA is added to each monthly benefit paid, excluding any previous COLA. Percentage amount is lesser of (a) or (b), but not more than 5%, unless approved by City Commission:<ol style="list-style-type: none">(a) Percentage not greater than CPI (all Urban Consumers) for calendar year preceding adjustment date; or(b) Percentage increase, limited to present value of which can be funded by "excess gains" for preceding calendar year. <p>"Excess gains":</p> <ol style="list-style-type: none">(i) 1/3 of sum of all actuarial gains and losses for preceding three calendar years; or(ii) if investment earnings are spread over three or more years, the sum of all actuarial gains and losses for preceding calendar year. <ol style="list-style-type: none">(3) Excess gains are based on actuarial assumptions as of January 1, excluding changes in benefits and/or assumptions.(4) If cumulative COLA's in previous three adjustment years were less than cumulative CPI, additional COLA (not greater than 4%) may be granted from residual excess gains, subject to 5% overall maximum, unless approved by City Commission.(5) In lieu of percentage increase, Board may utilize graduated percentage based on length of time a benefit has been paid or a formula which provides an equal dollar monthly benefit. <p>The COLA increases may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987. (in State Statute - not in Ordinance)</p>
Changes Since Prior Valuation:	None.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Current Actuarial Basis

Valuation Date: January 1, 2012 for Plan Year beginning January 1, 2012 and Fiscal Year beginning October 1, 2012.

Valuation Method: Individual Entry Age Normal Cost Method; Closed Group; Initial amortization period is 20 years; payments increase 2% per year.

Asset Valuation Method: 20% Write-Up method: Actuarial value of assets is equal to expected value (using last year actuarial value of assets, cash flow, and valuation interest) plus or minus 20% of the difference between the expected actuarial value of assets and the market value of assets. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Investment Discount/
Investment Return: 7.75% compounded annually.

Salary Increases: 3.25% inflation plus service-based rates according to the following schedule:

<u>Service</u>	<u>-%-</u>
1-6	7.5 year
7-10	2.5 year
11-25	1.0 year
26+	0.5 year

An additional 4.5% is included in the year of retirement, primarily to reflect retirements throughout that year.

Mortality: 1994 Group Annuity Mortality Table for healthy lives and the same table set forward five years for disabled lives, producing following specimen rates:

<u>Age</u>	<u>Healthy Male</u>	<u>Healthy Female</u>	<u>Disabled Male</u>	<u>Disabled Female</u>
20	.0507%	.0284%	.0661%	.0291%
30	.0801%	.0351%	.0851%	.0478%
40	.1072%	.0709%	.1578%	.0973%
50	.2579%	.1428%	.4425%	.2294%
60	.7976%	.4439%	1.4535%	.8636%
70	2.3730%	1.3730%	3.7211%	2.2686%

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Current Actuarial Basis
(Continued)

Retirement: Service based rates as follows:

<u>Service</u>	<u>Police</u>	<u>Fire</u>
20-22	45%	40%
23-24	50%	30%
25-30	15%	15%
30+	100%	100%

Note that none are expected to take reduced early retirement benefits at age 50 with 10 years of service.

Turnover and
Disability:

Specimen rates are shown below:

<u>Age</u>	<u>Disability</u>	<u>Turnover*</u>
20	.0014	*
25	.0015	.047
30	.0018	.043
35	.0023	.030
40	.0030	.013
45	.0051	.006
50	.0100	.003
55	.0155	.000

* Select turnover rates apply at all ages for the first five years of employment according to the table below:

<u>Service</u>	<u>-%-</u>
0	10.00
1	6.67
2	6.00
3	5.33
4	4.67

Type of Disability:

No turnover or disability assumed after 20 years of service. 75% of the disabilities are expected to be service connected disabilities, and 25% are expected to be non-service connected.

Recovery:

No probabilities of recovery are used.

**CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS
RETIREMENT SYSTEM**

Summary of Current Actuarial Basis
(Continued)

Disability Offsets:	It is assumed that there are no offsets for service-incurred or non-service incurred disabilities of active Members; benefits valued for disability retirees are net of all current offsets.
Type of Death:	75% of the assumed deaths are expected to be service-connected deaths and 25% are assumed to be non-service connected.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employed Members and all retired Members are assumed to be married.
State Contributions:	Premium tax refunds under Chapters 175 and 185 are assumed to be the same as in prior year.
Administrative Expenses:	One-year term cost method, based on expected expenses for the year.
Withdrawal of Employee Contributions:	It is assumed that employees withdraw their contribution balances upon employment termination, if not vested. If vested, employees are assumed to not withdraw contributions, with monthly benefit deferred to the time at which 20 years of service would have been completed.
Sources of Data:	Draft audit reports and membership data were furnished by Plan Administrator.
DROP Participation:	No distinction is made between retirement and DROP entry.
Changes Since Prior Valuation:	None.

Synopsis:
Evolution of 401(a) Defined Contribution Plans
and
Corresponding GERS amendments
06/15/1993 through Closure of GERS Plan in 2008

06/15/1993. Employment Contract with George Hanbury, former City Manager. Contract permitted City Manager to set up a 457 deferred compensation account AND an annual taxable pension benefit in the amount of \$23,646.20 to be increase from time to time by the same percentage as the City Manager's salary. Under the 06/15/1993 Contract the City Manager's salary was \$110,132.40, which equated to the **City contributing 21.47% of earnings** to a taxable pension benefit.

07/15/1995. Resolution No. 95-96 created a 401(a) Defined Contribution Plan for the City Manager (converting a taxable plan to a tax deferred plan) with a **21.47%** (of earnings) **contribution rate**. This was known as the **City Manager Defined Contribution Plan**.

07/18/1995. In 1995 the GERS Plan precluded employees hired within 5 years of their Normal Retirement Date from participating in the Plan. These employees were referred to a "Previously Ineligible Employees." Ordinance No. C-95-41 created a 401(a) Defined Contribution Plan for the Previously Ineligible Employees with a **9% contribution rate**.

07/18/1995. Resolution No. 95-117 authorized the City's Finance Director to execute on behalf of the City the ICMA 401(a) Defined Contribution Plan with a 9% contribution rate for Previously Ineligible Employees. The contribution rate was to be established from time to time by Resolution adopted by the City Commission.

10/01/1997. Ordinance No. C-97-38. Amended vesting schedule for GERS.

Before Amendment if one terminated with:

- less than 8 years of service – zero% vested;
- 8 or more years of service but less than 9 - 40% vested
- 9 or more years of service but less than 10 – 50% vested
- 10 or more years of service – 100%

After Amendment, if one terminated with:

- Less than 5 years of service – zero% vested
- 5 or more years of service – 100% vested

Amendment reduced Normal Retirement Date from age 60 to age 58

12/21/1999. As the GERS Plan was originally drafted participation in the GERS Plan was mandatory for all eligible employees, except those in the Non-Classified Service, for whom participation was optional. Those Non-Classified Employees who opted out of the GERS Plan were placed in a 457 Deferred Compensation Plan. As of 12/21/1999 there were 24 Non-Classified Employees, 15 of which were participating in the 457 Deferred Compensation Plan. The Memorandum to the City Commission recommended a 401 (a) Defined Contribution Plan for Non-Classified Employees, the contribution rate for which would "based on a rolling five-year average percent of payroll that is contributed to the general employees' pension plan."

12/21/1999. As of this date § 6.02 of the City Charter provided that the Non-Classified Service included the following positions:

- (a) The City Manager and/or Acting City Manager
- (b) Deputy City Manager and Deputy City Attorney
- (c) Assistant City Managers
- (d) Administrative assistance to the City Manager
- (e) The City Attorney and Assistant City Attorneys
- (f) All Management Category I positions
- (g) City Clerk and assistant City Clerk¹
- (h) Commission Assistant

12/21/1999. Resolution No. 99-179 authorized the City's Finance Director to execute and amendment to the **City Manager Defined Contribution Plan** permitting participation by Non-Classified Employees. The contribution rate was based on a "rolling five-year average percent of payroll that is contributed to the general employees' pension plan." This Plan was "subject to the level and frequency of City contributions authorized by the City Commission from time to time." The annual contribution rate to the 401(a) Plan was subject to the limitations on a 457 Deferred Compensation Plan which, at the time, was \$8,000.00 in accordance with Internal Revenue Code.

10/17/2000. Ordinance No. C-00-63 amended GERS as follows:

- Increased accrual rate for first 25 years of service from 2.5% to 2.75%
- Increased accrual rate for service after first 25 years from 2.0% to 2.25%
- Imposed a Maximum Accrual Rate of 90% of Average Monthly Earnings

10/03/2000. By motion adopted 10/03/2000 the 401(a) Defined Contribution Plan for Non-Classified Employees was amended by removing the 457 Deferred Compensation cap of \$8,000.00 on the annual contribution.

10/01/2001. Ordinance C-01-40 amended GERS to:

- (i) Reduce Normal Retirement Date from 58 years of age to 55 years of age, or 30 years of service, whichever first occurred.
- (ii) Increase accrual rate for first 25 years of service from 2.75% to 3.0%
- (iii) Increase accrual rate for service after first 25 years from 2.25% to 2.5%

11/01/2001. Ordinance No. C-01-47 amended GERS to:

Created a 3 year DROP. Employee eligible to participate in DROP upon attainment of Normal Retirement Date. For each month's delay in entering DROP after attainment of Normal Retirement Date, the DROP Period was reduced by one month.

07/15/2003. Ordinance No. C-03-17. Amended GERS to:

- (j) Eliminate age as a disqualifying criteria for participation in GERS. Prior to that if one was 55 years of age or older on their first day of employment they were not eligible to participate in GERS.
- (ii) Created a class known as "Previously Ineligible Employees" which were those employees who had previously been precluded from participating in GERS because of their age.
- (iii) Created an "Optional Participation" by which an employee had the option of either (a) joining GERS or (b) participating in a 401(a) Defined Contribution Plan known as "City Sponsored Defined Contribution Plan" with a City contribution rate of 9.0% of earnings.

¹ By virtue of amendments to the Charter in 2004 and 2008, that list has expanded to include, in addition to the foregoing: (g) City Clerk and assistant City Clerks; (h) Commission Assistants; and (l) City Auditor and Assistant City Auditors.

Note: The Collective Bargaining Agreement for the two groups of general employees provided that the “City will contribute 9% of the eligible employees’ earnings to the Defined Contribution Plan for those electing to participate in the 401(a) Plan in lieu of GERS. Those provisions remain in effect for the current Collective Bargaining Agreements.

01/21/2004. Ordinance No. C-04-05 amended GERS to provide that in order to qualify for Normal Retirement an employee must not only attain the Normal Retirement Date (age 55 or 30 years of service, whichever came first) but the employee must also have at least 5 years of service.

The Amendment also created “rollover” mechanisms by which Previously Ineligible Employees and Non-Classified Employees could roll over their 401(a) Plan and 457 Plans as part of a formula for purchasing past service credit in GERS.

01/14/2004. Ordinance No. C-04-14 amends GERS to end DROP for the Teamsters.

03/04/2008 Ordinance No. C-08-06 amends GERS to “close the Plan” to employees hired:
(i) On or after 10/01/2007 for employees in the Teamsters Bargaining Unit;
(ii) on or after 11/07/2007 for employees in the Federation Bargaining Unit;
(iii) on or after 02/20/2008 for Non-Classified Employees

There have been no modifications to the 401(a) Defined Contributions Plan for Non-Classified Employees since 07/15/2003.

Attached below is a chart showing the City contributions to GERS, expressed as a percentage of payroll and in dollar amounts for fiscal years 90/91 through 11/12.

**GERs CHART SHOWING:
FISCAL YEAR,
CITY CONTRIBUTION TO GERS AS A PERCENTAGE OF PAYROLL
AND DOLLAR CONTRIBUTION**

83/84	21.0%	4,933,377
84/85	19.3%	5,190,334
85/86	16.6%	4,706,971
86/87	11.9%	3,544,594
87/88	16.4%	5,273,424
88/89	12.1%	5,453,142
89/90	15.2%	4,469,455
90/91	12.27%	5,948,996
91/92	11.78%	5,094,948
90/91	12.27%	N/A
91/92	11.78%	N/A
92/93	13.48%	5,658,572
93/94	12.05%	5,222,632
94/95	14.66%	6,253,916
95/96	11.66%	5,091,855
96/97	13.65%	6,022,556
97/98	11.82%	5,482,994
98/99	11.36%	5,693,583
99/00	8.04%	4,187,928
00/01.b	6.61%	3,591,149
00/01.a	9.19%	5,002,774
01/02	9.19%	5,202,885
02/03	14.73%	9,012,598
03/04	20.04%	12,055,085
04/05.b	20.72%	13,416,828
04/05.a	21.99%	14,036,569
05/06.b	24.50%	14,823,723
05/06.a	24.38%	14,749,038
06/07	23.62%	15,221,841
07/08	23.43%	16,025,608
08/09.b	22.73%	16,727,623
08/09.a	25.76%	18,363,351
09/10	28.68%	19,387,067
10/11	30.95%	21,498,801
11/12	32.75%	22,369,549

(a) *After changes in benefit provisions and/or actuarial assumption.*

(b) *Before changes in benefit provisions and/or actuarial assumptions.*



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Pension Obligation Bonds – Briefing Document

City of Fort Lauderdale, Florida

June 29, 2012

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Pension Obligation Bonds

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- Potential Impact on FY 2013 Contributions
- Outline of Plan of Finance

Pension Obligation Bonds

Tab 1



Background

- Pension funding has a direct effect on current budgets and a long term impact on financial flexibility.
- Pension funding issues received less attention during the latter half of the 1990s due to the tremendous rate of return on investments in the US equity markets.
- The decline in public pension fund assets that started in fiscal 2008 is now contributing to significant budget challenges for many municipal entities.
- Significant increases in pension expense will further challenge local governments in Florida reeling from revenue reductions as a result of tax reform.
- The City of Fort Lauderdale currently has pension funds with a total current unfunded actuarial accrued liability (UAAL) of \$399.8 million.

	Actuarial UAAL	Actuarial Funded Ratio	Market Value UAAL	Market Value Funded Ratio
GERS Pension	\$181.0 mil	66.3%	\$231.4 mil	56.9%
Police & Fire Pension	\$218.8 mil	69.8%	\$271.3 mil	62.5%
Total	\$399.8 mil	68.3%	\$502.7 mil	60.1%

- Annual required pension fund contributions consist of two components: the normal cost (portion of future benefits allocated to the current year) and an amount sufficient to amortize any unfunded actuarially accrued liability.

Unfunded Actuarial Accrued Liability (UAAL)

- The City's UAAL can change over time due to a number of factors, including:
 - Changes in accrued benefits
 - Changes in pay levels
 - Difference in the actual vs. projected rate of return on investments
 - Changes in actuarial assumptions
 - Changes in the demographics of the employee base

Why Issue Pension Obligation Bonds (POBs)?

- POBs can be used as part of an overall strategy to manage pension costs.
- Issuing POBs can provide economic benefit to the City if the interest rate paid on the bonds is less than the rate of return earned on proceeds placed in the pension plan.
- Current estimated all-in interest cost on the POBs (rates as of Jun 21, 2012):
 - GERS - Approx. 4.0%
 - Police/Fire - Approx. 3.6%
- Current UAAL amortization schedule rate:
 - GERS – 7.75%
 - Police/Fire – 7.50% (*changed from 7.75% in 2012*)
- Potential Present Value of Future Contributions Cash Flow (% used to calculated economic benefit to the City based on 75% UAAL funding):
 - GERS - \$43.9 million or 33.6%
 - Police/Fire - \$43.1 million or 26.2%
- Provides potential budgetary savings in excess of \$5 million annually

Risks of Pension Obligation Bonds

- Amount deposited into pension plan does not produce the projected investment returns
- City could still face UAAL in the future due to a number of factors, including lower than anticipated investment returns and changes in benefit levels among other factors
- The increased debt burden may provide a degree a loss of future financing flexibility for the City and may result in pressure on credit ratings. This may be less of a consideration due to the newly adopted GASB standards requiring governments to disclose the “net pension liability” figure on their balance sheets, which will take effect in 2015.
- A fully funded plan could put pressure to provide additional benefits to City employees

Plan of Finance

Tab 2



Financing Structuring Considerations

- Fixed Rate Bonds
 - Find lowest cost of capital
 - Maintain best risk/reward structure
 - Provide future financing flexibility to the City
 - Mitigate potential financing risks to the City

- Traditional Fixed Rate Bonds
 - Straightforward
 - Secured with a Covenant to Budget and Appropriate Revenue Pledge

- Issue Bonds all at once or over a series of issues?
 - Depends on market conditions in equity market
 - Will borrowing rates in the future still be attractive?

Outline of Plan of Finance

- **GERS**
 - Financing 75% of UAAL with Taxable Pension Obligation Bonds (POBs)
 - Current UAAL is \$181 million
 - Eliminate liability that accrues annually at 7.75%
 - Borrow at lower taxable municipal interest rates, and invest funds at higher pension fund interest rates

- **Police/Fire**
 - Financing 75% of UAAL with Taxable Pension Obligation Bonds (POBs)
 - Current UAAL is \$218.8 million
 - Eliminate liability that accrues annually at 7.50%
 - Borrow at lower taxable municipal interest rates, and invest funds at higher pension fund interest rates

Potential Impact on Contribution for FY 2013 and Beyond

- Based upon very preliminary numbers (subject to change based upon updates, including the 2012 actuarial reports and the changes due to the new accounting rules):
 - **GERS**
 - FY 2013 UAAL Amortization without POBs - \$19.3 million
 - FY 2013 UAAL Amortization with POBs – Approx. \$16.5 million
 - **Savings in FY 2013 – Approx. \$2.7 million**
 - Annual savings of \$2.7 million from FY 2014 through FY 2039
 - **Police/Fire**
 - FY 2013 UAAL Amortization without POBs - \$21.3 million
 - FY 2013 UAAL Contribution with POBs - Approx. \$18.4 million
 - **Savings in FY 2013 - Approx. \$2.9 million**
 - Annual savings of \$2.9 million from FY 2014 through FY 2032

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SOURCES AND USES OF FUNDS

**City of Fort Lauderdale, Florida
 Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project)
 Taxable Aa2/AA- Rates as of 6/21/2012
 Preliminary/Subject to Change**

**-----
 75% UAAL Funding
 Uniform Savings Structure**

**Dated Date 10/01/2012
 Delivery Date 10/01/2012**

Sources:	GER5 UAAL	Police/Fire UAAL	Total
Bond Proceeds:			
Par Amount	131,895,000.00	165,590,000.00	297,485,000.00
	131,895,000.00	165,590,000.00	297,485,000.00
Uses:	GER5 UAAL	Police/Fire UAAL	Total
Refunding Escrow Deposits:			
PV cost of cashflows	130,707,769.10	164,095,545.00	294,803,314.10
Delivery Date Expenses:			
Cost of Issuance	395,860.90	500,915.00	896,775.90
Underwriter's Discount	791,370.00	993,540.00	1,784,910.00
	1,187,230.90	1,494,455.00	2,681,685.90
	131,895,000.00	165,590,000.00	297,485,000.00

BOND SUMMARY STATISTICS

**City of Fort Lauderdale, Florida
Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project)
Taxable Aa2/AA- Rates as of 6/21/2012
Preliminary/Subject to Change**

**-----
75% UAAL Funding
Uniform Savings Structure**

Dated Date	10/01/2012
Delivery Date	10/01/2012
First Coupon	01/01/2013
Last Maturity	01/01/2039
Arbitrage Yield	3.609815%
True Interest Cost (TIC)	3.693431%
Net Interest Cost (NIC)	3.736741%
All-In TIC	3.735741%
Average Coupon	3.668759%
Average Life (years)	8.826
Duration of Issue (years)	7.318
Par Amount	297,485,000.00
Bond Proceeds	297,485,000.00
Total Interest	96,325,889.63
Net Interest	98,110,799.63
Total Debt Service	393,810,889.63
Maximum Annual Debt Service	25,747,023.75
Average Annual Debt Service	15,002,319.60
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	6.000000
Total Underwriter's Discount	6.000000
Bid Price	99.400000

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Serial Bond	243,345,000.00	100.000	3.281%	6.923	6.091	143,083.30
Term Bond due in 2031	43,965,000.00	100.000	4.340%	16.533	11.952	54,956.25
Term Bond due in 2039	10,175,000.00	100.000	4.440%	21.025	13.827	15,669.50
	297,485,000.00			8.826		213,709.05

	TIC	All-In TIC	Arbitrage Yield
Par Value	297,485,000.00	297,485,000.00	297,485,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	(1,784,910.00)	(1,784,910.00)	
- Cost of Issuance Expense		(896,775.90)	
- Other Amounts			
Target Value	295,700,090.00	294,803,314.10	297,485,000.00
Target Date	10/01/2012	10/01/2012	10/01/2012
Yield	3.693431%	3.735741%	3.609815%

BOND PRICING

City of Fort Lauderdale, Florida
 Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project)
 Taxable Aa2/AA- Rates as of 6/21/2012
 Preliminary/Subject to Change

75% UAAL Funding
Uniform Savings Structure

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal Cost
Serial Bond:						
	01/01/2013	18,160,000	0.930%	0.930%	100.000	18,160,000.00
	01/01/2014	16,410,000	1.200%	1.200%	100.000	16,410,000.00
	01/01/2015	16,960,000	1.500%	1.500%	100.000	16,960,000.00
	01/01/2016	17,595,000	1.970%	1.970%	100.000	17,595,000.00
	01/01/2017	15,115,000	2.170%	2.170%	100.000	15,115,000.00
	01/01/2018	15,820,000	2.450%	2.450%	100.000	15,820,000.00
	01/01/2019	16,590,000	2.700%	2.700%	100.000	16,590,000.00
	01/01/2020	17,435,000	3.020%	3.020%	100.000	17,435,000.00
	01/01/2021	18,360,000	3.220%	3.220%	100.000	18,360,000.00
	01/01/2022	19,355,000	3.370%	3.370%	100.000	19,355,000.00
	01/01/2023	20,425,000	3.520%	3.520%	100.000	20,425,000.00
	01/01/2024	14,550,000	3.670%	3.670%	100.000	14,550,000.00
	01/01/2025	12,920,000	3.820%	3.820%	100.000	12,920,000.00
	01/01/2026	11,865,000	3.920%	3.920%	100.000	11,865,000.00
	01/01/2027	11,785,000	4.020%	4.020%	100.000	11,785,000.00
		<u>243,345,000</u>				<u>243,345,000.00</u>
Term Bond due in 2031:						
	01/01/2028	12,200,000	4.340%	4.340%	100.000	12,200,000.00
	01/01/2029	14,660,000	4.340%	4.340%	100.000	14,660,000.00
	01/01/2030	9,550,000	4.340%	4.340%	100.000	9,550,000.00
	01/01/2031	7,555,000	4.340%	4.340%	100.000	7,555,000.00
		<u>43,965,000</u>				<u>43,965,000.00</u>
Term Bond due in 2039:						
	01/01/2032	5,090,000	4.440%	4.440%	100.000	5,090,000.00
	01/01/2033	1,630,000	4.440%	4.440%	100.000	1,630,000.00
	01/01/2034	745,000	4.440%	4.440%	100.000	745,000.00
	01/01/2035	15,000	4.440%	4.440%	100.000	15,000.00
	01/01/2036	465,000	4.440%	4.440%	100.000	465,000.00
	01/01/2037	705,000	4.440%	4.440%	100.000	705,000.00
	01/01/2038	1,160,000	4.440%	4.440%	100.000	1,160,000.00
	01/01/2039	365,000	4.440%	4.440%	100.000	365,000.00
		<u>10,175,000</u>				<u>10,175,000.00</u>
		<u>297,485,000</u>				<u>297,485,000.00</u>

Dated Date	10/01/2012	
Delivery Date	10/01/2012	
First Coupon	01/01/2013	
Par Amount	297,485,000.00	
Original Issue Discount		
Production	297,485,000.00	100.000000%
Underwriter's Discount	(1,784,910.00)	(0.600000%)
Purchase Price	295,700,090.00	99.400000%
Accrued Interest		
Net Proceeds	295,700,090.00	

BOND DEBT SERVICE

City of Fort Lauderdale, Florida
Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project)
Taxable Aa2/AA- Rates as of 6/21/2012
Preliminary/Subject to Change

75% UAAL Funding
Uniform Savings Structure

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2013	18,160,000	0.930%	6,624,712.88	24,784,712.88
09/30/2014	16,410,000	1.200%	8,678,194.50	25,088,194.50
09/30/2015	16,960,000	1.500%	8,452,534.50	25,412,534.50
09/30/2016	17,595,000	1.970%	8,152,023.75	25,747,023.75
09/30/2017	15,115,000	2.170%	7,814,715.25	22,929,715.25
09/30/2018	15,820,000	2.450%	7,456,922.50	23,276,922.50
09/30/2019	16,590,000	2.700%	7,039,162.50	23,629,162.50
09/30/2020	17,435,000	3.020%	6,551,929.00	23,986,929.00
09/30/2021	18,360,000	3.220%	5,993,064.50	24,353,064.50
09/30/2022	19,355,000	3.370%	5,371,336.75	24,726,336.75
09/30/2023	20,425,000	3.520%	4,685,725.00	25,110,725.00
09/30/2024	14,550,000	3.670%	4,059,252.50	18,609,252.50
09/30/2025	12,920,000	3.820%	3,545,488.00	16,465,488.00
09/30/2026	11,865,000	3.920%	3,066,162.00	14,931,162.00
09/30/2027	11,785,000	4.020%	2,596,729.50	14,381,729.50
09/30/2028	12,200,000	4.340%	2,095,111.00	14,295,111.00
09/30/2029	14,660,000	4.340%	1,512,249.00	16,172,249.00
09/30/2030	9,550,000	4.340%	986,892.00	10,536,892.00
09/30/2031	7,555,000	4.340%	615,713.50	8,170,713.50
09/30/2032	5,090,000	4.440%	338,772.00	5,428,772.00
09/30/2033	1,630,000	4.440%	189,588.00	1,819,588.00
09/30/2034	745,000	4.440%	136,863.00	881,863.00
09/30/2035	15,000	4.440%	119,991.00	134,991.00
09/30/2036	465,000	4.440%	109,335.00	574,335.00
09/30/2037	705,000	4.440%	83,361.00	788,361.00
09/30/2038	1,160,000	4.440%	41,958.00	1,201,958.00
09/30/2039	365,000	4.440%	8,103.00	373,103.00
	297,485,000		96,325,889.63	393,810,889.63

BOND DEBT SERVICE BREAKDOWN

City of Fort Lauderdale, Florida
 Taxable Special Obligation Bonds, Series 2012 (Pension Funding Project)
 Taxable Aa2/AA- Rates as of 6/21/2012
 Preliminary/Subject to Change

 75% UAAL Funding
 Uniform Savings Structure

Period Ending	GERs UAAL	Police/Fire UAAL	Total
09/30/2013	11,721,507.13	13,063,205.75	24,784,712.88
09/30/2014	11,714,100.00	13,374,094.50	25,088,194.50
09/30/2015	11,709,602.50	13,702,932.00	25,412,534.50
09/30/2016	11,713,153.75	14,033,870.00	25,747,023.75
09/30/2017	8,556,927.50	14,372,787.75	22,929,715.25
09/30/2018	8,557,328.75	14,719,593.75	23,276,922.50
09/30/2019	8,556,437.50	15,072,725.00	23,629,162.50
09/30/2020	8,557,025.50	15,429,903.50	23,986,929.00
09/30/2021	8,554,165.00	15,798,899.50	24,353,064.50
09/30/2022	8,556,140.75	16,170,196.00	24,726,336.75
09/30/2023	8,558,150.50	16,552,574.50	25,110,725.00
09/30/2024	8,171,325.75	10,437,926.75	18,609,252.50
09/30/2025	8,170,065.00	8,295,423.00	16,465,488.00
09/30/2026	8,172,903.00	6,758,259.00	14,931,162.00
09/30/2027	8,170,213.00	6,211,516.50	14,381,729.50
09/30/2028	8,173,397.50	6,121,713.50	14,295,111.00
09/30/2029	8,174,037.00	7,998,212.00	16,172,249.00
09/30/2030	8,171,656.50	2,365,235.50	10,536,892.00
09/30/2031	8,170,713.50		8,170,713.50
09/30/2032	5,428,772.00		5,428,772.00
09/30/2033	1,819,588.00		1,819,588.00
09/30/2034	881,863.00		881,863.00
09/30/2035	134,991.00		134,991.00
09/30/2036	574,335.00		574,335.00
09/30/2037	788,361.00		788,361.00
09/30/2038	1,201,958.00		1,201,958.00
09/30/2039	373,103.00		373,103.00
	183,331,821.13	210,479,068.50	393,810,889.63

SOURCES AND USES OF FUNDS

**City of Fort Lauderdale, Florida
Preliminary/Subject to Change
GERS UAAL Portion**

**Dated Date 10/01/2012
Delivery Date 10/01/2012**

Sources:

Bond Proceeds:	
Par Amount	131,895,000.00
	<hr/>
	131,895,000.00

Uses:

Refunding Escrow Deposits:	
PV cost of cashflows	130,707,769.10
Delivery Date Expenses:	
Cost of Issuance	395,860.90
Underwriter's Discount	791,370.00
	<hr/>
	1,187,230.90
	<hr/>
	131,895,000.00

BOND SUMMARY STATISTICS

**City of Fort Lauderdale, Florida
Preliminary/Subject to Change
GERS UAAL Portion**

Dated Date	10/01/2012
Delivery Date	10/01/2012
First Coupon	01/01/2013
Last Maturity	01/01/2039
Arbitrage Yield	3.609815%
True Interest Cost (TIC)	3.888405%
Net Interest Cost (NIC)	3.933620%
All-In TIC	3.926951%
Average Coupon	3.874017%
Average Life (years)	10.067
Duration of Issue (years)	8.005
Par Amount	131,895,000.00
Bond Proceeds	131,895,000.00
Total Interest	51,436,821.13
Net Interest	52,228,191.13
Total Debt Service	183,331,821.13
Maximum Annual Debt Service	11,721,507.13
Average Annual Debt Service	6,984,069.38
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	6.000000
Total Underwriter's Discount	6.000000
Bid Price	99.400000

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Serial Bond	93,365,000.00	100.000	3.336%	6.826	5.966	53,586.20
Term Bond due in 2031	28,355,000.00	100.000	4.340%	16.804	12.084	35,443.75
Term Bond due in 2039	10,175,000.00	100.000	4.440%	21.025	13.827	15,669.50
	131,895,000.00			10.067		104,699.45

	TIC	All-In TIC	Arbitrage Yield
Par Value	131,895,000.00	131,895,000.00	131,895,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	(791,370.00)	(791,370.00)	
- Cost of Issuance Expense		(395,860.90)	
- Other Amounts			
Target Value	131,103,630.00	130,707,769.10	131,895,000.00
Target Date	10/01/2012	10/01/2012	10/01/2012
Yield	3.888405%	3.926951%	3.609815%

BOND DEBT SERVICE

**City of Fort Lauderdale, Florida
Preliminary/Subject to Change
GERS UAAL Portion**

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2013	8,645,000	0.930%	3,076,507.13	11,721,507.13
09/30/2014	7,685,000	1.200%	4,029,100.00	11,714,100.00
09/30/2015	7,785,000	1.500%	3,924,602.50	11,709,602.50
09/30/2016	7,925,000	1.970%	3,788,153.75	11,713,153.75
09/30/2017	4,900,000	2.170%	3,656,927.50	8,556,927.50
09/30/2018	5,015,000	2.450%	3,542,328.75	8,557,328.75
09/30/2019	5,145,000	2.700%	3,411,437.50	8,556,437.50
09/30/2020	5,295,000	3.020%	3,262,025.50	8,557,025.50
09/30/2021	5,460,000	3.220%	3,094,165.00	8,554,165.00
09/30/2022	5,645,000	3.370%	2,911,140.75	8,556,140.75
09/30/2023	5,845,000	3.520%	2,713,150.50	8,558,150.50
09/30/2024	5,665,000	3.670%	2,506,325.75	8,171,325.75
09/30/2025	5,880,000	3.820%	2,290,065.00	8,170,065.00
09/30/2026	6,115,000	3.920%	2,057,903.00	8,172,903.00
09/30/2027	6,360,000	4.020%	1,810,213.00	8,170,213.00
09/30/2028	6,635,000	4.340%	1,538,397.50	8,173,397.50
09/30/2029	6,930,000	4.340%	1,244,037.00	8,174,037.00
09/30/2030	7,235,000	4.340%	936,656.50	8,171,656.50
09/30/2031	7,555,000	4.340%	615,713.50	8,170,713.50
09/30/2032	5,090,000	4.440%	338,772.00	5,428,772.00
09/30/2033	1,630,000	4.440%	189,588.00	1,819,588.00
09/30/2034	745,000	4.440%	136,863.00	881,863.00
09/30/2035	15,000	4.440%	119,991.00	134,991.00
09/30/2036	465,000	4.440%	109,335.00	574,335.00
09/30/2037	705,000	4.440%	83,361.00	788,361.00
09/30/2038	1,160,000	4.440%	41,958.00	1,201,958.00
09/30/2039	365,000	4.440%	8,103.00	373,103.00
	131,895,000		51,436,821.13	183,331,821.13

UAAL SAVINGS

City of Fort Lauderdale, Florida
 Preliminary/Subject to Change
 GERS UAAL Portion

Date	UAAL Amortization	POB Debt Service	Savings
09/30/2013	14,464,478.25	11,721,507.13	2,742,971.12
09/30/2014	14,464,478.25	11,714,100.00	2,750,378.25
09/30/2015	14,464,478.25	11,709,602.50	2,754,875.75
09/30/2016	14,464,478.25	11,713,153.75	2,751,324.50
09/30/2017	11,309,138.25	8,556,927.50	2,752,210.75
09/30/2018	11,309,138.25	8,557,328.75	2,751,809.50
09/30/2019	11,309,138.25	8,556,437.50	2,752,700.75
09/30/2020	11,309,138.25	8,557,025.50	2,752,112.75
09/30/2021	11,309,138.25	8,554,165.00	2,754,973.25
09/30/2022	11,309,138.25	8,556,140.75	2,752,997.50
09/30/2023	11,309,138.25	8,558,150.50	2,750,987.75
09/30/2024	10,925,483.25	8,171,325.75	2,754,157.50
09/30/2025	10,925,483.25	8,170,065.00	2,755,418.25
09/30/2026	10,925,483.25	8,172,903.00	2,752,580.25
09/30/2027	10,925,483.25	8,170,213.00	2,755,270.25
09/30/2028	10,925,483.25	8,173,397.50	2,752,085.75
09/30/2029	10,925,483.25	8,174,037.00	2,751,446.25
09/30/2030	10,925,483.25	8,171,656.50	2,753,826.75
09/30/2031	10,925,483.25	8,170,713.50	2,754,769.75
09/30/2032	8,181,020.25	5,428,772.00	2,752,248.25
09/30/2033	4,571,110.50	1,819,588.00	2,751,522.50
09/30/2034	3,636,646.50	881,863.00	2,754,783.50
09/30/2035	2,888,672.25	134,991.00	2,753,681.25
09/30/2036	3,327,715.50	574,335.00	2,753,380.50
09/30/2037	3,539,994.00	788,361.00	2,751,633.00
09/30/2038	3,953,997.75	1,201,958.00	2,752,039.75
09/30/2039	3,126,455.25	373,103.00	2,753,352.25
09/30/2040	1,737,507.00		1,737,507.00
09/30/2041	1,142,619.75		1,142,619.75
	260,531,485.50	183,331,821.13	77,199,664.37

Savings Summary

Savings PV Date	10/01/2012
Savings PV Rate	3.735741%
PV Savings from cash flow	43,865,469.31
Net PV Savings	43,865,469.31
Percentage savings of UAAL prepayment amount	33.559956%

UAAL Statistics

UAAL prepayment date	10/01/2012
UAAL prepayment amount	130,707,769.10

SOURCES AND USES OF FUNDS

**City of Fort Lauderdale, Florida
Preliminary/Subject to Change
Police/Fire UAAL Portion**

**Dated Date 10/01/2012
Delivery Date 10/01/2012**

Sources:

Bond Proceeds:	
Par Amount	165,590,000.00
	165,590,000.00

Uses:

Refunding Escrow Deposits:	
PV cost of cashflows	164,095,545.00
Delivery Date Expenses:	
Cost of Issuance	500,915.00
Underwriter's Discount	993,540.00
	1,494,455.00
	165,590,000.00

BOND SUMMARY STATISTICS

**City of Fort Lauderdale, Florida
Preliminary/Subject to Change
Police/Fire UAAL Portion**

Dated Date	10/01/2012
Delivery Date	10/01/2012
First Coupon	01/01/2013
Last Maturity	01/01/2030
Arbitrage Yield	3.609815%
True Interest Cost (TIC)	3.505138%
Net Interest Cost (NIC)	3.535326%
All-In TIC	3.551223%
Average Coupon	3.458772%
Average Life (years)	7.838
Duration of Issue (years)	6.735
Par Amount	165,590,000.00
Bond Proceeds	165,590,000.00
Total Interest	44,889,068.50
Net Interest	45,882,608.50
Total Debt Service	210,479,068.50
Maximum Annual Debt Service	16,552,574.50
Average Annual Debt Service	12,201,685.13
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	6.000000
Total Underwriter's Discount	6.000000
Bid Price	99.400000

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Serial Bond	149,980,000.00	100.000	3.248%	6.984	6.168	89,497.10
Term Bond due in 2031	15,610,000.00	100.000	4.340%	16.042	11.712	19,512.50
	165,590,000.00			7.838		109,009.60

	TIC	All-In TIC	Arbitrage Yield
Par Value	165,590,000.00	165,590,000.00	165,590,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	(993,540.00)	(993,540.00)	
- Cost of Issuance Expense		(500,915.00)	
- Other Amounts			
Target Value	164,596,460.00	164,095,545.00	165,590,000.00
Target Date	10/01/2012	10/01/2012	10/01/2012
Yield	3.505138%	3.551223%	3.609815%

BOND DEBT SERVICE

**City of Fort Lauderdale, Florida
Preliminary/Subject to Change
Police/Fire UAAL Portion**

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2013	9,515,000	0.930%	3,548,205.75	13,063,205.75
09/30/2014	8,725,000	1.200%	4,649,094.50	13,374,094.50
09/30/2015	9,175,000	1.500%	4,527,932.00	13,702,932.00
09/30/2016	9,670,000	1.970%	4,363,870.00	14,033,870.00
09/30/2017	10,215,000	2.170%	4,157,787.75	14,372,787.75
09/30/2018	10,805,000	2.450%	3,914,593.75	14,719,593.75
09/30/2019	11,445,000	2.700%	3,627,725.00	15,072,725.00
09/30/2020	12,140,000	3.020%	3,289,903.50	15,429,903.50
09/30/2021	12,900,000	3.220%	2,898,899.50	15,798,899.50
09/30/2022	13,710,000	3.370%	2,460,196.00	16,170,196.00
09/30/2023	14,580,000	3.520%	1,972,574.50	16,552,574.50
09/30/2024	8,885,000	3.670%	1,552,926.75	10,437,926.75
09/30/2025	7,040,000	3.820%	1,255,423.00	8,295,423.00
09/30/2026	5,750,000	3.920%	1,008,259.00	6,758,259.00
09/30/2027	5,425,000	4.020%	786,516.50	6,211,516.50
09/30/2028	5,565,000	4.340%	556,713.50	6,121,713.50
09/30/2029	7,730,000	4.340%	268,212.00	7,998,212.00
09/30/2030	2,315,000	4.340%	50,235.50	2,365,235.50
	165,590,000		44,889,068.50	210,479,068.50

UAAL SAVINGS

City of Fort Lauderdale, Florida
 Preliminary/Subject to Change
 Police/Fire UAAL Portion

Date	UAAL Amortization	POB Debt Service	Savings
09/30/2013	15,957,744.00	13,063,205.75	2,894,538.25
09/30/2014	16,276,898.88	13,374,094.50	2,902,804.38
09/30/2015	16,602,436.86	13,702,932.00	2,899,504.86
09/30/2016	16,934,485.59	14,033,870.00	2,900,615.59
09/30/2017	17,273,175.31	14,372,787.75	2,900,387.56
09/30/2018	17,618,638.81	14,719,593.75	2,899,045.06
09/30/2019	17,971,011.59	15,072,725.00	2,898,286.59
09/30/2020	18,330,431.82	15,429,903.50	2,900,528.32
09/30/2021	18,697,040.46	15,798,899.50	2,898,140.96
09/30/2022	19,070,981.27	16,170,196.00	2,900,785.27
09/30/2023	19,452,400.89	16,552,574.50	2,899,826.39
09/30/2024	13,340,473.18	10,437,926.75	2,902,546.43
09/30/2025	11,197,160.32	8,295,423.00	2,901,737.32
09/30/2026	9,660,671.46	6,758,259.00	2,902,412.46
09/30/2027	9,111,733.50	6,211,516.50	2,900,217.00
09/30/2028	9,022,704.70	6,121,713.50	2,900,991.20
09/30/2029	10,900,434.67	7,998,212.00	2,902,222.67
09/30/2030	5,266,434.35	2,365,235.50	2,901,198.85
09/30/2031	2,618,656.65		2,618,656.65
09/30/2032	2,745,987.08		2,745,987.08
	268,049,501.39	210,479,068.50	57,570,432.89

Savings Summary

Savings PV Date	10/01/2012
Savings PV Rate	3.735741%
PV Savings from cash flow	43,069,475.67
Net PV Savings	43,069,475.67
Percentage savings of UAAL prepayment amount	26.246584%

UAAL Statistics

UAAL prepayment date	10/01/2012
UAAL prepayment amount	164,095,545.00

**City of Fort Lauderdale, Florida
GERS Pension UAAL Bonding**

UAAL Prepayment Percent:	75.0%
UAAL Prepayment Date	10/1/2012
UAAL Prepayment Amount	\$ 130,707,769.10
Interest	-
UAAL POB Proceeds Deposit to Pension on 10/1/12	\$ 130,707,769.10

		Uniform Savings Structure				Difference
	100% of GERS UAAL Amortization	Bond Net Debt Service ^{1,2}	Remaining 25.0% UAAL Amortization	Total Payments		
9/30/2012	-	11,721,507	4,821,493	-	2,742,971	
9/30/2013	19,285,971	11,714,100	4,821,493	16,543,000	2,750,378	
9/30/2014	19,285,971	11,709,603	4,821,493	16,535,593	2,754,876	
9/30/2015	19,285,971	11,713,154	4,821,493	16,531,095	2,751,325	
9/30/2016	15,078,851	8,556,928	3,769,713	16,534,647	2,752,211	
9/30/2017	15,078,851	8,557,329	3,769,713	12,326,640	2,751,810	
9/30/2018	15,078,851	8,556,438	3,769,713	12,327,042	2,752,701	
9/30/2019	15,078,851	8,557,026	3,769,713	12,326,150	2,752,113	
9/30/2020	15,078,851	8,554,165	3,769,713	12,326,738	2,754,975	
9/30/2021	15,078,851	8,556,141	3,769,713	12,323,878	2,752,998	
9/30/2022	15,078,851	8,558,151	3,769,713	12,325,854	2,750,988	
9/30/2023	14,567,311	8,171,326	3,641,828	12,327,863	2,754,358	
9/30/2024	14,567,311	8,170,065	3,641,828	11,813,154	2,755,418	
9/30/2025	14,567,311	8,172,903	3,641,828	11,811,893	2,752,580	
9/30/2026	14,567,311	8,170,213	3,641,828	11,814,731	2,755,270	
9/30/2027	14,567,311	8,173,398	3,641,828	11,812,041	2,752,086	
9/30/2028	14,567,311	8,174,037	3,641,828	11,815,225	2,751,446	
9/30/2029	14,567,311	8,171,657	3,641,828	11,815,865	2,753,827	
9/30/2030	14,567,311	8,170,714	3,641,828	11,813,484	2,754,770	
9/30/2031	14,567,311	5,428,772	3,641,828	11,812,541	2,752,248	
9/30/2032	10,908,027	1,819,588	2,727,007	8,155,779	2,751,523	
9/30/2033	6,094,814	881,863	1,523,704	3,343,292	2,754,784	
9/30/2034	4,848,862	134,991	1,212,216	2,094,079	2,753,681	
9/30/2035	3,851,563	574,335	962,891	1,097,882	2,753,381	
9/30/2036	4,436,954	788,361	1,109,239	1,683,574	2,751,633	
9/30/2037	4,719,992	1,201,958	1,179,998	1,968,359	2,752,040	
9/30/2038	5,271,997	373,103	1,317,999	2,519,957	2,753,352	
9/30/2039	4,168,607	-	1,042,152	1,415,255	1,737,507	
9/30/2040	2,316,676	-	579,169	579,169	1,142,620	
9/30/2041	1,523,493	-	380,873	380,873	-	
9/30/2042	-	-	-	-	-	
	347,375,314	183,331,821	86,843,829	270,175,650	77,199,664	

1 Preliminary and subject to change. Taxable CBA rates as of 6/21/2012.
2 Assumes no DSRF on CB&A financing.

City of Fort Lauderdale, Florida
 General Employees Retirement System (GERS) Pension Unfunded Actuarial Accrued Liability (UAL)

Description of UAL	1		2		3		4		5		6		7		8		9		10		11		12		13		14		15		16		17		18		19		Aggregate UAL																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
	9/30/2000	9/30/2001	9/30/2002	9/30/2003	9/30/2004	9/30/2005	9/30/2006	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025	9/30/2026	9/30/2027	9/30/2028	9/30/2029	9/30/2030	9/30/2031	9/30/2032	9/30/2033	9/30/2034	9/30/2035	9/30/2036	9/30/2037		9/30/2038	9/30/2039	9/30/2040	9/30/2041																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
Initial Unfunded UAL Amount	\$ 3,577,353	\$ 4,272,485	\$ 4,967,617	\$ 5,662,749	\$ 6,357,881	\$ 7,052,993	\$ 7,748,105	\$ 8,443,217	\$ 9,138,329	\$ 9,833,441	\$ 10,528,553	\$ 11,223,665	\$ 11,918,777	\$ 12,613,889	\$ 13,308,991	\$ 14,004,103	\$ 14,699,215	\$ 15,394,327	\$ 16,089,439	\$ 16,784,551	\$ 17,479,663	\$ 18,174,775	\$ 18,869,887	\$ 19,564,999	\$ 20,260,111	\$ 20,955,223	\$ 21,650,335	\$ 22,345,447	\$ 23,040,559	\$ 23,735,671	\$ 24,430,783	\$ 25,125,895	\$ 25,821,007	\$ 26,516,119	\$ 27,211,231	\$ 27,906,343	\$ 28,601,455	\$ 29,296,567	\$ 29,991,679	\$ 30,686,791	\$ 31,381,903	\$ 32,077,015	\$ 32,772,127	\$ 33,467,239	\$ 34,162,351	\$ 34,857,463	\$ 35,552,575	\$ 36,247,687	\$ 36,942,799	\$ 37,637,911	\$ 38,333,023	\$ 39,028,135	\$ 39,723,247	\$ 40,418,359	\$ 41,113,471	\$ 41,808,583	\$ 42,503,695	\$ 43,198,807	\$ 43,893,919	\$ 44,589,031	\$ 45,284,143	\$ 45,979,255	\$ 46,674,367	\$ 47,369,479	\$ 48,064,591	\$ 48,759,703	\$ 49,454,815	\$ 50,149,927	\$ 50,845,039	\$ 51,540,151	\$ 52,235,263	\$ 52,930,375	\$ 53,625,487	\$ 54,320,599	\$ 55,015,711	\$ 55,710,823	\$ 56,405,935	\$ 57,101,047	\$ 57,796,159	\$ 58,491,271	\$ 59,186,383	\$ 59,881,495	\$ 60,576,607	\$ 61,271,719	\$ 61,966,831	\$ 62,661,943	\$ 63,357,055	\$ 64,052,167	\$ 64,747,279	\$ 65,442,391	\$ 66,137,503	\$ 66,832,615	\$ 67,527,727	\$ 68,222,839	\$ 68,917,951	\$ 69,613,063	\$ 70,308,175	\$ 71,003,287	\$ 71,698,399	\$ 72,393,511	\$ 73,088,623	\$ 73,783,735	\$ 74,478,847	\$ 75,173,959	\$ 75,869,071	\$ 76,564,183	\$ 77,259,295	\$ 77,954,407	\$ 78,649,519	\$ 79,344,631	\$ 80,039,743	\$ 80,734,855	\$ 81,429,967	\$ 82,125,079	\$ 82,820,191	\$ 83,515,303	\$ 84,210,415	\$ 84,905,527	\$ 85,600,639	\$ 86,295,751	\$ 86,990,863	\$ 87,685,975	\$ 88,381,087	\$ 89,076,199	\$ 89,771,311	\$ 90,466,423	\$ 91,161,535	\$ 91,856,647	\$ 92,551,759	\$ 93,246,871	\$ 93,941,983	\$ 94,637,095	\$ 95,332,207	\$ 96,027,319	\$ 96,722,431	\$ 97,417,543	\$ 98,112,655	\$ 98,807,767	\$ 99,502,879	\$ 100,197,991	\$ 100,893,103	\$ 101,588,215	\$ 102,283,327	\$ 102,978,439	\$ 103,673,551	\$ 104,368,663	\$ 105,063,775	\$ 105,758,887	\$ 106,453,999	\$ 107,149,111	\$ 107,844,223	\$ 108,539,335	\$ 109,234,447	\$ 109,929,559	\$ 110,624,671	\$ 111,319,783	\$ 112,014,895	\$ 112,709,907	\$ 113,405,019	\$ 114,100,131	\$ 114,795,243	\$ 115,490,355	\$ 116,185,467	\$ 116,880,579	\$ 117,575,691	\$ 118,270,803	\$ 118,965,915	\$ 119,661,027	\$ 120,356,139	\$ 121,051,251	\$ 121,746,363	\$ 122,441,475	\$ 123,136,587	\$ 123,831,699	\$ 124,526,811	\$ 125,221,923	\$ 125,917,035	\$ 126,612,147	\$ 127,307,259	\$ 128,002,371	\$ 128,697,483	\$ 129,392,595	\$ 130,087,707	\$ 130,782,819	\$ 131,477,931	\$ 132,173,043	\$ 132,868,155	\$ 133,563,267	\$ 134,258,379	\$ 134,953,491	\$ 135,648,603	\$ 136,343,715	\$ 137,038,827	\$ 137,733,939	\$ 138,429,051	\$ 139,124,163	\$ 139,819,275	\$ 140,514,387	\$ 141,209,499	\$ 141,904,611	\$ 142,600,723	\$ 143,295,835	\$ 143,990,947	\$ 144,686,059	\$ 145,381,171	\$ 146,076,283	\$ 146,771,395	\$ 147,466,507	\$ 148,161,619	\$ 148,856,731	\$ 149,551,843	\$ 150,246,955	\$ 150,942,067	\$ 151,637,179	\$ 152,332,291	\$ 153,027,403	\$ 153,722,515	\$ 154,417,627	\$ 155,112,739	\$ 155,807,851	\$ 156,502,963	\$ 157,198,075	\$ 157,893,187	\$ 158,588,299	\$ 159,283,411	\$ 159,978,523	\$ 160,673,635	\$ 161,368,747	\$ 162,063,859	\$ 162,758,971	\$ 163,454,083	\$ 164,149,195	\$ 164,844,307	\$ 165,539,419	\$ 166,234,531	\$ 166,929,643	\$ 167,624,755	\$ 168,319,867	\$ 169,014,979	\$ 169,710,091	\$ 170,405,203	\$ 171,100,315	\$ 171,795,427	\$ 172,490,539	\$ 173,185,651	\$ 173,880,763	\$ 174,575,875	\$ 175,270,987	\$ 175,966,099	\$ 176,661,211	\$ 177,356,323	\$ 178,051,435	\$ 178,746,547	\$ 179,441,659	\$ 180,136,771	\$ 180,831,883	\$ 181,526,995	\$ 182,222,107	\$ 182,917,219	\$ 183,612,331	\$ 184,307,443	\$ 185,002,555	\$ 185,697,667	\$ 186,392,779	\$ 187,087,891	\$ 187,782,903	\$ 188,478,015	\$ 189,173,127	\$ 189,868,239	\$ 190,563,351	\$ 191,258,463	\$ 191,953,575	\$ 192,648,687	\$ 193,343,799	\$ 194,038,911	\$ 194,734,023	\$ 195,429,135	\$ 196,124,247	\$ 196,819,359	\$ 197,514,471	\$ 198,209,583	\$ 198,904,695	\$ 199,600,807	\$ 200,295,919	\$ 200,991,031	\$ 201,686,143	\$ 202,381,255	\$ 203,076,367	\$ 203,771,479	\$ 204,466,591	\$ 205,161,703	\$ 205,856,815	\$ 206,551,927	\$ 207,247,039	\$ 207,942,151	\$ 208,637,263	\$ 209,332,375	\$ 200,027,487	\$ 200,722,599	\$ 201,417,711	\$ 202,112,823	\$ 202,807,935	\$ 203,503,047	\$ 204,198,159	\$ 204,893,271	\$ 205,588,383	\$ 206,283,495	\$ 206,978,607	\$ 207,673,719	\$ 208,368,831	\$ 209,063,943	\$ 209,759,055	\$ 210,454,167	\$ 211,149,279	\$ 211,844,391	\$ 212,539,503	\$ 213,234,615	\$ 213,929,727	\$ 214,624,839	\$ 215,319,951	\$ 216,015,063	\$ 216,710,175	\$ 217,405,287	\$ 218,100,399	\$ 218,795,511	\$ 219,490,623	\$ 220,185,735	\$ 220,880,847	\$ 221,575,959	\$ 222,271,071	\$ 222,966,183	\$ 223,661,295	\$ 224,356,407	\$ 225,051,519	\$ 225,746,631	\$ 226,441,743	\$ 227,136,855	\$ 227,831,967	\$ 228,527,079	\$ 229,222,191	\$ 229,917,303	\$ 230,612,415	\$ 231,307,527	\$ 232,002,639	\$ 232,697,751	\$ 233,392,863	\$ 234,087,975	\$ 234,783,087	\$ 235,478,199	\$ 236,173,311	\$ 236,868,423	\$ 237,563,535	\$ 238,258,647	\$ 238,953,759	\$ 239,648,871	\$ 240,343,983	\$ 241,039,095	\$ 241,734,207	\$ 242,429,319	\$ 243,124,431	\$ 243,819,543	\$ 244,514,655	\$ 245,209,767	\$ 245,904,879	\$ 246,600,091	\$ 247,295,203	\$ 247,990,315	\$ 248,685,427	\$ 249,380,539	\$ 250,075,651	\$ 250,770,763	\$ 251,465,875	\$ 252,160,987	\$ 252,856,099	\$ 253,551,211	\$ 254,246,323	\$ 254,941,435	\$ 255,636,547	\$ 256,331,659	\$ 257,026,771	\$ 257,721,883	\$ 258,416,995	\$ 259,112,107	\$ 259,807,219	\$ 260,502,331	\$ 261,197,443	\$ 261,892,555	\$ 262,587,667	\$ 263,282,779	\$ 263,977,891	\$ 264,673,003	\$ 265,368,115	\$ 266,063,227	\$ 266,758,339	\$ 267,453,451	\$ 268,148,563	\$ 268,843,675	\$ 269,538,787	\$ 270,233,899	\$ 270,929,011	\$ 271,624,123	\$ 272,319,235	\$ 273,014,347	\$ 273,709,459	\$ 274,404,571	\$ 275,100,683	\$ 275,795,795	\$ 276,490,907	\$ 277,186,019	\$ 277,881,131	\$ 278,576,243	\$ 279,271,355	\$ 279,966,467	\$ 280,661,579	\$ 281,356,691	\$ 282,051,803	\$ 282,746,915	\$ 283,442,027	\$ 284,137,139	\$ 284,832,251	\$ 285,527,363	\$ 286,222,475	\$ 286,917,587	\$ 287,612,699	\$ 288,307,811	\$ 289,002,923	\$ 289,698,035	\$ 290,393,147	\$ 291,088,259	\$ 291,783,371	\$ 292,478,483	\$ 293,173,595	\$ 293,868,707	\$ 294,563,819	\$ 295,258,931	\$ 295,954,043	\$ 296,649,155	\$ 297,344,267	\$ 298,039,379	\$ 298,734,491	\$ 299,429,603	\$ 300,124,715	\$ 300,819,827	\$ 301,514,939	\$ 302,210,051	\$ 302,905,163	\$ 303,600,275	\$ 304,295,387	\$ 304,990,499	\$ 305,685,611	\$ 306,380,723	\$ 307,075,835	\$ 307,770,947	\$ 308,466,059	\$ 309,161,171	\$ 309,856,283	\$ 310,551,395	\$ 311,246,507	\$ 311,941,619	\$ 312,636,731	\$ 313,331,843	\$ 314,026,955	\$ 314,722,067	\$ 315,417,179	\$ 316,112,291	\$ 316,807,403	\$ 317,502,515	\$ 318,197,627	\$ 318,892,739	\$ 319,587,851	\$ 320,282,963	\$ 320,978,075	\$ 321,673,187	\$ 322,368,299	\$ 323,063,411	\$ 323,758,523	\$ 324,453,635	\$ 325,148,747	\$ 325,843,859	\$ 326,538,971	\$ 327,234,083	\$ 327,929,195	\$ 328,624,307	\$ 329,319,419	\$ 330,014,531	\$ 330,709,643	\$ 331,404,755	\$ 332,100,867	\$ 332,795,979	\$ 333,491,091	\$ 334,186,203	\$ 334,881,315	\$ 335,576,427	\$ 336,271,539	\$ 336,966,651	\$ 337,661,763	\$ 338,356,875	\$ 339,051,987	\$ 339,747,099	\$ 340,442,211	\$ 341,137,323	\$ 341,832,435	\$ 342,527,547	\$ 343,222,659	\$ 343,917,771	\$ 344,612,883	\$ 345,307,995	\$ 346,003,107	\$ 346,698,219	\$ 347,393,331	\$ 348,088,443	\$ 348,783,555	\$ 349,478,667	\$ 350,173,779	\$ 350,868,891	\$ 351,563,903	\$ 352,259,015	\$ 352,954,127	\$ 353,649,239	\$ 354,344,351	\$ 355,039,463	\$ 355,734,575	\$ 356,429,687	\$ 357,124,799	\$ 357,819,911	\$ 358,515,023	\$ 359,210,135	\$ 359,905,247	\$ 360,600,359	\$ 361,295,471	\$ 361,990,583	\$ 362,685,695	\$ 363,380,807	\$ 364,075,919	\$ 364,771,031	\$ 365,466,143	\$ 366,161,255	\$ 366,856,367	\$ 367,551,479	\$ 368,246,591	\$ 368,941,703	\$ 369,636,815	\$ 370,331,927	\$ 371,027,039	\$ 371,722,151	\$ 372,417,263	\$ 373,112,375	\$ 373,807,487	\$ 374,502,599	\$ 375,197,711	\$ 375,892,823	\$ 376,587,935	\$ 377,283,047	\$ 377,978,159	\$ 378,673,271	\$ 379,368,383	\$ 380,063,495	\$ 380,758,607	\$ 381,453,719	\$ 382,148,831	\$ 382,843,943	\$ 383,539,055	\$ 384,234,167	\$ 384,929,279	\$ 385,624,391	\$ 386,319,503	\$ 387,014,615	\$ 387,709,727	\$ 388,404,839	\$ 389,100,951	\$ 389,796,063	\$ 390,491,175	\$ 391,186,287	\$ 391,881,399	\$ 392,576,511	\$ 393,271,623	\$ 393,966,735	\$ 394,661,847	\$ 395,356,959	\$ 396,052,071	\$ 396,747,183	\$ 397,442,295	\$ 398,137,407	\$ 398,832,519	\$ 399,527,631	\$ 400,222,743	\$ 400,917,855	\$ 401,612,967	\$ 402,308,079	\$ 403,003,191	\$ 403,698,303	\$ 404,393,415	\$ 405,088,527	\$ 405,783,639	\$ 406,478,751	\$ 407,173,863	\$ 407,868,975	\$ 408,564,087	\$ 409,259,199	\$ 409,954,311	\$ 410,649,423	\$ 411,344,535	\$ 412,039,647	\$ 412,734,759	\$ 413,429,871	\$ 414,124,983	\$ 414,820,095	\$ 415,515,207	\$ 416,210,319	\$ 416,905,431	\$ 417,600,543	\$ 418,295,655	\$ 418,990,767	\$ 419,685,879	\$ 420,380,991	\$ 421,076,103	\$ 421,771,215	\$ 422,466,327	\$ 423,161,439	\$ 423,856,551	\$ 424,551,663	\$ 425,246,775	\$ 425,941,887	\$ 426,636,999	\$ 427,332,111	\$ 428,027,223	\$ 428,722,335	\$ 429,417,447	\$ 430,112,559	\$ 430,807,671	\$ 431,502,783	\$ 432,197,895	\$ 432,893,007	\$ 433,588,119	\$ 434,283,231	\$ 434,978,343	\$ 435,673,455	\$ 436,368,567	\$ 437,063,679	\$ 437,758,791	\$ 438,453,90

**City of Fort Lauderdale, Florida
Police/Fire Pension UAAL Bonding**

UAAL Prepayment Percent: 75.0%
 UAAL Prepayment Date: 10/1/2012
 UAAL Prepayment Interest: \$ 164,095,545.00
 UAAL POB Proceeds Deposit to Pension on 10/1/12: \$ 164,095,545.00

		<i>Uniform Savings Structure</i>					
	100% of Police/Fire UAAL Amortization	Bond Net Debt Service ^{1,2}	Remaining 25.0% UAAL Amortization	Total Payments	Difference		
9/30/2012	-						
9/30/2013	21,276,992	13,063,206	5,319,248	18,382,454	2,894,538		
9/30/2014	21,702,532	13,374,095	5,425,633	18,799,727	2,902,804		
9/30/2015	22,136,582	13,702,932	5,534,146	19,237,078	2,899,505		
9/30/2016	22,579,314	14,033,870	5,644,829	19,678,699	2,900,616		
9/30/2017	23,030,900	14,372,788	5,757,725	20,130,513	2,900,388		
9/30/2018	23,491,518	14,719,594	5,872,880	20,592,473	2,899,045		
9/30/2019	23,961,349	15,072,725	5,990,337	21,063,062	2,898,287		
9/30/2020	24,440,576	15,429,904	6,110,144	21,540,047	2,900,528		
9/30/2021	24,929,387	15,798,900	6,232,347	22,031,246	2,898,141		
9/30/2022	25,427,975	16,170,196	6,356,994	22,527,190	2,900,785		
9/30/2023	25,936,535	16,552,575	6,484,134	23,036,708	2,899,826		
9/30/2024	17,787,298	10,437,927	4,446,824	14,884,751	2,902,546		
9/30/2025	14,929,547	8,295,423	3,732,387	12,027,810	2,901,737		
9/30/2026	12,880,895	6,758,259	3,220,224	9,978,483	2,902,412		
9/30/2027	12,148,978	6,211,517	3,037,244	9,248,761	2,900,217		
9/30/2028	12,030,273	6,121,714	3,007,568	9,129,282	2,900,991		
9/30/2029	14,533,913	7,998,212	3,633,478	11,631,690	2,902,223		
9/30/2030	7,021,912	2,365,236	1,755,478	4,120,714	2,901,199		
9/30/2031	3,491,542		872,886	872,886	2,618,657		
9/30/2032	3,661,316		915,329	915,329	2,745,987		
9/30/2033	-		-	-			
9/30/2034	-		-	-			
9/30/2035	-		-	-			
9/30/2036	-		-	-			
9/30/2037	-		-	-			
9/30/2038	-		-	-			
9/30/2039	-		-	-			
9/30/2040	-		-	-			
9/30/2041	-		-	-			
9/30/2042	-		-	-			
	357,399,335	210,479,069	89,349,834	299,828,902	57,570,433		

1 Preliminary and subject to change. Taxable CBA rates as of 6/21/2012.
 2 Assumes no DSRF on CB&A financing.

City of Fort, Lauderdale, Florida
Police & Fire Pension Unfunded Actuarial Accrued Liability (UAAL)

Description of UAAL		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Aggregate UAAL Amortization
Date Established		3/1/2003	3/1/2004	3/1/2005	3/1/2005	3/1/2006	3/1/2006	3/1/2007	3/1/2008	3/1/2008	3/1/2008	3/1/2008	3/1/2010	3/1/2010	3/1/2011	3/1/2012	3/1/2012	
Description		Re-Initialized	Actuarial (Gain)/Loss	Software Change	Actuarial (Gain)/Loss	Share Plan Gain	Actuarial (Gain)/Loss	Actuarial (Gain)/Loss	Actuarial (Gain)/Loss	Actuarial (Gain)/Loss	Asset Smoothing Change	Actuarial (Gain)/Loss	Plan Amendment	Actuarial (Gain)/Loss	Actuarial (Gain)/Loss	Actuarial (Gain)/Loss	Assumption Change	
0	9/30/2012	Original Amount	\$ 78,750,580	\$ 27,715,070	\$ (3,016,264)	\$ (317,323)	\$ 8,973,881	\$ 3,123,728	\$ (169,648)	\$ 2,918,826	\$ (2,041,532)	\$ 66,572,825	\$ 4,041,812	\$ 27,308,032	\$ (854,077)	\$ 14,047,611	\$ 17,894,215	\$ 248,731,564
1	9/30/2013	Current Amount	\$ 59,791,461	\$ 23,153,938	\$ (2,545,292)	\$ (20,082,243)	\$ 7,910,920	\$ 2,863,407	\$ (161,050)	\$ 2,770,908	\$ (20,924,525)	\$ 64,313,615	\$ 3,960,710	\$ 26,795,178	\$ (846,538)	\$ 14,047,611	\$ 17,894,215	\$ 218,754,060
2	9/30/2014	Next Payment on 10/15/12:	\$ 6,971,326	\$ 2,539,820	\$ (263,203)	\$ 2,077,698	\$ 777,435	\$ 268,737	\$ (14,496)	\$ 249,409	\$ (1,883,411)	\$ 5,572,361	\$ 331,412	\$ 2,293,739	\$ (68,604)	\$ 1,005,395	\$ 1,407,848	\$ 21,276,992
3	9/30/2015	Remaining Years:	11	12	13	14	15	16	17	18	19	20	20	20	20	20	20	
Amortization of UAAL																		
0	9/30/2012	Payment					777,435	268,737	(14,496)	249,409	(1,883,411)	5,572,361	331,412	2,293,739	(68,604)	1,105,395	1,407,848	21,276,992
1	9/30/2013		2,539,820	2,539,820	2,077,698	(27,491)	792,984	274,112	(14,786)	254,397	(1,921,079)	5,683,829	336,040	2,283,514	(69,976)	1,127,503	1,436,002	21,702,532
2	9/30/2014		2,584,486	2,584,486	2,119,252	(28,041)	808,943	279,594	(15,082)	259,485	(1,959,501)	5,797,505	344,801	2,329,184	(71,376)	1,150,053	1,464,722	22,136,582
3	9/30/2015		2,686,086	2,686,086	2,161,637	(28,602)	825,020	285,186	(15,363)	264,675	(1,996,691)	5,913,455	351,697	2,375,768	(72,803)	1,179,054	1,484,016	22,578,314
4	9/30/2016		2,688,910	2,688,910	2,204,870	(29,174)	841,521	290,890	(15,691)	269,968	(2,038,665)	6,031,724	358,731	2,423,283	(74,259)	1,196,515	1,523,897	23,030,900
5	9/30/2017		2,742,688	2,742,688	2,248,967	(29,757)	858,351	296,707	(16,006)	275,968	(2,079,438)	6,152,359	365,906	2,471,749	(75,744)	1,220,445	1,554,375	23,491,518
6	9/30/2018		2,797,542	2,797,542	2,293,946	(30,352)	875,518	302,642	(16,325)	280,875	(2,121,077)	6,275,406	373,224	2,521,184	(77,259)	1,244,854	1,585,462	23,961,349
7	9/30/2019		2,853,409	2,853,409	2,339,825	(30,959)	893,028	308,694	(16,651)	286,493	(2,163,447)	6,400,914	380,688	2,571,607	(78,804)	1,269,751	1,617,171	24,440,576
8	9/30/2020		2,910,363	2,910,363	2,386,622	(31,579)	910,889	314,668	(16,984)	292,222	(2,206,716)	6,528,932	389,302	2,623,040	(80,383)	1,295,146	1,649,515	24,920,387
9	9/30/2021		2,968,774	2,968,774	2,434,354	(32,210)	929,839	321,666	(17,324)	298,067	(2,250,850)	6,659,511	396,068	2,675,500	(81,968)	1,321,049	1,684,306	25,427,975
10	9/30/2022		3,028,149	3,028,149	2,483,041	(32,854)	949,107	331,589	(17,671)	304,028	(2,295,867)	6,792,701	405,989	2,729,010	(83,628)	1,347,470	1,716,155	25,996,535
11	9/30/2023		3,088,712	3,088,712	2,532,702	(33,511)	947,689	334,141	(18,024)	310,109	(2,341,785)	6,928,555	412,069	2,789,591	(85,300)	1,374,420	1,750,478	27,787,298
12	9/30/2024		3,150,487	3,150,487	2,583,356	(34,182)	966,643	340,823	(18,384)	316,311	(2,388,621)	7,067,136	420,317	2,839,262	(87,006)	1,401,908	1,785,488	29,929,547
13	9/30/2025		-	-	2,635,023	(34,855)	985,976	347,640	(18,752)	322,637	(2,436,393)	7,208,489	428,717	2,896,048	(88,747)	1,429,946	1,821,198	32,880,896
14	9/30/2026		-	-	-	(35,563)	1,005,685	354,593	(19,127)	329,090	(2,485,121)	7,352,688	437,251	2,953,969	(90,522)	1,459,548	1,857,622	36,848,978
15	9/30/2027		-	-	-	-	-	-	(19,510)	335,672	(2,534,823)	7,499,691	446,037	3,013,048	(92,332)	1,487,716	1,894,774	41,746,773
16	9/30/2028		-	-	-	-	-	-	-	-	-	454,958	454,958	3,073,309	(94,179)	1,517,470	1,934,669	47,681,442
17	9/30/2029		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,616,111
18	9/30/2030		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,553,833
19	9/30/2031		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	68,481,542
20	9/30/2032		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,509,385
21	9/30/2033		84,832,082	83,989,821	30,501,295	(493,140)	12,418,699	4,647,381	(270,195)	4,648,805	(35,105,485)	111,514,884	7,096,297	47,996,579	(1,566,954)	26,858,191	34,206,931	357,939,385

City of Fort Lauderdale, Florida
Police & Fire Pension Unfunded Actuarial Accrued Liability (UAAL)

PREPAID UAAL STATISTICS
Description of UAAL

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Aggregate UAAL
Date Established	1/1/2003	1/1/2004	1/1/2005	1/1/2006	1/1/2006	1/1/2006	1/1/2007	1/1/2008	1/1/2008	1/1/2008	1/1/2009	1/1/2010	1/1/2010	1/1/2011	1/1/2012	1/1/2012	
Re-Initialized Bases																	
Original Amount	\$ 78,732,560	\$ 27,115,070	\$ (3,016,264)	\$ 8,573,681	\$ 3,123,728	\$ 2,918,826	\$ 2,918,826	\$ (169,648)	\$ 2,918,826	\$ (2,041,532)	\$ 66,572,825	\$ 4,044,812	\$ 27,308,032	\$ (854,077)	\$ 14,047,611	\$ 17,891,215	\$ 248,731,564
Current Amount	\$ 59,791,461	\$ 23,553,938	\$ (2,545,292)	\$ 20,092,243	\$ (279,741)	\$ 7,910,920	\$ 2,863,407	\$ (161,050)	\$ 2,770,908	\$ (20,924,525)	\$ 64,313,615	\$ 3,960,710	\$ 26,755,178	\$ (846,538)	\$ 14,047,611	\$ 17,891,215	\$ 218,794,060
Next Payment	\$ 6,971,326	\$ 2,533,820	\$ (263,203)	\$ 2,077,698	\$ (27,491)	\$ 777,435	\$ 268,737	\$ (14,496)	\$ 249,409	\$ (1,883,411)	\$ 5,572,381	\$ 331,412	\$ 2,338,739	\$ (68,604)	\$ 1,105,395	\$ 1,407,845	\$ 21,276,592
Prepayment %:	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	
Prepayment Amount:	\$ 44,842,596	\$ 17,365,454	\$ (1,908,969)	\$ 15,069,182	\$ (209,806)	\$ 5,893,190	\$ 2,147,555	\$ (120,788)	\$ 2,078,181	\$ (15,693,394)	\$ 48,235,211	\$ 2,970,533	\$ 20,066,384	\$ (634,904)	\$ 10,535,708	\$ 13,413,411	\$ 164,095,545
Amortization of Prepaid UAAL																	
	FIVE																
0 9/30/2012	10/15/2011																
1 9/30/2013	10/15/2012	5,228,435	1,900,365	(197,402)	1,558,274	(20,618)	201,553	(10,872)	187,057	(1,412,538)	4,179,286	248,559	1,679,054	(51,453)	829,046	1,055,884	15,957,744
2 9/30/2014	10/15/2013	5,333,064	1,939,372	(201,350)	1,589,439	(21,031)	205,584	(11,089)	190,798	(1,440,809)	4,262,871	259,530	1,712,635	(52,482)	845,627	1,077,001	16,776,899
3 9/30/2015	10/15/2014	5,439,726	1,977,140	(206,377)	1,621,228	(21,451)	209,695	(12,311)	194,614	(1,469,626)	4,348,129	258,601	1,746,888	(53,832)	862,540	1,096,541	16,602,457
4 9/30/2016	10/15/2015	5,548,520	2,016,683	(208,485)	1,653,652	(21,880)	213,689	(11,577)	198,506	(1,499,016)	4,435,091	263,773	1,781,626	(54,602)	879,791	1,120,512	16,394,486
5 9/30/2017	10/15/2016	5,659,491	2,057,016	(213,675)	1,686,725	(22,308)	218,167	(11,768)	202,476	(1,528,998)	4,523,793	269,048	1,817,462	(55,694)	897,386	1,142,923	17,273,175
6 9/30/2018	10/15/2017	5,772,680	2,098,157	(217,948)	1,720,460	(22,764)	222,531	(12,004)	206,526	(1,559,578)	4,614,269	274,429	1,853,812	(56,808)	915,354	1,165,781	17,618,639
7 9/30/2019	10/15/2018	5,888,134	2,140,120	(222,307)	1,754,869	(23,119)	226,981	(12,244)	210,656	(1,590,770)	4,706,555	279,918	1,890,888	(57,944)	933,641	1,189,097	17,971,012
8 9/30/2020	10/15/2019	6,005,897	2,182,922	(226,753)	1,789,966	(23,641)	231,521	(12,489)	214,869	(1,622,585)	4,800,696	285,516	1,928,706	(59,103)	952,314	1,212,879	18,300,432
9 9/30/2021	10/15/2020	6,126,015	2,226,580	(231,288)	1,825,766	(24,158)	236,151	(12,738)	219,167	(1,655,037)	4,896,699	291,226	1,967,280	(60,285)	971,360	1,237,136	18,697,040
10 9/30/2022	10/15/2021	6,248,535	2,271,112	(235,914)	1,862,281	(24,641)	240,674	(12,996)	223,550	(1,688,138)	4,994,693	297,051	2,006,635	(61,491)	990,787	1,261,879	19,070,981
11 9/30/2023	10/15/2022	6,373,506	2,316,534	(240,632)	1,899,527	(25,134)	245,692	(13,253)	228,021	(1,721,901)	5,094,526	302,992	2,046,758	(62,721)	1,010,603	1,287,116	19,452,401
12 9/30/2024	10/15/2023	-	2,362,865	(245,445)	1,937,817	(25,636)	250,606	(13,518)	232,582	(1,756,339)	5,196,417	309,052	2,087,693	(63,975)	1,030,815	1,312,859	19,840,473
13 9/30/2025	10/15/2024	-	-	(250,354)	1,976,268	(26,149)	255,618	(13,788)	237,233	(1,791,465)	5,300,345	315,233	2,129,447	(65,255)	1,051,431	1,339,116	19,990,435
14 9/30/2026	10/15/2025	-	-	-	-	(26,672)	260,730	(14,064)	241,978	(1,827,285)	5,406,352	321,538	2,172,068	(66,560)	1,072,460	1,365,688	20,140,435
15 9/30/2027	10/15/2026	-	-	-	-	-	265,945	(14,345)	246,817	(1,863,844)	5,514,479	327,968	2,215,476	(67,891)	1,089,909	1,393,216	20,290,435
16 9/30/2028	10/15/2027	-	-	-	-	-	-	(14,632)	251,754	(1,901,117)	5,624,768	334,528	2,259,786	(69,249)	1,115,787	1,421,061	20,440,435
17 9/30/2029	10/15/2028	-	-	-	-	-	-	-	-	-	5,737,264	341,218	2,304,982	(70,634)	1,138,103	1,449,502	20,590,435
18 9/30/2030	10/15/2029	-	-	-	-	-	-	-	-	-	-	348,043	2,351,081	(72,047)	1,160,865	1,478,492	20,740,435
19 9/30/2031	10/15/2030	-	-	-	-	-	-	-	-	-	-	-	-	(73,488)	1,184,082	1,508,062	20,890,435
20 9/30/2032	10/15/2031	63,624,062	25,487,866	(2,897,860)	22,875,972	(329,355)	3,485,536	(202,646)	3,486,604	(26,329,076)	83,636,163	5,322,223	35,952,434	(1,175,215)	20,143,643	25,655,293	268,049,501

City of Fort Lauderdale, Florida
Police & Fire Pension Unfunded Actuarial Accrued Liability (UAAL)

REMAINING UAAL STATISTICS

Description of UAAL	1 1/1/2003	2 1/1/2004	3 1/1/2005	4 1/1/2005	5 1/1/2006	6 1/1/2006	7 1/1/2007	8 1/1/2008	9 1/1/2008	10 1/1/2008	11 1/1/2009	12 1/1/2010	13 1/1/2010	14 1/1/2011	15 1/1/2012	16 1/1/2012	Aggregate UAAL Amortization
Remaining UAAL After Prepays:	\$ 14,947,865	\$ 7,582,465	\$ (656,323)	\$ 5,023,061	\$ (69,983)	\$ 1,977,730	\$ 715,852	\$ (40,263)	\$ 692,727	\$ (5,231,131)	\$ 16,078,404	\$ 990,178	\$ 6,688,795	\$ (211,635)	\$ 3,511,903	\$ 4,472,804	\$ 54,698,515
Next Payment:	\$ 1,742,832	\$ 633,455	\$ (65,801)	\$ 519,425	\$ (6,873)	\$ 194,359	\$ 67,184	\$ (3,624)	\$ 62,352	\$ (470,853)	\$ 1,393,095	\$ 82,853	\$ 559,685	\$ (17,151)	\$ 2,763,349	\$ 351,961	\$ 5,319,248
Amortization of Remaining UAAL																	
FIVE																	
0 9/30/2012	10/15/2011																
1 9/30/2013	10/15/2012	1,742,832	633,455	(65,801)	519,425	(6,873)	194,359	67,184	62,352	(470,853)	1,393,095	82,853	559,685	(17,151)	2,763,349	351,961	5,319,248
2 9/30/2014	10/15/2013	1,777,688	646,124	(67,117)	529,313	(7,010)	196,246	68,528	63,599	(480,270)	1,420,957	84,510	570,878	(17,494)	2,813,776	359,000	5,425,633
3 9/30/2015	10/15/2014	1,813,242	659,047	(68,459)	540,409	(7,150)	202,211	69,898	64,871	(489,875)	1,449,376	86,200	582,296	(17,844)	2,875,513	366,180	5,534,146
4 9/30/2016	10/15/2015	1,849,507	672,228	(69,828)	551,217	(7,293)	206,255	71,296	66,169	(489,673)	1,478,364	87,924	593,942	(18,204)	2,932,264	373,504	5,644,829
5 9/30/2017	10/15/2016	1,886,487	685,672	(71,225)	562,242	(7,439)	210,380	72,722	67,492	(489,666)	1,507,951	89,683	605,821	(18,565)	2,999,129	380,974	5,757,725
6 9/30/2018	10/15/2017	1,924,227	699,388	(72,649)	573,487	(7,588)	214,588	74,177	68,842	(489,659)	1,538,090	91,476	617,997	(18,936)	3,065,111	388,594	5,877,880
7 9/30/2019	10/15/2018	1,962,711	713,373	(74,102)	584,956	(7,740)	218,880	75,660	70,219	(489,652)	1,568,852	93,306	630,296	(19,315)	3,131,214	396,366	5,999,337
8 9/30/2020	10/15/2019	2,001,966	727,641	(75,584)	596,655	(7,895)	223,257	77,174	71,623	(489,645)	1,600,229	95,172	642,902	(19,701)	3,204,787	404,293	6,110,144
9 9/30/2021	10/15/2020	2,042,005	742,193	(77,096)	608,589	(8,053)	227,722	78,717	73,066	(489,638)	1,632,233	97,075	655,760	(20,096)	3,273,787	412,379	6,232,347
10 9/30/2022	10/15/2021	2,083,845	757,087	(78,638)	620,760	(8,214)	232,277	80,291	74,517	(489,631)	1,664,878	99,017	668,875	(20,497)	3,343,287	420,626	6,356,994
11 9/30/2023	10/15/2022	2,124,502	772,178	(80,214)	633,176	(8,378)	236,922	81,897	76,007	(489,624)	1,698,175	100,997	682,253	(20,907)	3,414,287	429,039	6,484,134
12 9/30/2024	10/15/2023	-	787,622	(81,815)	645,839	(8,545)	241,661	83,335	77,527	(489,617)	1,732,139	103,017	695,898	(21,325)	3,485,012	437,620	6,612,854
13 9/30/2025	10/15/2024	-	-	(83,451)	658,756	(8,716)	246,494	85,206	79,078	(489,610)	1,766,782	105,078	709,816	(21,752)	3,555,772	446,372	6,742,326
14 9/30/2026	10/15/2025	-	-	-	-	(8,891)	251,424	86,910	80,659	(489,603)	1,801,117	107,179	724,012	(22,187)	3,626,149	455,299	6,872,825
15 9/30/2027	10/15/2026	-	-	-	-	-	-	88,648	82,172	(489,596)	1,836,160	109,329	738,492	(22,636)	3,696,646	464,405	7,003,230
16 9/30/2028	10/15/2027	-	-	-	-	-	-	-	89,918	(489,589)	1,871,923	111,509	753,362	(23,086)	3,766,151	473,694	7,134,924
17 9/30/2029	10/15/2028	-	-	-	-	-	-	-	-	(489,582)	1,907,421	113,739	768,317	(23,546)	3,835,646	483,167	7,266,091
18 9/30/2030	10/15/2029	-	-	-	-	-	-	-	-	-	1,942,421	116,014	783,694	(24,016)	3,904,141	492,831	7,397,922
19 9/30/2031	10/15/2030	-	-	-	-	-	-	-	-	-	-	-	-	(24,486)	3,972,656	502,687	7,529,609
20 9/30/2032	10/15/2031	-	-	-	-	-	-	-	-	-	-	-	-	-	402,588	512,741	7,652,350
21 9/30/2033	10/15/2032	21,208,021	8,495,955	(965,977)	7,625,324	(109,785)	3,104,675	1,161,845	1,162,201	(8,776,959)	27,878,721	1,774,074	11,984,145	(991,798)	6,714,548	9,551,733	89,349,834