

CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF JANUARY 1, 2013
(Revised January 28, 2014)

CONTRIBUTIONS APPLICABLE TO THE
PLAN YEAR ENDING DECEMBER 31, 2013

January 28, 2014

Board of Trustees
City of Fort Lauderdale
Police and Firefighters' Retirement System
888 South Andrews Ave., Suite 202
Fort Lauderdale, FL 33316

Re: City of Fort Lauderdale
Police and Firefighters' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, 175, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, financial reports, and asset information supplied by the Board of Trustees, in addition to the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinion.

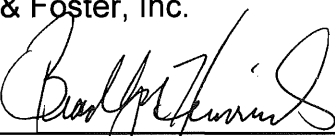
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Fort Lauderdale, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Fort Lauderdale Police and Firefighters' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:



Bradley R. Heinrichs, FSA, MAAA
Enrolled Actuary #11-6901

BRH/lke

Enclosures

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SUMMARY OF REPORT

The revised annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System, performed as of January 1, 2013, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the plan year ending December 31, 2013.

The contribution requirements, compared with amounts developed in the revised January 1, 2012 actuarial valuation performed by The Nyhart Company, Inc. (as summarized in correspondence dated December 13, 2012), are as follows:

Valuation Date	01/01/2013	01/01/2012
Applicable Plan Yr. End	<u>12/31/2013</u>	<u>12/31/2012</u>
Total Required Contribution	\$24,573,928	\$23,195,342
Less Member Contributions (est.)	5,629,137	5,395,802
Equals City and State Required Contribution	18,944,791	17,799,540
Less State Contribution (est.)	2,986,020	2,986,020
Equals Balance from City	\$15,958,771	\$14,813,520
As % of Covered Payroll *	23.4%	22.7%
As % of Total Payroll (incl. DROP) *	20.5%	19.2%
Less 2013 Prepaid City Contribution	\$13,274,563	N/A
Less Interest on 2013 Prepaid Cont.	\$995,592	N/A
Equals 2013 Net Balance from City	\$1,688,616	N/A

* Please note the percentage-of-payroll rates included in the table shown above are for illustration purposes only. The City should budget based on the actual dollar contribution requirements.

This is our first actuarial valuation performed for the City of Fort Lauderdale Police and Firefighters' Retirement System. Since some of the historical data typically shown in our report is not readily available, we are not able to provide all of the information we would like to include. As a result, we have shown a "N/A" where the data was not available. In future years, the N/A's will be replaced with actual results.

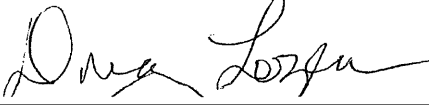
During the most recent plan year, experience has been more favorable than expected, relative to the Plan's actuarial assumptions. The primary sources of favorable experience included averages increases in Pensionable Earnings that were below the assumed rate by 1.5%, and greater than expected mortality. These gains were partially offset by a 6.5% investment return (Actuarial Asset Basis), falling short of the 7.5% assumption. For a detailed analysis that displays the actuarial gain/loss by component, please refer to page 14 of the report.

In conjunction with the transition of hiring Foster & Foster as the actuary for the Fund, we have implemented the use of the ProVal valuation software for purposes of valuing the liabilities associated with the Plan. ProVal, developed by WinTech in Greenwich, CT, is the most robust actuarial software available on the market. While the funding requirements produced by ProVal and the prior system resulted in negligible differences, the attribution methods used under each system when calculating Normal Cost and Accrued Liability for active Members are slightly different. Therefore, the total Accrued Liability (and Unfunded Actuarial Accrued Liability) shows a slightly larger decrease than would have been expected, which has been incorporated as an "experience gain" for the Plan.

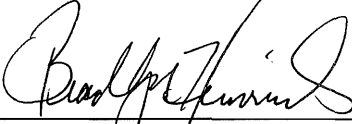
The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board to discuss the Report and answer any questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 

Douglas H. Lozen, EA, MAAA

By: 

Bradley R. Heinrichs, FSA, MAAA

CHANGES SINCE PRIOR REPORT

1. Benefit Provisions

There have been no changes in benefits since the prior valuation.

2. Actuarial Assumptions/Methods

In conjunction with this valuation, the salary scale assumption has been revised as shown below, effective January 1, 2013 and applicable to all participants.

Please note the rates shown are the expected increase in annual salary in addition to a 2.75% inflationary component.

<u>Service</u>	<u>% Increase (Prior)</u>	<u>% Increase (Current)</u>
1-6	6.5%	3.0%
7-10	2.5%	2.5%
11-25	1.0%	1.0%
26+	0.5%	0.5%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>New Assums</u> <u>01/01/2013</u>	<u>Old Assums</u> <u>01/01/2013</u>	<u>Old Assums</u> <u>01/01/2012</u>
<u>A. Participant Data</u>			
Number Included			
Actives	785	785	798
Service Retirees	730	730	717
Beneficiaries	134	134	130
Terminated Vested	20	20	18
Disability Retirees	23	23	22
DROP Retirees	85	85	83
Total	<u>1,777</u>	<u>1,777</u>	<u>1,768</u>
Total Annual Payroll	68,866,060	69,706,576	65,318,290
Payroll Under Assumed Ret. Age	68,081,948	68,922,464	65,318,290
Annual Rate of Payments to:			
Service Retirees *	32,823,979	32,823,979	N/A
Beneficiaries *	3,160,717	3,160,717	N/A
Terminated Vested	541,292	541,292	618,615
Disability Retirees	850,820	850,820	788,435
DROP Retirees	5,733,851	5,733,851	5,162,440
<u>B. Assets</u>			
Actuarial Value	692,486,922	692,486,922	669,414,298
Market Value	664,657,786	664,657,786	616,882,544
<u>C. Liabilities</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	374,426,252	381,571,430	381,015,731
Disability Benefits	11,762,427	12,143,205	11,948,950
Death Benefits	4,666,529	4,827,296	3,414,442
Vested Benefits	9,939,698	10,259,489	7,270,857
Refund of Contributions	1,761,588	1,795,064	1,514,340
Service Retirees *	354,402,795	354,402,795	N/A
Beneficiaries *	26,908,508	26,908,508	N/A
Terminated Vested	5,668,617	5,668,617	6,925,119
Disability Retirees	9,393,961	9,393,961	7,966,637
DROP Retirees *	88,689,743	88,689,743	N/A
Total	<u>887,620,118</u>	<u>895,660,108</u>	<u>870,501,761</u>

* The January 1, 2012 actuarial valuation report provided by The Nyhart Company, Inc. does not include this specific information.

<u>C. Liabilities - (Continued)</u>	<u>New Assums 01/01/2013</u>	<u>Old Assums 01/01/2013</u>	<u>Old Assums 01/01/2012</u>
Present Value of Future Salaries	604,241,355	625,833,248	540,318,000
Normal Cost (Entry Age)			
Retirement Benefits *	15,575,944	15,725,804	N/A
Disability Benefits *	1,216,445	1,218,147	N/A
Death Benefits *	373,832	375,635	N/A
Vested Benefits *	710,733	718,869	N/A
Refunds *	312,526	306,552	N/A
Total Normal Cost	<u>18,189,480</u>	<u>18,345,007</u>	<u>17,729,936</u>
Present Value of Future Normal Costs	154,783,890	162,353,742	146,388,948
Actuarial Accrued Liability			
Retirement Benefits *	238,453,670	238,903,613	N/A
Disability Benefits *	2,975,537	2,981,265	N/A
Death Benefits *	1,239,995	1,245,206	N/A
Vested Benefits *	4,806,133	4,830,824	N/A
Refunds *	297,269	281,834	N/A
Inactives	485,063,624	485,063,624	465,337,441
Total Actuarial Accrued Liability	<u>732,836,228</u>	<u>733,306,366</u>	<u>724,112,813</u>
Unfunded Actuarial Accrued Liability (UAAL)	40,349,306	40,819,444	54,698,515
<u>D. Actuarial Present Value of Accrued Benefits</u>			
Vested Accrued Benefits			
Inactives	485,063,624	485,063,624	465,337,441
Actives *	117,524,876	117,524,876	N/A
Member Contributions *	43,594,426	43,594,426	N/A
Total	<u>646,182,926</u>	<u>646,182,926</u>	<u>649,180,246</u>
Non-vested Accrued Benefits	33,063,855	33,063,855	19,992,780
Total Present Value Accrued Benefits	<u>679,246,781</u>	<u>679,246,781</u>	<u>669,173,026</u>
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	0	0	
New Accrued Benefits	0	5,020,441	
Benefits Paid	0	(43,503,290)	
Interest	0	48,556,604	
Other	0	0	
Total:	<u>0</u>	<u>10,073,755</u>	

* The January 1, 2012 actuarial valuation report provided by The Nyhart Company, Inc. does not include this specific information.

Valuation Date	New Assums	Old Assums	Old Assums
Applicable to the Year Ending	<u>01/01/2013</u>	<u>01/01/2013</u>	<u>01/01/2012</u>
	<u>12/31/2013</u>	<u>12/31/2013</u>	<u>12/31/2012</u>
<u>E. Pension Cost</u>			
Normal Cost	\$18,189,480	\$18,345,007	\$17,729,936
Administrative Expenses	575,000	575,000	506,000
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years as of 1/1/13	4,436,461	4,473,456	5,319,248
Applicable Interest *	1,372,987	1,384,380	(359,842)
Total Required Contribution	24,573,928	24,777,843	23,195,342
Expected Member Contributions	5,629,137	5,699,068	5,395,802
Expected City and State Contrib.	\$18,944,791	\$19,078,775	\$17,799,540
<u>F. Past Contributions</u>			
Plan Year Ending:	<u>12/31/2012</u>		<u>12/31/2011</u>
Total Required Contribution	23,195,342		38,553,724
City and State Requirement	17,799,540		33,391,584
Actual Contributions Made:			
Members	5,399,448		5,202,719
City	14,813,520		204,113,421
State	2,986,020		2,413,449
Total	<u>23,198,988</u>		<u>211,729,589</u>
<u>G. Actuarial Gain/(Loss)</u>	12,807,830		(14,047,611)

* The interest component used to develop the above funding requirements for the year ending December 31, 2013 was determined by calculating interest through October 15, 2013. If the required contributions are deposited at a later date, additional interest at the assumed 7.5% annual rate must be added. The calculated interest for the year ending December 31, 2012 was reduced in light of a \$28,088,083 City contribution that was deposited on December 15, 2011.

H. Schedule Illustrating Amortization of the Total Unfunded Actuarial Accrued Liability

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	40,349,306
2014	38,606,307
2015	36,637,199
2020	22,686,495
2025	5,348,184
2033	0

I. Recent Trend Disclosures

(i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation

		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2012	4.5%	6.0%
Year Ended	12/31/2011	6.6%	6.4%
Year Ended	12/31/2010	3.2%	6.5%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

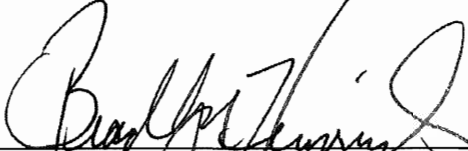
		<u>Actual</u>	<u>Assumed</u>
Year Ended	12/31/2012	6.5%	7.50%
Year Ended	12/31/2011	5.0%	7.75%
Year Ended	12/31/2010	6.3%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	1/1/2013	\$68,866,060
	1/1/2003	N/A
(b) Total Increase		N/A
(c) Number of Years		10
(d) Average Annual Rate		N/A

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation 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.



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #11-6901

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Ms. Sarah Carr
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION AND DERIVATION OF THE
UNFUNDED ACTUARIAL ACCRUED LIABILITY

(1)	Unfunded Actuarial Accrued Liability as of January 1, 2012	\$54,698,515
(2)	City and State Normal Cost Applicable for the Year	12,334,134
(3)	Expected Administrative Expenses for the Year	506,000
(4)	Interest on (1), (2), and (3)	5,046,424
(5)	Sponsor Contributions to the System during the year ending December 31, 2012	17,799,540
(6)	Interest on (5)	1,158,259
(7)	Expected Unfunded Actuarial Accrued Liability as of January 1, 2013 (1)+(2)+(3)+(4)-(5)-(6)	53,627,274
(8)	New UAAL due to Experience (Gain)/Loss	(12,807,830)
(9)	Decrease in UAAL due to Revised Salary Scale Assumption	(470,138)
(10)	Unfunded Actuarial Accrued Liability as of January 1, 2013	40,349,306

	<u>Date Established</u>	<u>Years Remaining</u>	<u>1/1/2013 Amount</u>	<u>Amortization Amount</u>
Re-initialized Base	1/1/2003	10	14,341,036	1,795,925
Actuarial Loss	1/1/2004	11	5,598,508	652,753
Software Change	1/1/2005	12	(619,603)	(67,805)
Actuarial Loss	1/1/2005	12	4,891,076	535,248
Share Plan Gain	1/1/2006	13	(68,487)	(7,082)
Actuarial Loss	1/1/2006	13	1,936,791	200,280
Actuarial Loss	1/1/2007	14	704,472	69,231
Actuarial Gain	1/1/2008	15	(39,791)	(3,734)
Assum Change	1/1/2008	15	684,605	64,252
Asset Smooth Change	1/1/2008	15	(5,169,796)	(485,197)
Actuarial Loss	1/1/2009	16	15,948,658	1,435,534
Plan Amendment	1/1/2010	17	985,380	85,377
Actuarial Loss	1/1/2010	17	6,656,386	576,735
Actuarial Gain	1/1/2011	18	(211,215)	(17,673)
Actuarial Loss	1/1/2012	19	3,513,903	284,767
Assum Change	1/1/2012	19	4,475,351	362,683
Actuarial Gain	1/1/2013	20	(12,807,830)	(1,007,838)
Assum Change	1/1/2013	20	(470,138)	(36,995)
			40,349,306	4,436,461

DETAILED ACTUARIAL GAIN/(LOSS) ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of January 1, 2012	54,698,515
(2)	Expected UAAL as of January 1, 2013	53,627,274
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	6,892,552
	Administrative Expenses	52,183
	Retirement/DROP	(841,285)
	Employee Turnover	705,046
	Active Mortality	(85,523)
	Disability	(486,512)
	Inactive Mortality	(6,287,458)
	Salary Increases	(4,297,878)
	New Entrants	504,949
	Transition to ProVal Software	(12,089,055)
	Other	<u>3,125,151</u>
	Increase in UAAL due to (Gain)/Loss	(12,807,830)
(4)	Decrease in UAAL due to Revised Salary Scale	(470,138)
(5)	Actual UAAL as of January 1, 2013	40,349,306

DETERMINATION OF CUMULATIVE GAIN/(LOSS) EXPERIENCE POSITION

(1)	Expected Unfunded Actuarial Accrued Liability as of December 31, 2011	(\$90,996,387)
(2)	City and State Normal Cost Applicable for the Year	12,334,134
(3)	Expected Administrative Expenses for the Year	506,000
(4)	Interest on (1), (2), and (3)	(5,880,694)
(5)	Sponsor Contributions to the System during the year ending December 31, 2012	17,799,540
(6)	Interest on (5)	1,158,259
(7)	Expected UAAL as of December 31, 2012 (1)+(2)+(3)+(4)-(5)-(6)	(102,994,746)
(8)	Actual UAAL as of December 31, 2012 ¹	40,819,444
(9)	Cumulative Experience Gain/(Loss) as of December 31, 2012 (7) - (8)	(143,814,190)

¹ Represents Actual UAAL prior to change in salary increase assumption

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates RP-2000 Table projected by Scale AA to 2012.

Disabled Mortality Rates RP-2000 Disabled Table projected by Scale AA to 2012

Interest Rate 7.50% per year compounded annually, net of investment related expenses.

Retirement Rates

<u>Service</u>	Probability of Retirement (Police)	Probability of Retirement (Fire)
20 – 22	45%	40%
23 – 24	50	30
25 – 30	15	15
30+	100	100

No Members are expected to take reduced Early Retirement.

Salary Increases

<u>Service</u>	Annual % Increase*
1 – 6	3.0%
7 – 10	2.5
11 – 25	1.0
26+	0.5

Expected increase in annual salary in addition to 2.75% inflationary component.

Cost of Living Adjustments None.

Funding Method Entry Age Normal Actuarial Cost Method. An interest load to October 15 of the applicable plan year is utilized for determination of the Total Required Contribution.

Payroll Increases 2.0% per year.

Administrative Expenses Equal to prior year's expense amount. \$575,000 for 2012.

Termination Rates

<u>Age</u>	<u>Years of Service</u>	<u>% Separating from Employment Within the Next Year</u>
All Ages	0	10.00%
	1	6.67
	2	6.00
	3	5.33
	4	4.67
25		4.70
30		4.30
35		3.00
40		1.30
45		0.60
50		0.30
55		0.00

Disability Rates

<u>Age</u>	<u>% Become Disabled within Next Year</u>
20	0.14%
25	0.15
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00
55	1.55

It is assumed that 75% of disablements and active Member deaths are service related.

Marital Status

All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males.

Actuarial Value of Assets

The Actuarial Value of Assets is calculated by recognizing 20% of the difference between the Market Value of Assets and the expected Actuarial Value of Assets.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

City of Fort Lauderdale
Police and Firefighters' Retirement System

BALANCE SHEET
December 31, 2012

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Pending Trades Receivable	12,073,470.00
Pending Trades Payable	(13,096,699.00)
Cash	33,059,102.00
 Total Cash and Equivalents	 32,035,873.00
 Receivable:	
Other	2,342,817.00
Accrued Income	2,545,526.00
 Total Receivable	 4,888,343.00
 Investments:	
U S Govt/Govt Sponsored/Agency	79,056,487.00
Corporate Bonds/CMOs/REMICs	100,549,654.00
Corporate Stocks/REITs	136,055,346.00
Partnerships	50,545,846.00
Real Estate	47,845,907.00
Fund of funds	105,830,224.00
Mutual Funds	55,347,146.00
Pooled/Common/Commingled Funds	90,860,501.00
 Total Investments	 666,091,111.00
 Capital Assets (Net of Accumulated Depreciation)	 471.00
 TOTAL ASSETS	 703,015,798.00
 <u>LIABILITIES AND NET ASSETS</u>	
 Liabilities:	
Payable:	
Accounts Payable and Accrued Liabilities	370,555.00
To City of Fort Lauderdale	4,037,153.00
Prepaid City Contribution	13,274,563.00
 Total Liabilities	 17,682,271.00
 Net Assets:	
Active and Retired Members' Equity	664,657,785.76
Share Plan Benefits	19,857,220.47
Excess State for Police	818,520.77
 Net Assets, including DROP Balances	 685,333,527.00
 TOTAL LIABILITIES AND NET ASSETS	 703,015,798.00

City of Fort Lauderdale
Police and Firefighters' Retirement System

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2012
Market Value Basis

REVENUES

Contributions:		
Member	5,399,448.00	
City	14,813,520.00	
State	2,986,019.84	
State for Share Plan	2,633,383.77	
Total Contributions		25,832,371.61
Earnings from Investments		
Interest & Dividends (including interest on POB)	21,878,198.00	
Miscellaneous Income	2,183,429.00	
Net Realized & Unrealized Gain (Loss)	48,780,017.82	
Total Earnings and Investment Gains		72,841,644.82

EXPENDITURES

Expenses:		
Investment Related ¹	3,085,014.00	
Administrative	574,586.00	
Administrative for Share	33,646.00	
Total Expenses		3,693,246.00
Distributions to Members:		
Benefit Payments	36,384,127.04	
Lump Sum DROP Balances	6,002,098.96	
Lump Sum Share Distributions	896,554.43	
Termination Payments	220,510.00	
Total Distributions		43,503,290.43
Share Account & Excess Reserve Net Change		3,702,237.83
Change in Net Assets for the Year		47,775,242.17
Net Assets Beginning of the Year		616,882,543.59
Net Assets End of the Year		664,657,785.76

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

City of Fort Lauderdale
Police and Firefighters' Retirement System

ACTUARIAL ASSET VALUATION
December 31, 2012

It is calculated by first projecting the beginning of the year value to the end of the year with the assumed 7.5% interest rate and with the actual contributions less benefit payments that accumulated during the year. The resulting figure represents the "Expected Value" assuming a return on assets equal to the actuarial assumption. In order to reflect actual investment results, an adjustment is then made equal to 20% of the difference between the "Expected Value" and the actual market value of the fund.

Development of Investment Gain/Loss

Market Value of Assets, 12/31/2011	616,882,544
Actuarial Value of Assets, 12/31/2011	669,414,298
Contributions and Transfers (net of Excess Premium Taxes to Share)	23,198,988
Benefit Payments & Admin Expenses (not including Share)	(43,181,322)
Expected Investment Earnings*	<u>50,012,242</u>
Expected Actuarial Value of Assets, 12/31/2012	699,444,206
Market Value of Assets, 12/31/2012	664,657,786
Actuarial Investment Gain/(Loss)	(34,786,420)

*Expected Investment Earnings =

$$0.075 * (669,414,298 + 0.5 * (23,198,988 - 43,181,322) + 0.5 * 14,813,520)$$

Development of Actuarial Value of Assets

Expected Actuarial Value of Assets, 12/31/2012	699,444,206
Adjustment to Recognize Actual Return (20% of gain/loss)	<u>(6,957,284)</u>
Actuarial Value of Assets, 12/31/2012	692,486,922
(A) 12/31/2011 Actuarial Assets:	669,414,298
(I) Net Investment Income:	
1. Interest and Dividends	21,878,198
2. Net Realized & Unrealized Gains (Losses)	48,780,018
3. Change in Actuarial Value	(24,702,619)
4. Investment Expenses	<u>(3,085,014)</u>
Total	42,870,583
(B) 12/31/2012 Actuarial Assets:	692,486,922
Actuarial Asset Rate of Return = 2I/(A+B-I):	6.5%
Market Value of Assets Rate of Return:	10.8%
1/01/13 Limited Actuarial Assets:	692,486,922
(Lesser of Actuarial Assets or 120% of Market Value, but not less than 80% of Market Value)	

City of Fort Lauderdale
Police and Firefighters' Retirement System

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2012
Actuarial Asset Basis

REVENUES

Contributions:		
Member	5,399,448.00	
City	14,813,520.00	
State	2,986,019.84	
State for Share Plan	2,633,383.77	
Total Contributions		25,832,371.61
Earnings from Investments		
Interest & Dividends (including interest on POB)	21,878,198.00	
Miscellaneous Income	2,183,429.00	
Net Unrealized & Realized Gain (Loss)	48,780,017.82	
Change in Actuarial Value	(24,702,618.51)	
Total Earnings and Investment Gains		48,139,026.31

EXPENDITURES

Expenses:		
Investment Related ¹	3,085,014.00	
Administrative	574,586.00	
Administrative for Share	33,646.00	
Total Expenses		3,693,246.00
Distributions to Members:		
Benefit Payments	36,384,127.04	
Lump Sum DROP Balances	6,002,098.96	
Lump Sum Share Distributions	896,554.43	
Termination Payments	220,510.00	
Total Distributions		43,503,290.43
Share Account & Excess Reserve Net Change		3,702,237.83
Change in Net Assets for the Year		23,072,623.66
Net Assets Beginning of the Year		669,414,298.00
Net Assets End of the Year²		692,486,921.66

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

City of Fort Lauderdale
Police and Firefighters' Retirement System

RESERVE ACCOUNT FOR FUTURE BENEFIT IMPROVEMENTS

Adjusted Base Amount for 2012 Plan Year

<u>Year Established</u>	<u>Description</u>	<u>Ch. 185 Police</u>	<u>Ch. 175 Fire</u>	<u>Suppl. Fire</u>
1998	Base Year Tax Distribution	1,567,270.76	865,800.00	276,875.00
2000	Fire: 55/10 NRD; minimum disability = accrued benefit	0.00	26,980.00	0.00
2001	Police: 55/10 NRD	29,665.00	0.00	0.00
2007	Police: 40 hours overtime	234,355.00	0.00	0.00
	Adjusted Base Amount	<u>1,831,290.76</u>	<u>892,780.00</u>	<u>276,875.00</u>

Reserve Account Development - December 31, 2012

	<u>Ch. 185 Police</u>	<u>Ch. 175 Fire</u>	<u>Suppl. Fire</u>
A. Reserve Account at December 31, 2011	760,664.31	0.00	0.00
B. Interest on (A) to September 30, 2012	42,670.14	0.00	0.00
C. Increase in Reserve Account			
1. 2012 Premium Tax Distribution	1,816,364.84	3,504,173.01	298,865.76
2. Adjusted Base Amount	1,831,290.76	892,780.00	276,875.00
3. Increase to Reserve Account	0.00	2,611,393.01	21,990.76
D. Interest on C (3) to September 30, 2012	0.00	0.00	0.00
E. Reserve Account Balance at September 30, 2012 (A) + (B) + (C3) + (D)	<u>803,334.45</u>	<u>2,611,393.01</u>	<u>21,990.76</u>
F. Transfer to Firefighters' Share Plan	0.00	2,611,393.01	21,990.76
G. Transfer to Retirement System	0.00	0.00	0.00
H. Interest on (E) to December 31, 2012	15,186.32	0.00	0.00
I. Reserve Account Balance at December 31, 2012 (E) - (F) + (G) + (H)	<u>818,520.77</u>	<u>0.00</u>	<u>0.00</u>

ELIGIBILITY FOR RETIREMENT

Members are eligible for Normal Retirement based upon the following criteria:

- 1) Attained Age 55 with 10 Years of Credited Service
- 2) 20 Years of Credited Service regardless of Age

Members (Fire Only) are eligible for Early Retirement based upon the following criteria:

- 1) Attained Age 50 with 10 Years of Credited Service

As of the date of this valuation, the following list of Members are eligible for:

Normal Retirement	Early Retirement	
ALEXANDER, JEFF, BRABBLE Jr., WA, CRISTAFARO, PAU, DALE, JOHN D, DIETRICH, KAREN, GENNA, JOSEPH M, HERBERT, CHRIST, IBEN, DALE W, JACQUES, HARVEY, KERNODLE, DENIS, KINSEY, STEPHEN, LILLISTON Jr.,, MACDOUGALL, DOU, MAGLIONE, RICK, MANIATES, PAUL, MARACOTTA, KARL, MILLS, TODD D, MOGAVERO Jr., J, PALLEN, ANDREW, RENNER, MARK R, RHODES, RICHARD, ROBERTSON, KARL, SHEEHAN, KEVIN, STEWART, WILLIA, WENGER, EDWARD, WHEELER, DAVID, ALEXANDER, DONN, ARCAS, DAVID R, BECKWITH, DAVID, BLOOMBERG, JOHN,	CARTER, DAVID J, COMER, DARRELL, D'AGOSTINO, LIL, DIPETRILLO, DAV, DUNCAN III, EDW, FARLEY, DOUGLAS, FERRARA, RAYMON, GILBERT Jr., PA, HICKS, MICHAEL, JACKS, JEFFREY, JOHNSON, WAYNE, MCDONALD, PAUL, MCGEE, PATRICK, MORAL, JORGE L, ROZSA, JONATHAN, SANANGELO, JOHN, SIMAC, ROBERT E,	ANDERSON, WILFR, BAHRENBURG, WAL, BODIE, PAUL M, BUTLER JR, NATH, CARUSO, SALVATO, CLEMENTS, THOMA, DIETZ, WALTER C, GRIJALVA, YURI, KALIS, EDWARD S, KELLY, RENEE A, KISAREWICH, ROB, PEASANT, ERIC E, RIFFLARD, JEREM, ROGERS, STEPHEN, SHEWBRIDGE, KIM, SUMNER, KEVIN, VECCIA, LORI J,

STATISTICAL DATA

	<u>1/1/2011</u>	<u>1/1/2012</u>	<u>1/1/2013</u>
Number	802	798	785
Average Current Age	37.5	38.0	38.3
Average Age at Employment	28.0	28.0	28.1
Average Past Service	9.5	10.0	10.2
Average Annual Salary	\$78,019	\$81,852	\$88,798

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	4	6	5	4	1	0	0	0	0	0	0	20
25 - 29	11	8	17	27	15	29	0	0	0	0	0	107
30 - 34	5	8	4	21	15	67	26	0	0	0	0	146
35 - 39	3	3	1	10	6	44	72	11	0	0	0	150
40 - 44	1	0	4	3	7	27	78	61	11	0	0	192
45 - 49	0	2	0	5	3	9	31	42	14	0	0	106
50 - 54	1	0	0	1	2	3	15	16	7	0	1	46
55 - 59	0	0	0	1	0	2	5	3	2	0	1	14
60 - 64	0	0	0	0	0	0	0	0	0	0	4	4
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	25	27	31	72	49	181	227	133	34	0	6	785

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 01/1/12	798
b. Terminations	
i. Vested (partial or full) with deferred benefits	5
ii. Non-vested or full lump sum distribution received	5
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	1
e. Retired	6
f. DROP	21
g. Continuing participants	760
h. New entrants	25
i. Total active life participants in valuation	785

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	717	130	22	18	83	970
b. In	25	7	1	5	21	59
c. Out	12	3	0	3	19	37
d. Number current valuation	730	134	23	20	85	992

SUMMARY OF PLAN PROVISIONS

<u>Membership</u>	Police officers and firefighters.
<u>Credited Service</u>	Total years and fractional parts of years of years of service of any Member, from the date he first entered employment as a Police Officer or Firefighter until either the date of his DROP Retirement or the date his employment shall be terminated by death, retirement, or discharge.
<u>Compensation</u>	Base pay, assignment pay, and longevity bonuses, including pick-up contributions, and up to forty (40) hours of overtime for police officers.
<u>Average Final Compensation</u>	Average Compensation during the highest 2 years of Credited Service.
<u>Member Contributions</u>	8.25% of Compensation. 8.50% for Members hired after April 18, 2010.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.
Plan 1 Benefit	
Firefighters	3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Firefighters with 25 or more years of Credited Service on October 1, 2002 are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average

	Final Compensation (excluded from the 81% maximum percentage).
Police Officers	3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Police Officers with 25 or more years of Credited Service on January 1, 2002 are subject to a maximum of 91.26%.
Plan 2 Benefit	3.0% of Average Final Compensation for the first 20 years of Credited Service, plus 2.0% of Average Final Compensation for each year in excess of 20. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation.
Form of Benefit	60% Joint and Survivor, with an additional 40% death benefit during the first year of retirement (Optional forms available).
<u>Early Retirement (Firefighters Only)</u>	
Eligibility	Age 50 with 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year that the benefit commencement date precedes the Normal Retirement date.
<u>Vesting</u>	
Less than 10 Years of Credited Service	Refund of Member contributions.
10 years of Credited Service	Accrued benefit deferred to Normal Retirement date.
<u>Disability</u>	
Eligibility	Covered from Date of Employment.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit

Non-Service Connected 50% of Average Final Compensation offset by 100% of Social Security Disability benefits and Workers' Compensation benefits, but not to be reduced below 25% of Average Final Compensation.

Service Connected 65% of Average Final Compensation offset by 100% of Social Security Disability benefits and Workers' Compensation benefits, but not to be reduced below 42% of Average Final Compensation.

Duration Payable for life or until recovery.

Death Benefits

Eligibility Covered from Date of Employment.

Benefit

Non-Service Connected 50% of the Member's monthly Compensation for eight (8) years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. For Members employed on January 1, 1973, a lump sum of 400% of annual Compensation may be paid in lieu of the monthly payments.

Service Connected 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, and a maximum of 80% to spouse and children. For fighters who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary.

COLA

Adjustment Date	July 1 st
Eligibility	Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.
Amount	<p>Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%.</p> <p>The COLA increase 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>

DROP

Members eligible for Normal 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.

DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The schedule provided below has been prepared in accordance with the requirements
of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
01/01/13	692,486,922	732,836,228	40,349,306	94.5%	68,866,060	58.6%
01/01/12	669,414,298	724,112,813	54,698,515	92.4%	65,318,290	83.7%
01/01/11	482,200,000	674,200,000	192,000,000	71.5%	62,600,000	306.7%
01/01/10	451,600,000	649,000,000	197,400,000	69.6%	61,700,000	319.9%
01/01/09	444,400,000	614,000,000	169,600,000	72.4%	52,800,000	321.2%

The schedule provided below has been prepared in accordance with the requirements
of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended December 31	Annual Required Contribution	City Contribution	State *	Percentage Contributed
2012	17,799,540	14,813,520	2,986,020	100.0%
2011	33,391,584	204,113,421	2,413,449	618.5%
2010	32,957,020	30,735,629	2,515,253	100.9%
2009	28,367,152	25,456,535	2,635,176	99.0%
2008	21,627,937	19,146,573	3,000,946	102.4%

* State contribution amount shown is net of reserve account accumulation and fire share plan amount.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Actuarially Determined Contribution (City and State)	17,799,540
Contributions made	17,799,540
Actuarial valuation date	1/1/2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent, Closed
Remaining amortization period	20 years
Asset valuation method	Recognition of 20% of difference between market value and expected actuarial value of assets
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increase*	Rates by Service
* Includes inflation at	2.75%
Post Retirement COLA	n/a

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2013	17,799,540	1072.7%	(173,135,286)
9/30/2012	33,391,584	100.0%	0
9/30/2011	32,957,020	100.0%	0

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, is 0.

The recent development of the Net Pension Obligation is as follows:

	<u>9/30/11</u>	<u>9/30/12</u>	<u>9/30/13</u>
Actuarially Determined Contribution (A)		33,391,584	17,799,540
Interest on NPO		0	0
Adjustment to (A)		0	0
		-----	-----
Annual Pension Cost		33,391,584	17,799,540
Contributions Made		33,391,584	190,934,826
		-----	-----
Increase in NPO		0	(173,135,286)
NPO Beginning of Year		0	0
		-----	-----
NPO End of Year	0	0	(173,135,286)

SENATE BILL 1128 COMPLIANCE

Senate Bill 1128 amended Section 112.63 of the Florida Statutes to require that each plan report the plan's accrued vested, non-vested, and total benefits, as adopted by the Financial Accounting Standards Board, using the Florida Retirement System's assumed rate of return, which is currently 7.75%. The bill states that this is to promote comparability of actuarial data between local law plans.

While these calculations are required for compliance purposes, it is the view of Foster & Foster that utilizing this information to compare local law plans is extremely dangerous. There are many other assumptions inherent in the actuarial valuation, and they may differ widely from one plan to another. Additionally, benefit levels, funding policies, asset allocation, and the age of the plan itself all must be considered when comparing defined benefit plans.

Present Value of Accrued Benefits at 7.75% Interest

Vested Accrued Benefits	
Inactives	\$475,127,293
Actives	111,508,711
Member Contributions	<u>43,594,426</u>
Total	630,230,430
 Non-Vested Accrued Benefits	 <u>31,809,082</u>
 Total Present Value of Accrued Benefits	 \$662,039,512