

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

2010 Actuarial Report

**For the Plan Year
January 1, 2010 through
December 31, 2010**

**For the City's Fiscal Year
October 1, 2010 through
September 30, 2011**

Prepared By:

**STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933**

June 2, 2010

June 2, 2010

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

2010 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, 2010.

The report includes:

- Gain/Loss Analysis for the period January 1, 2009 through December 31, 2009;
- Cost Calculation Results;
- Asset Summary.

The rate of return on the market value of assets for the year ending December 31, 2009 was 13.9%; the rate of return on the actuarial value of assets was 5.1%. The expected rate of return on the actuarial value of assets was 7.75%, resulting in an experience loss. The 16-year average rate of return on the actuarial value of assets has been 7.5%.

Respectfully Submitted,

STANLEY, HOLCOMBE & ASSOCIATES, INC.

Randall L. Stanley, FSA, MAAA, EA
Consulting Actuary and Principal

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RLS/JTC/FC/di
FTLAUDERDALE01B

Enclosures (12)

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

2010 ACTUARIAL REPORT

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

Comparative Summary of Principal Valuation Results

	Actuarial Valuation	
	<u>Prepared as of</u>	
	<u>01/01/2010</u>	<u>01/01/2009</u>
A. <u>Participant Data</u> (Ex. 7)		
Active Members	804	754
Total Annual Payroll	\$61,668,621	\$52,825,828
Members in DROP	70	N/A
Total Annualized Benefits	\$4,021,469	N/A
Retired Members and Beneficiaries	839	894
Total Annualized Benefits	\$33,750,435	\$37,031,887
Disabled Members	21	19
Total Annualized Benefits	\$790,771	\$693,003
Terminated Vested Members	18	20
Total Annualized Benefits	\$483,609	\$542,118
B. <u>Assets</u>	-\$-	-\$-
Actuarial Value (Ex. 4)	451,610,479	444,447,527
Market Value (Ex. 3)	405,254,377	370,372,939
C. <u>Liabilities</u> (Ex. 1)		
Present Value of Benefits		
Active Members – Retirement	346,408,220	295,710,849
Vesting	6,784,377	5,818,936
Disability	13,725,845	11,690,299
Death	4,274,613	3,910,007
Return of Contributions	<u>1,499,465</u>	<u>1,172,040</u>
Total	372,692,520	318,302,131
Inactive Members – Retired and Beneficiaries	405,182,845	399,345,402
Disabled	8,985,542	7,929,645
Terminated Vested	4,366,740	4,633,518
DROP Accounts	<u>8,505,221</u>	<u>13,683,921</u>
Total	427,040,348	425,592,486
Total	<u><u>799,732,868</u></u>	<u><u>743,894,617</u></u>
Actuarial Accrued Liability	648,973,423	614,037,958
Unfunded Actuarial Accrued Liability	197,362,944	169,590,431

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

Comparative Summary of Principal Valuation Results
(Continued)

	Actuarial Valuation	
	<u>Prepared as of</u>	
	<u>01/01/2010</u>	<u>01/01/2009</u>
	-\$-	-\$-
D. <u>Pension Cost</u> (Exhibit 1)		
Normal Cost	16,876,287	14,137,059
Payment to Amortize Unfunded Liability	18,334,870	15,513,308
Administrative Expenses	489,000	561,000
Interest	2,190,353	1,853,593
Expected Member Contribution	4,933,490	3,697,808
As % of Payroll	8.00%	7.00%
Expected State Contribution	2,708,872	3,000,946
As % of Payroll	4.4%	5.7%
Expected City Contribution*	30,248,148	25,366,206
As % of Payroll	49.0%	48.0%
	Year Ending	Year Ending
E. <u>Past Contributions</u>	<u>12/31/2009</u>	<u>12/31/2008</u>
	-\$-	-\$-
Required Plan Sponsor and State Contribution	28,367,152	21,627,937
Required Member Contributions	4,264,471	3,996,724
Actual Contributions		
Plan Sponsor and State	28,091,711	22,147,519
Members	4,264,471	3,996,724
F. <u>Net Actuarial (Gain)/Loss</u>	27,303,032	66,572,825
G. <u>Other Disclosures</u>		
Active Members:		
Present Value Future Salaries		
(at attained age)	545,828,100	480,763,085
Present Value Future Member Contributions		
(at attained age)	43,381,161	32,420,560
Present Value Future Contributions		
(other sources)	304,741,228	267,026,530

**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, 2010 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, 2009. This is the eighth annual actuarial valuation report prepared by Stanley, Holcombe & Associates, Inc.

COMPARISON OF COSTS

The cost components and costs for 2010 compare to those for 2009 as follows:

	<u>2010</u>	<u>2009</u>
	-\$-	-\$-
Normal Cost	16,876,287	14,137,059
Amortization	18,334,870	15,513,308
Expenses	489,000	561,000
Interest ¹	<u>2,190,353</u>	<u>1,853,593</u>
Total	<u>37,890,510</u>	<u>32,064,960</u>
Member	4,933,490	3,697,808
State (est.)	<u>2,708,872</u> ²	<u>3,000,946</u>
City (est.)	30,248,148	25,366,206

As may be noted, the City contribution amount of \$30,248,148 is \$4,881,942 more than the \$25,366,206 for the prior year. The details of the change in cost are contained in Table 2.

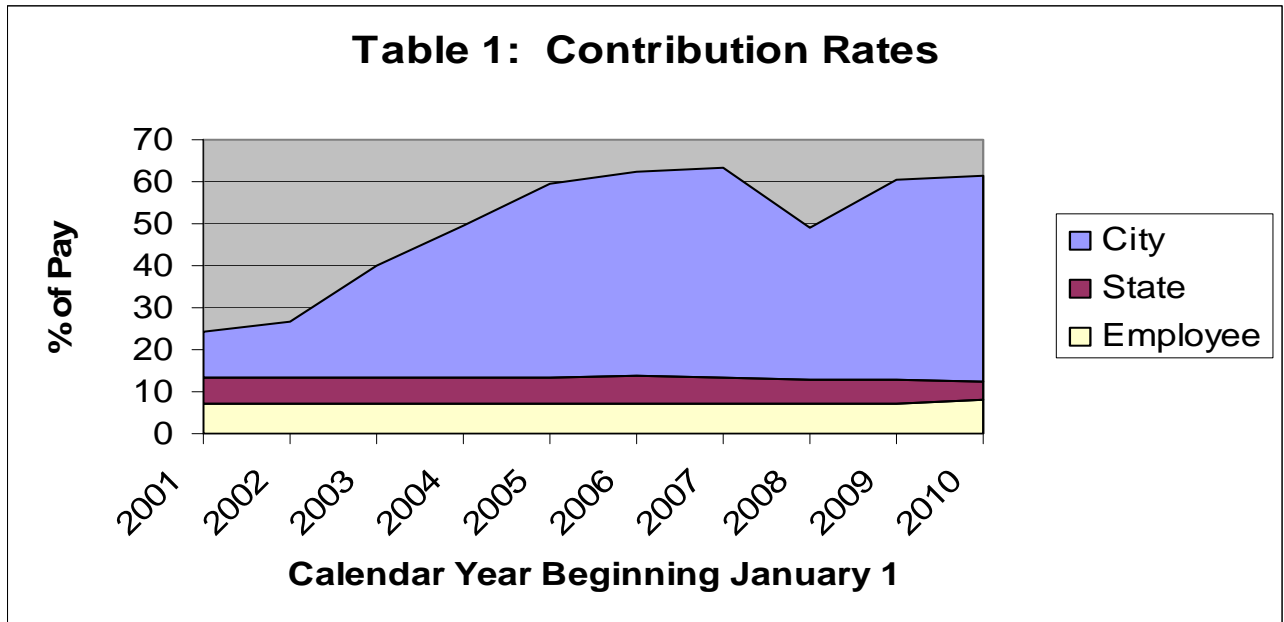
1. Interest is included to October 15.
2. Adjusted Base Amount of \$3,000,946, reduced by 175 Supplemental fire shortfall (\$276,875) plus interest to July 1, 2010 (\$15,199).

**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 and 2010 increased primarily due to poor investment performance.



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, 2009 through December 31, 2009

	Unfunded Actuarial Accrued <u>Liability</u> -\$-	<u>Amortization</u> -\$-	<u>Normal Cost</u> -\$-	City Contribution Percentage -%-	City Contribution
12/31/2008 Valuation	169,590,431	15,513,308	14,137,059	48.0	25,366,206
DROP Extension Amendment	173,341,533	15,813,840	14,434,566	48.0	25,340,614
12/31/2009 Expected (for continuing members)	170,059,912	16,147,397	14,419,218	49.6	25,754,287
<u>Element of Experience</u>					
Retirement, DROP	(1,075,012)	(86,128)	11,482	(1.1)	(154,488)
Turnover	1,856,491	148,739	251,552	(0.1)	362,013
Disability	(95,878)	(7,682)	(11,622)	0.1	(14,893)
Mortality	(833,365)	(66,767)	12,924	(0.2)	(62,249)
Salaries	14,321,464	1,147,412	925,825	0.1	1,894,011
New Members	723,051	57,930	1,233,087	(1.7)	1,036,590
Assets	11,589,025	928,493	0	1.7	985,460
Other, Data	<u>817,256</u>	<u>65,476</u>	<u>33,821</u>	<u>0.6</u>	<u>447,417</u>
Total Experience	27,303,032	2,187,473	2,457,069	(0.6)	4,493,861
12/31/2009 Actual	197,362,944	18,334,870	16,876,287	49.0	30,248,148

Following is a discussion of the elements of experience:

Salary Increases – Salaries for continuing actives increased by 13.82% compared with an expected increase of 6.22%. This salary experience increased the Unfunded Liability by \$14,321,464 and the contribution amount by \$1,894,011. However, as a percentage of payroll the contribution rate increased 0.1%.

Mortality – There were no deaths of active members compared to 1 expected. There were 18 deaths among inactives compared to 15.4 expected. This decreased the Unfunded Liability by \$833,365 and decreased the annual contribution by \$62,249.

Disability – There were 3 disabilities compared with 2.2 expected. Costs decreased slightly on a dollar basis and increased 0.1 of pay.

Turnover – There were 11 terminations compared with 21.9 expected. This increased the Unfunded Liability by \$1,856,491 and the annual contribution amount by \$362,018.

Retirement – There were 19 retirements and DROP entries compared to 24.5 expected. This decreased the Unfunded Liability by \$1,075,012 and decreased the annual contribution by \$154,488. The percent of pay cost decreased 1.1%.

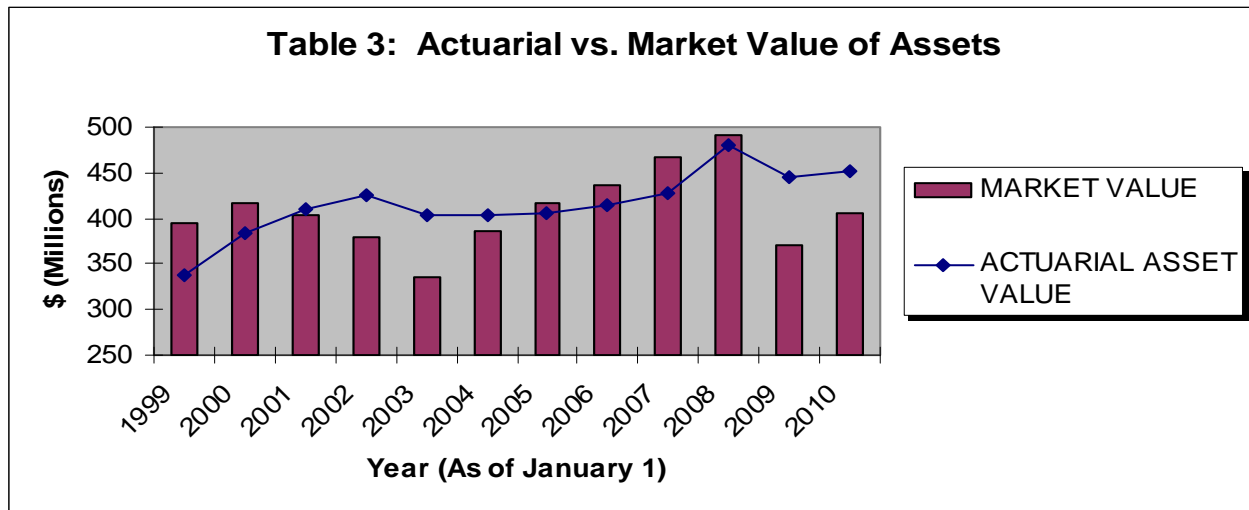
Investment Return – There was a loss due to investment return in 2009, with a rate of return on the actuarial value of assets of 5.1%, compared with an expected return of 7.75%. This increased costs by \$985,460 or 1.7% of pay. The rate of return for the market value of assets was 13.9%.

Other – There was no State distribution of Chapter 175 supplemental funds during 2009 compared with an expected base amount of \$276,875. This shortfall plus interest (\$292,074 as of July 1, 2010) must be made up by the City. Retroactive payments of \$2,350,452 were made to “Me Too II” members. Administrative expenses decreased from \$561,000 to \$489,000. These items, along with data changes/corrections, increased costs by \$447,417.

PLAN ASSETS

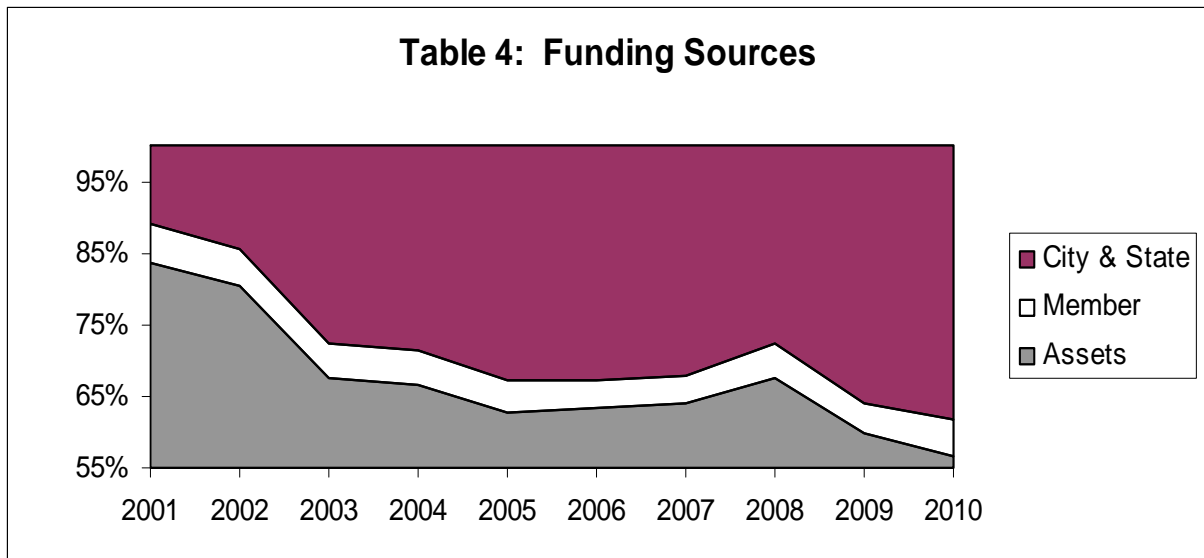
Exhibits 2 and 3 show the asset transactions and investment results during the year. The rate of return on mean market value for the period ending December 31, 2009 was 13.9%.

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, 2009, the actuarial value of assets was 111% of market value.



Sources of Benefit Funding

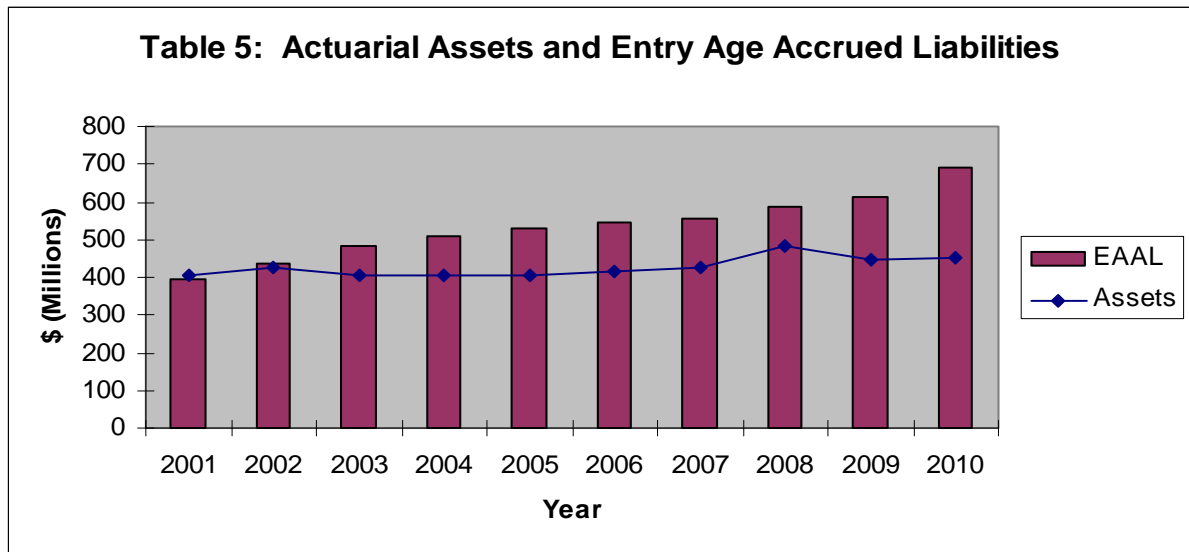
Table 4 compares the sources of benefit funding for the past nine actuarial valuations. The present value of all projected benefits is equal to 100% in the Table. The present value of benefits is provided by three sources; the actuarial value of assets, the present value of future member contributions, 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, 2010, the actuarial value of assets equals 56% of the present value of benefits, the present value of employee contributions equals 5%, and the present value of City and State contributions equals 39%.

Funding Progress

Table 5 shows the comparison of the entry age normal accrued liability with the actuarial value of assets over the past ten 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, 2010 the ratio of the actuarial asset value to the accrued liability is 69.6%, as compared to 72.4% as of January 1, 2009.



DETERMINATION OF CITY CONTRIBUTIONS

The total (City and State) amount for the 2010 fiscal year is \$32,957,020. The State revenue that may be credited against the required contribution is as follows:

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

The amounts above are the maximum amounts that may be credited against the required contribution. The \$3,000,946 State amount would require a downward adjustment if the amounts received in 2010 are lower than the Base Year amounts shown. This happened in 2009 with a \$276,875 shortfall of Chapter 175 supplemental revenue and an \$88,894 shortfall of Chapter 185 revenues. The City made up the Chapter 185 shortfall during 2009. The Chapter 175 supplemental shortfall is incorporated into the City minimum contribution this year. See footnote on page 13.

The \$29,956,074 difference between \$32,957,020 and \$3,000,946 is calculated as of October 15, 2010.

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

Pursuant to Ordinance No. C-08-17, the System no longer provides for a cost of living adjustment.

ENROLLED 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, 2009.

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

Enrolled Actuary No. 08-602

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, 2010</u>	<u>January 1, 2009</u>
	-\$-	-\$-
I. <u>Unfunded Actuarial Accrued Liability</u>		
A. Entry Age Reserve		
Active Members	221,933,075	188,445,472
Inactive Members ⁽¹⁾	<u>427,040,348</u>	<u>425,592,486</u>
Total	648,973,423	614,037,958
B. Actuarial Asset Value	451,610,479	444,447,527
C. Unfunded Actuarial Liability (UAAL)	197,362,944	169,590,431
II. <u>Normal Cost</u>		
A. Present Value of Future Benefits		
1. Active Members		
a. Retirement	346,408,220	295,710,849
b. Turnover	6,784,377	5,818,936
c. Disability	13,725,845	11,690,299
d. Death	4,274,613	3,910,007
e. Refunds	<u>1,499,465</u>	<u>1,172,040</u>
f. Total	372,692,520	318,302,131
2. Retired Members and Beneficiaries		
a. Service Retirements & Beneficiaries	405,182,845	399,345,402
b. Disability Retirements	8,985,542	7,929,645
c. Terminated Vested Members	4,366,740	4,633,518
d. DROP Account Balances	<u>8,505,221</u>	<u>13,683,921</u>
e. Total	427,040,348	425,592,486
3. Total	799,732,868	743,894,617

(1) Including DROP Accounts

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

City Contribution Requirements

	<u>January 1, 2010</u>	<u>January 1, 2009</u>
	-\$-	-\$-
II. <u>Normal Cost</u> (Cont'd.)		
A. Entry Age Normal Cost	16,876,287	14,137,059
B. Total Payroll	61,668,621	52,825,828
C. Entry Age Normal Cost Percentage	27.37%	26.76%
III. <u>City Contribution Requirements</u>		
A. Entry Age Normal Cost	16,876,287	14,137,059
B. Amortization of UAAL	18,334,870	15,513,308
C. Expenses	489,000	561,000
D. Interest	<u>2,190,353</u>	<u>1,853,593</u>
E. Total Contribution	37,890,510	32,064,960
F. Expected Member Contributions (8% - 2010, 7% - 2009 of II (B))	4,933,490	3,697,808
G. Expected State Contributions	<u>2,708,872</u> *	<u>3,000,946</u>
H. Net Expected City Contribution Requirement	30,248,148	25,366,206

*Adjusted Base Amount of \$3,000,946, reduced by 175 Supplemental Fire shortfall (\$276,875) plus 8.5 months of interest to July 1, 2010 (\$15,199).

**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, 2008	169,590,431
B. Plan Amendments	3,751,102
C. City and State Normal Cost for 2009 (including administrative expenses)	11,000,251
D. City and State Contributions, less Reserve Account Contribution	(28,091,712)
E. Interest at 7.75%	13,809,840
F. Expected Unfunded Actuarial Accrued Liability as of December 31, 2009	170,059,912
G. 2008 (Gain)/Loss	27,303,032
H. Unfunded Actuarial Accrued Liability as of December 31, 2009	197,362,944
I. Change in Assumptions	N/A
J. Change in Asset Valuation Method	N/A
K. Unfunded Actuarial Accrued Liability as of December 31, 2009	197,362,944

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

City Contribution Requirements

V. Unfunded Actuarial Accrued Liability

<u>Date</u> <u>Established</u>	<u>Description</u>	<u>-----Initial-----</u> <u>Amount</u>	<u>Period</u>	<u>-----01/01/10-----</u> <u>Current</u> <u>Amount</u>	<u>Remaining</u> <u>Period</u>	<u>2%</u> <u>Increasing</u> <u>Payment</u>
		<u>- \$-</u>		<u>- \$-</u>		<u>- \$-</u>
01/01/2003	Re-initialized Base	78,732,560	20	64,679,388	13	6,770,501
01/01/2004	Actuarial (Gain)/Loss	28,715,070	20	24,737,760	14	2,463,105
01/01/2005	Software Change	(3,016,264)	20	(2,690,828)	15	(256,090)
01/01/2005	Actuarial (Gain)/Loss	23,810,048	20	21,241,095	15	2,021,543
01/02/2006	Share Plan Gain	(317,323)	20	(293,062)	16	(26,772)
01/01/2006	Actuarial (Gain)/Loss	8,973,681	20	8,287,632	16	757,093
01/01/2007	Actuarial (Gain)/Loss	3,123,728	20	2,976,201	17	261,932
01/01/2008	Actuarial (Gain)/Loss	(169,648)	20	(166,243)	18	(14,141)
01/01/2008	Assumption Change	2,918,826	20	2,860,258	18	243,299
01/01/2008	Asset Smoothing Change	(22,041,532)	20	(21,599,254)	18	(1,837,274)
01/01/2009	Actuarial (Gain)/Loss	66,572,825	20	65,985,153	19	5,440,378
01/01/2010	Plan Amendment	4,041,812	20	4,041,812	20	323,823
01/01/2010	Actuarial (Gain)/Loss	27,303,032	20	<u>27,303,032</u>	20	<u>2,187,473</u>
	Total			197,362,944		18,334,870

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

Summary of Asset Transactions*
for Years Ending
December 31, 2009 and December 31, 2008
(Total Fund)

	<u>2009</u>	<u>2008</u>
	-\$-	-\$-
A. Market Value as of January 1	379,459,706	500,163,848
Adjustment to match Final Audit	<u>(237,427)</u>	<u>0</u>
Adjusted Market Value	379,222,279	500,163,848
 B. Additions During Year		
1. City Contributions	25,456,535	19,146,573
2. Member Contributions	4,264,471	3,996,724
3. State Contributions	4,409,900	5,272,367
4. Dividends, Interest, and other income	8,114,183	9,206,242
5. Gains (Losses)	44,625,838	(116,472,071)
6. Miscellaneous	<u>0</u>	<u>32,341</u>
7. Total	86,870,927	(78,827,824)
 C. Deductions During Year		
1. Benefit Payments	47,535,416	39,516,624
2. Contribution Refunds	170,406	249,791
3. Investment Expenses	1,279,068	1,517,289
4. Administrative Expenses	<u>520,610</u>	<u>592,611</u>
5. Total	49,505,500	41,876,318
 D. Market Value as of December 31		
(A) + (B) - (C)	416,587,706	379,459,706

* 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, 2009*
(Total Fund)

	Regular Fund	Chapter 185 Reserve Account	FF Share Plan	Total
	-\$-	-\$-	-\$-	-\$-
A. Market Value as of January 1	370,372,939	606,140	8,480,627	379,459,706
Adjustment to Match Final Audit	<u>(237,427)</u>	<u>0</u>	<u>0</u>	<u>(237,427)</u>
Adjusted Market Value	370,135,512	606,140	8,480,627	379,222,279
B. Additions During Year				
1. City Contributions	25,456,535			25,456,535
2. Member Contributions	4,264,471			4,264,471
3. State Contributions	2,635,176	0	1,774,724	4,409,900
4. Dividends and Interest	6,092,184			6,092,184
5. Gains (Losses)	43,438,711		1,187,127	44,625,838
6. Investment Return Allocation	(47,662)	47,662		0
7. Other Income	<u>2,021,999</u>	<u>0</u>	<u>0</u>	<u>2,021,999</u>
8. Total	83,861,414	47,662	2,961,851	86,870,927
C. Deductions During Year				
1. Benefit Payments	46,803,906		731,510	47,535,416
2. Contribution Refunds	170,406			170,406
3. Investment Expenses	1,279,068			1,279,068
4. Administrative Expenses	<u>489,169</u>	<u>0</u>	<u>31,441</u>	<u>520,610</u>
5. Total	48,742,549	0	762,951	49,505,500
D. Market Value as of December 31				
(A) + (B)-(C)	405,254,377	653,802	10,679,527	416,587,706

* Based on Draft of Auditor's Report

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

Distribution of Assets *

<u>Description</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
	-\$-	-\$-
Marketable Securities		
U.S. Government Securities	29,787,770	26,471,631
Corporate Bonds and Debentures	35,320,849	32,062,341
Equities - Common Stock	140,604,593	197,198,121
Mutual Funds	136,727,792	65,702,945
Partnerships	27,798,692	6,191,252
Real Estate Funds	<u>26,002,407</u>	<u>34,776,842</u>
A. Sub-Total	396,242,103	362,404,132
B. Cash and Equivalents	20,563,992	19,610,071
Receivables:		
City Contributions	0	0
Accounts Receivable	0	163,773
Member Contributions	0	0
Accrued Interest and Dividends	660,663	706,493
Unsettled Trades	<u>868,999</u>	<u>60,737</u>
C. Sub-Total	1,529,662	
D. Fixed Assets, Net	2,202	3,398
Payables:		
Accounts Payable & Accrued Liabilities	305,147	298,573
Member Contribution Refunds	0	0
Due to City of Fort Lauderdale	463,001	570,474
Unsettled Trades	<u>982,105</u>	<u>2,619,851</u>
E. Sub-Total	1,750,253	3,488,898
F. Total (A + B + C + D - E)	416,587,706	379,459,706
G. State Distributions - Reserves		
Police - Ch. 185	653,802	606,140
Fire-Share Plan	<u>10,679,527</u>	<u>8,480,627</u>
	11,333,329	9,086,767
H. Net Assets Available for Benefits (F-H)	<u>405,254,377</u>	<u>370,372,939</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 2009 Year

Year Established	Description	Ch. 185 Police -\$-	Ch. 175 Fire -\$-	Suppl. Fire -\$-
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	1,831,291	892,780	276,875

Reserve Account for 2009

	Ch. 185 Police -\$-	Ch. 175 Fire -\$-	Suppl. Fire -\$-
A. Reserve Account at December 31, 2008	606,140	0	0
B. Interest on (A) to September 30, 2009	35,135	0	0
C. Increase in Reserve Account			
1. Premium Tax Distribution for 2008	1,742,397	2,667,504	0
2. Date received	08/13/2009	08/17/2009	N/A
3. Adjusted Base Amount	1,831,291	892,780	276,875
4. Increase in Reserve Distribution	0	1,774,724	0
D. Interest on C (4) to September 30, 2009	0	0	0
E. Reserve Account at September 30, 2009 (A) + (B) + (C4) + (D)	641,275	1,774,724	0
F. Transfer to Firefighters' Share Plan	0	1,774,724	0
G. Transfer to Retirement System	0	0	0
H. Interest on (E) to December 31, 2009	12,527	0	0
I. Reserve Account at December 31, 2009 (E) - (F) - (G) + (H)	653,802	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, 2009 – 20% Write Up Method

	-\$-
A. Actuarial Value of Assets December 31, 2008	444,447,527
B. Contributions and Transfers (Net of Excess Premium Taxes)	32,356,182
C. Benefits and Administrative Expenses	47,463,481
D. Expected Return at 7.75%	<u>33,859,276</u>
E. Expected Actuarial Value of Assets (A + B - C + D)	463,199,504
F. Market Value of Assets	405,254,377
G. Difference	(57,945,127)
H. 20% of Difference	(11,589,025)
I. Preliminary Actuarial Asset Value (E + H)	451,610,479
J. Application of 20% Corridor	
80% of Market Value	324,203,502
120% of Market Value	486,305,252
K. Actuarial Asset Value	451,610,479

II. Rate of Return on Actuarial Asset Value

	-\$-
A. Actuarial Asset Value at Beginning of Year	444,447,527
B. Contributions	
1. Employer	25,456,535
2. Members	4,264,471
3. State (limited to Adjusted Base)	<u>2,635,176</u>
4. Total	32,356,182
C. Benefits and Administrative Expenses	47,463,481
D. Actuarial Asset Value at End of Year	451,610,479
E. Net Return on Investment [D + C - B - A]	22,270,251
F. Rate of Return [2 x E / (A + D - E)]	5.1%

**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, 2009

	<u>Actuarial</u>	<u>Market</u>
	-\$-	-\$-
A. Value at End of Year	451,610,479	405,254,377
B. Benefit Payments, Contribution Refunds, Admin. Expenses	47,463,481	47,463,481
C. Contributions by Members, City, and State	32,356,182	32,356,182
D. Value at Beginning of Year	444,447,527	370,135,512
E. Return on Investments (A + B - C - D)	22,270,251	50,226,164
F. Rate of Return [2E/(A + D-E)]	5.1%	13.9%

II. History of Investment Yield Rates

<u>Period Ending</u>	<u>Actuarial</u> <u>Asset Basis</u>	<u>Market Value</u> <u>Basis</u>
	-%-	-%-
12/31/09	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	4.8	2.1
10 Years	4.3	2.5
16 Years	7.5	6.9

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

Summary of Accounting Information

	<u>12/31/2009</u>	<u>12/31/2008</u>
I. <u>Present Value of Vested Accrued Benefits</u>	-\$-	-\$-
A. Service Retirements and Beneficiaries	413,688,066	413,029,323
B. Disability Retirements	8,985,542	7,929,645
C. Vested Terminated Members	4,366,740	4,633,518
D. Active Members	<u>151,267,152</u>	<u>124,420,340</u>
E. Total	578,307,500	550,012,826
II. <u>Present Value of Non-Vested Accrued Benefits</u>	<u>21,272,790</u>	<u>19,654,426</u>
III. <u>Present Value of Accrued Benefits</u>	599,580,290	569,667,252
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	569,667,252	
B. Increase (Decrease) During the Year Attributable to:		
1. Benefits Accumulated	28,355,213	
2. Benefits Paid and Contributions Refunded	(46,974,312)	
3. Assumption Changes	0	
4. Method Changes	0	
5. Plan Amendments	6,203,180	
6. Increase Due to Decrease in Discount Period	<u>42,328,957</u>	
7. Net Increase	29,913,038	
C. Present Value of Accrued Benefits at Valuation Date	599,580,290	

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

Funding Progress
((\$000))

	<u>12/31/2009</u>	<u>12/31/2008</u>
	-\$-	-\$-
I. <u>Assets</u>		
A. Actuarial Value	451,610	444,448
B. Market Value	405,254	370,373
II. <u>Liabilities</u>		
A. Retired and Vested	427,040	425,592
B. Active		
Employee Contributions	29,304	26,796
Other Vested	121,963	97,625
Non-Vested Accrued	<u>21,273</u>	<u>19,654</u>
C. Total Accrued	599,580	569,667
III. <u>Ratios</u>	%	%
IA/IIC	75.3	78.0
IB/IIC	67.6	65.0

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

Disclosure Information Under GASB 25/27

I. Funding Status and Progress as of December 31, 2009 and 2008

	<u>\$(Millions)</u>	
	<u>2009</u>	<u>2008</u>
Entry Age Actuarial Accrued Liability:		
- Retirees and beneficiaries currently receiving benefits (including DROP accounts) and terminated employees not yet receiving benefits	427.1	425.6
- Current employees	<u>221.9</u>	<u>188.4</u>
Total Entry Age Actuarial Accrued Liability	649.0	614.0
Net assets available for benefits (Market Value)	405.3	370.4
Unfunded Entry Age Actuarial Accrued Liability	<u>243.7</u>	<u>243.6</u>

The Entry Age Actuarial Accrued Liability was determined as part of an actuarial valuation at December 31, 2009. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 3.25 percent per year 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 \$34,130,906 (\$25,456,535 employer, \$4,409,900 State, and \$4,264,471 employees) were made for the year ending December 31, 2009. These contributions consisted of (a) \$15,370,458 normal cost, (b) \$16,465,114 amortization of the unfunded actuarial accrued liability, (c) \$0 contribution to the Reserve Account, (d) \$1,774,724 to the Firefighters share account, and (e) \$520,610 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements for the year ending December 31, 2009 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) Net Assets Available for Benefits (\$)	(2) Entry Age Actuarial Liability (\$)	(3) Percent Funded (%)	(4) Unfunded AAL (2)-(1) (\$)	(5) Annual Covered Payroll (\$)	(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

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.

**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

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, 2010, and the resulting \$292,075 total was added to the 2010 City contribution requirement.

**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

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

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

Member Statistics

I. Active Members

	<u>Valuation Date</u>			
	<u>12/31/2009</u>	<u>12/31/2008</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
<u>Number of</u>				
Males	715	669	673	576
Females	<u>89</u>	<u>85</u>	<u>84</u>	<u>65</u>
Total	804	754	757	641
<u>Averages</u>				
Current Age	37.1	37.3	37.4	38.3
Credited Past Service	9.1	9.3	9.6	10.4
Annual Earnings	\$76,702	\$70,061	\$67,770	\$66,836

II. Inactive Members

A. DROP Participants				
Number	70	N/A	N/A	N/A
Average Annual Benefit	\$57,450			
Average Age	50.7			
B. Retirees and Beneficiaries				
Number	839	894	859	849
Average Annual Benefit	\$40,227	\$41,423	\$39,973	\$39,686
Average Age	63.7	62.2	62.0	61.5
C. Disabled				
Number	21	19	17	14
Average Annual Benefit	\$37,656	\$36,473	\$35,780	\$34,954
Average Age	47.9	47.6	46.9	46.9
D. Vested Terminated				
Number	18	20	25	25
Average Annual Benefit	\$26,867	\$27,106	\$29,481	\$27,287
Average Age	42.8	41.8	41.4	42.23

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

Age-Service Distribution - Police

Age	<u>Completed Years of Service</u>										<u>Earnings</u>	
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -\$-	Avg -\$-
15-24	16	19	-	-	-	-	-	-	-	35	1,829,891	52,283
25-29	16	54	15	-	-	-	-	-	-	85	5,249,692	61,761
30-34	4	40	32	7	-	-	-	-	-	83	5,893,012	71,000
35-39	3	22	23	28	13	-	-	-	-	89	6,879,955	77,303
40-44	3	8	16	23	34	4	-	-	-	88	7,620,177	86,593
45-49	2	7	7	5	18	12	1	-	-	52	4,259,276	81,909
50-54	-	1	1	4	5	5	1	1	-	18	1,611,165	89,509
55-59	-	-	-	-	-	2	-	2	-	4	428,587	107,147
60-64	-	-	1	2	-	-	-	-	1	4	323,553	80,888
65+	=	=	=	=	=	=	=	=	=	=	=	=
TOTAL	44	151	95	69	70	23	2	3	1	458	34,095,308	74,444

Average Age: 36.7

Average Service: 8.9

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

Age-Service Distribution - Firefighters

Age	<u>Completed Years of Service</u>										<u>Earnings</u>	
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -\$-	Avg -\$-
15-24	10	8	-	-	-	-	-	-	-	18	1,021,332	56,741
25-29	16	27	9	-	-	-	-	-	-	52	3,347,456	64,374
30-34	5	13	19	16	-	-	-	-	-	53	4,053,691	76,485
35-39	4	17	21	42	12	-	-	-	-	96	7,903,049	82,323
40-44	-	4	12	36	15	2	-	-	-	69	6,032,060	87,421
45-49	1	1	5	11	14	3	1	-	-	36	3,176,029	88,223
50-54	1	-	3	6	3	4	-	-	-	17	1,485,477	87,381
55-59	-	-	-	-	1	-	-	2	-	3	323,036	107,679
60-64	-	-	-	-	1	-	-	1	-	2	231,183	115,592
65+	=	=	=	=	=	=	=	=	=	=	=	=
TOTAL	37	70	69	111	46	9	1	3	-	346	27,573,313	76,692

Average Age: 37.7

Average Service: 9.5

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

Age-Service Distribution - Total

Age	<u>Completed Years of Service</u>										<u>Earnings</u>	
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total	Total -\$-	Avg -\$-
15-24	26	27	-	-	-	-	-	-	-	53	2,851,223	53,797
25-29	32	81	24	-	-	-	-	-	-	137	8,597,148	62,753
30-34	9	53	51	23	-	-	-	-	-	136	9,946,703	73,138
35-39	7	39	44	70	25	-	-	-	-	185	14,783,004	79,908
40-44	3	12	28	59	49	6	-	-	-	157	13,652,237	86,957
45-49	3	8	12	16	32	15	2	-	-	88	7,435,305	84,492
50-54	1	1	4	10	8	9	1	1	-	35	3,096,642	88,475
55-59	-	-	-	-	1	2	-	4	-	7	751,623	107,375
60-64	-	-	1	2	1	-	-	1	1	6	554,736	92,456
65+	=	=	=	=	=	=	=	=	=	=	=	=
TOTAL	81	221	164	180	116	32	3	6	1	804	61,668,621	76,702

Average Age: 37.1

Average Service: 9.1

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

Member Reconciliation

A. Active lives

1. Total number prior valuation (December 31, 2008)	754
2. Terminations	
a. Vested with deferred benefits	0
b. Non-vested or received refund of employee contributions	11
3. Deaths	
a. Beneficiary receiving benefits	0
b. No future benefits payable	0
4. Disabled	3
5. Retired or entered DROP	19
6. Voluntary withdrawal	0
	<hr/>
7. Continuing participants	721
8. New entrants	81
9. Data Corrections/Rehires	<u>2</u>
10. Total active life participants in valuation (December 31, 2009)	804

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	805	89	19	20	933
2. In	38	14	3	0	55
3. Out	4	33	1	2	40
4. Number current valuation	<u>839</u>	<u>70</u>	<u>21</u>	<u>18</u>	<u>948</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.
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; 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.

Changes Since

Prior Valuation:

Member contribution rate increased to 8.0% of compensation effective 10/1/2009 and to 8.25% effective 10/1/2011.

Maximum DROP period extended to 96 months; Bac-DROP maximum period extended to 60 months.

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

Summary of Actuarial Basis

Valuation Date: January 1, 2010 for Plan Year beginning January 1, 2010 and Fiscal Year beginning October 1, 2010.

Valuation Method: Individual Entry Age Normal Cost Method; Closed Group; Initial amortization period is 20 years; payment 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
(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%

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
(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:	Retirement rates increased by 10% for 20-22 years of service.

**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>
	-%-	-%-	-%-	-%-	-%-	-%-
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.

Amortization of Unfunded Liability

<u>Valuation</u>	<u>Unfunded Liability</u>	<u>Amortization</u>
	- \$-	- \$-
01/01/2010	197,362,944	18,334,870
01/01/2011	192,902,750	18,701,567
01/01/2012	187,701,774	19,075,598

01/01/2030	0	0

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