

CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2013

CONTRIBUTIONS APPLICABLE TO THE
FISCAL YEAR ENDING SEPTEMBER 30, 2015

April 2, 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.

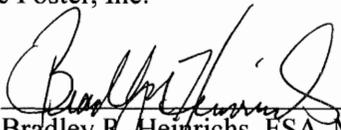
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System, performed as of October 1, 2013, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the fiscal year ending September 30, 2015.

The contribution requirements, compared with amounts developed in the January 1, 2013 actuarial valuation (revised as of January 28, 2014), are as follows:

Valuation Date	10/1/2013	Short Year 1/1/2013	Full Year 1/1/2013
Applicable Fiscal Yr. End	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2014</u>
Total Required Contribution	\$24,667,843	\$18,430,446	\$24,573,928
Less Member Contributions (est.)	\$5,651,185	4,221,853	5,629,137
Equals City and State Required Contribution	\$19,016,658	14,208,593	18,944,791
Less State Contribution (est.)	2,989,192	2,989,192	2,989,192
Equals Balance from City	\$16,027,466	\$11,219,401	\$15,955,599
As % of Covered Payroll ³	23.5%		23.4%
As % of Total Payroll (incl.DROP) ³	20.7%		20.5%
Less Prepaid City Contribution	\$3,050,754 ¹	\$13,274,563	\$13,274,563
Less Interest on Prepaid Contribution	\$238,210 ²	\$995,592	\$995,592
Equals Net Balance from City	\$12,738,502	\$0 ¹	\$1,685,444

¹ Please note the City's prepaid contribution balance is \$3,050,754 as of September 30, 2013. The City will have access to this amount, plus interest, to help offset the above stated requirements for the fiscal year ending September 30, 2015.

² The interest component on the existing prepaid contribution was determined by calculating interest through October 15, 2014. This is consistent with the methodology used to develop the Total Required Contribution.

³ 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.

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

There have been no changes in assumptions or methods since the prior report.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/01/2013</u>	<u>01/01/2013</u>
<u>A. Participant Data</u>		
Number Included		
Actives	780	785
Service Retirees	740	730
Beneficiaries	143	134
Terminated Vested	20	20
Disability Retirees	24	23
DROP Retirees	81	85
Total	<u>1,788</u>	<u>1,777</u>
Total Annual Payroll	69,103,541	68,866,060
Payroll Under Assumed Ret. Age	68,314,824	68,081,948
Annual Rate of Payments to:		
Service Retirees	33,728,207	32,823,979
Beneficiaries	3,344,743	3,160,717
Terminated Vested	589,566	541,292
Disability Retirees	908,067	850,820
DROP Retirees	5,506,630	5,733,851
<u>B. Assets</u>		
Actuarial Value	718,167,660	692,486,922
Market Value	719,094,298	664,657,786
<u>C. Liabilities</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	379,584,220	374,426,252
Disability Benefits	11,380,219	11,762,427
Death Benefits	4,548,740	4,666,529
Vested Benefits	9,627,489	9,939,698
Refund of Contributions	1,658,997	1,761,588
Service Retirees	364,770,041	354,402,795
Beneficiaries	27,516,305	26,908,508
Terminated Vested	5,909,907	5,668,617
Disability Retirees	10,044,812	9,393,961
DROP Retirees	88,138,561	88,689,743
Total	<u>903,179,291</u>	<u>887,620,118</u>

<u>C. Liabilities - (Continued)</u>	<u>10/01/2013</u>	<u>01/01/2013</u>
Present Value of Future Salaries	581,204,334	604,241,355
Normal Cost (Entry Age)		
Retirement Benefits	15,367,448	15,575,944
Disability Benefits	1,195,664	1,216,445
Death Benefits	370,331	373,832
Vested Benefits	686,059	710,733
Refunds	307,174	312,526
Total Normal Cost	<u>17,926,676</u>	<u>18,189,480</u>
Present Value of Future Normal Costs	148,018,913	154,783,890
Actuarial Accrued Liability		
Retirement Benefits	249,536,318	238,453,670
Disability Benefits	2,931,460	2,975,537
Death Benefits	1,260,651	1,239,995
Vested Benefits	4,747,280	4,806,133
Refunds	305,043	297,269
Inactives	496,379,626	485,063,624
Total Actuarial Accrued Liability	<u>755,160,378</u>	<u>732,836,228</u>
Unfunded Actuarial Accrued Liability (UAAL)	36,992,718	40,349,306
 <u>D. Actuarial Present Value of Accrued Benefits</u>		
Vested Accrued Benefits		
Inactives	496,379,626	485,063,624
Actives	125,085,021	117,524,876
Member Contributions	45,957,894	43,594,426
Total	<u>667,422,541</u>	<u>646,182,926</u>
Non-vested Accrued Benefits	35,294,743	33,063,855
Total Present Value Accrued Benefits	<u>702,717,284</u>	<u>679,246,781</u>
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	17,496,308	
Benefits Paid	(31,351,671)	
Interest	37,325,866	
Other	0	
Total:	<u>23,470,503</u>	

Valuation Date	10/01/2013	01/01/2013
Applicable to the Fiscal Year Ending	<u>9/30/2015</u>	<u>9/30/2014</u>
<u>E. Pension Cost</u>		
Normal Cost	\$17,926,676	\$18,189,480
Administrative Expenses	624,000	575,000
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years as of 10/1/13	4,330,551	4,436,461
Applicable Interest *	1,786,616	1,372,987
Total Required Contribution	24,667,843	24,573,928
Expected Member Contributions	5,651,185	5,629,137
Expected City and State Contrib.	\$19,016,658	\$18,944,791
<u>F. Past Contributions</u>		
Plan Year Ending:	<u>9/30/2013</u>	<u>12/31/2012</u>
Total Required Contribution	18,430,446	23,195,342
City and State Requirement	14,208,593	17,799,540
Required Contributions Credited:		
Members	4,113,451	5,399,448
City	11,219,401	14,813,520
State	2,989,192	2,986,020
Total	<u>18,322,044</u>	<u>23,198,988</u>
<u>G. Actuarial Gain/(Loss)</u>	1,811,169	12,807,830

* The interest component used to develop the above funding requirements for the fiscal year ending September 30, 2015 was determined by calculating interest through October 15, 2014. If the required contributions are deposited at a later date, additional interest at the assumed 7.5% annual rate must be added.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	36,992,718
2014	35,111,831
2015	32,996,770
2020	18,174,268
2025	2,870,221
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	9/30/2013	2.0%	4.7%
Year Ended	12/31/2012	4.5%	6.0%
Year Ended	12/31/2011	6.6%	6.4%

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

		<u>Actual *</u>	<u>Assumed *</u>
Year Ended	9/30/2013	7.6%	7.50%
Year Ended	12/31/2012	6.5%	7.50%
Year Ended	12/31/2011	5.0%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2013	\$69,103,541
	10/1/2003	N/A
(b) Total Increase		N/A
(c) Number of Years		10
(d) Average Annual Rate		N/A

* For the short plan year ended September 30, 2013, annualized rates are displayed for illustrative purposes.

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, 2013	\$40,349,306
(2)	City and State Normal Cost Applicable for the Short Plan Year	9,420,257
(3)	Expected Administrative Expenses for the Short Plan Year	431,250
(4)	Interest on (1), (2), and (3)	2,811,667
(5)	Sponsor Contributions to the System during the short plan year year ending September 30, 2013	14,208,593
(6)	Interest on (5)	0
(7)	Expected Unfunded Actuarial Accrued Liability as of October 1, 2013 (1)+(2)+(3)+(4)-(5)-(6)	38,803,887
(8)	New UAAL due to Experience (Gain)/Loss	(1,811,169)
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2013	36,992,718

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2013 Amount</u>	<u>Amortization Amount</u>
Re-inalized Base	1/1/2003	9.25	13,619,519	1,810,890
Actuarial Loss	1/1/2004	10.25	5,354,845	658,158
Software Change	1/1/2005	11.25	(596,124)	(68,364)
Actuarial Loss	1/1/2005	11.25	4,705,733	539,658
Share Plan Gain	1/1/2006	12.25	(66,216)	(7,140)
Actuarial Loss	1/1/2006	12.25	1,872,572	201,923
Actuarial Loss	1/1/2007	13.25	683,957	69,797
Actuarial Gain	1/1/2008	14.25	(38,771)	(3,765)
Assum Change	1/1/2008	14.25	667,047	64,775
Asset Smooth Change	1/1/2008	14.25	(5,037,214)	(489,150)
Actuarial Loss	1/1/2009	15.25	15,587,823	1,447,201
Plan Amendment	1/1/2010	16.25	965,693	86,069
Actuarial Loss	1/1/2010	16.25	6,523,398	581,411
Actuarial Gain	1/1/2011	17.25	(207,489)	(17,816)
Actuarial Loss	1/1/2012	18.25	3,459,178	287,067
Assum Change	1/1/2012	18.25	4,405,653	365,613
Actuarial Gain	1/1/2013	19.25	(12,632,032)	(1,015,964)
Assum Change	1/1/2013	19.25	(463,685)	(37,293)
Actuarial Gain	10/1/2013	20	(1,811,169)	(142,519)
			36,992,718	4,330,551

DETERMINATION OF CUMULATIVE GAIN/(LOSS) EXPERIENCE POSITION

(1)	Expected Unfunded Actuarial Accrued Liability as of December 31, 2012	(\$102,994,746)
(2)	City and State Normal Cost Applicable for the Short Plan Year	9,420,257
(3)	Expected Administrative Expenses for the Short Plan Year	431,250
(4)	Interest on (1), (2), and (3)	(5,251,436)
(5)	Sponsor Contributions to the System during the year ending September 30, 2013	14,208,593
(6)	Interest on (5)	0
(7)	Expected UAAL as of October 1, 2013 (1)+(2)+(3)+(4)-(5)-(6)	(112,603,268)
(8)	Actual UAAL as of October 1, 2013	36,992,718
(9)	Cumulative Experience Gain/(Loss) as of October 1, 2013 (7) - (8)	(149,595,986)

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP-2000 Table projected by Scale AA to 2012.		
<u>Disabled Mortality Rates</u>	RP-2000 Disabled Table projected by Scale AA to 2012		
<u>Interest Rate</u>	7.50% per year compounded annually, net of investment related expenses.		
<u>Retirement Rates</u>		Probability of Retirement (Police)	Probability of Retirement (Fire)
	Service		
	20 – 22	45%	40%
	23 – 24	50	30
	25 – 30	15	15
	30+	100	100
	No Members are expected to take reduced Early Retirement.		
<u>Salary Increases</u>		Annual % Increase*	
	Service		
	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.		
<u>Cost of Living Adjustments</u>	None.		
<u>Funding Method</u>	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.		
<u>Payroll Increases</u>	2.0% per year.		
<u>Administrative Expenses</u>	Equal to prior year's expense amount. Assumed to be \$624,000 annually for 10/1/2013 valuation based on expense amount from 1/1/2013 to 9/30/2013 (short plan year).		

Termination Rates

Age	Years of Service	% Separating from Employment Within the Next Year
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

Age	% Become Disabled within Next Year
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 & FIREFIGHTERS'
RETIREMENT SYSTEM AND SUPPLEMENTAL SHARE PLAN**

COMBINED STATEMENTS OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

	September 30, 2013	December 31, 2012
Assets		
Cash and short-term investments	<u>\$ 29,157,143</u>	<u>\$ 33,059,102</u>
Investments, at fair value		
U.S. treasury securities	49,158,591	51,338,518
U.S. government agency obligations	22,529,851	27,233,457
Corporate bonds and other fixed income	122,887,029	101,034,166
Mutual funds	64,837,178	55,347,146
Common stock	124,256,408	136,055,346
Partnerships	55,992,493	50,545,846
Fund of funds	97,662,285	105,830,224
Commingled funds	117,384,485	90,860,501
Real estate	<u>66,703,677</u>	<u>47,845,907</u>
Total Investments	<u>721,411,997</u>	<u>666,091,111</u>
Receivables		
Unsettled trades	137,536	12,073,470
Accrued dividends and interest	2,264,819	2,545,526
Contributions receivable	471,260	--
Other receivables	<u>--</u>	<u>2,342,817</u>
Total Receivables	2,873,615	16,961,813
Capital Assets (Net of Accumulated Depreciation)	<u>--</u>	<u>471</u>
Total Assets	<u>753,442,755</u>	<u>716,112,497</u>
Liabilities		
Prepaid city contribution	13,274,563	13,274,563
Unsettled trades	1,554,520	13,096,699
Accounts payable and accrued liabilities	417,537	370,555
Due to the City of Fort Lauderdale	<u>4,070,312</u>	<u>4,037,153</u>
Total Liabilities	<u>19,316,932</u>	<u>30,778,970</u>
Net Position Restricted for Pension Benefits	<u>\$ 734,125,823</u>	<u>\$ 685,333,527</u>

**CITY OF FORT LAUDERDALE POLICE & FIREFIGHTERS'
RETIREMENT SYSTEM AND SUPPLEMENTAL SHARE PLAN**

COMBINED STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Nine Months Ended September 30, 2013	Twelve Months Ended December 31, 2012
Additions		
Contributions		
Employer	\$ --	\$ 188,241,999
Plan members	4,113,451	5,399,448
State	<u>6,053,952</u>	<u>5,619,404</u>
Total Contributions	<u>10,167,403</u>	<u>199,260,851</u>
Investment Income		
Net appreciation in fair value of investments	61,878,254	48,780,017
Interest	6,648,008	9,503,357
Dividends	1,788,638	3,041,907
Other income	<u>2,224,050</u>	<u>2,183,429</u>
	72,538,950	63,508,710
Less: investment expenses	<u>2,055,010</u>	<u>3,085,014</u>
Net Investment Income	<u>70,483,940</u>	<u>60,423,696</u>
Total Additions	<u>80,651,343</u>	<u>259,684,547</u>
Deductions		
Benefits Paid		
Retirement	28,124,899	39,458,283
Disability	674,682	905,985
Death	<u>2,396,404</u>	<u>2,918,041</u>
Total Benefits Paid	31,195,985	43,282,309
Refund of Contributions	155,686	220,510
Administrative Expenses	<u>507,376</u>	<u>608,703</u>
Total Deductions	<u>31,859,047</u>	<u>44,111,522</u>
Change in Net Position	48,792,296	215,573,025
Net Position Restricted for Pension Benefits		
Beginning	<u>685,333,527</u>	<u>469,760,502</u>
Ending	<u>\$ 734,125,823</u>	<u>\$ 685,333,527</u>

ACTUARIAL VALUATION BALANCE SHEET
September 30, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Pending Trades Receivable	137,536.00	137,536.00
Pending Trades Payable	(1,554,520.00)	(1,554,520.00)
Cash and Short Term Investments	29,157,143.00	29,157,143.00
 Total Cash and Equivalents	 27,740,159.00	 27,740,159.00
Receivable:		
Member Contributions in Transit	206,138.50	206,138.50
State Contributions	265,121.50	265,121.50
Accrued Income	2,264,819.00	2,264,819.00
 Total Receivable	 2,736,079.00	 2,736,079.00
Investments:		
U S Govt/Govt Sponsored/Agency	71,688,442.00	71,688,442.00
Corporate Bonds	122,887,029.00	122,887,029.00
Stocks	124,256,408.00	124,256,408.00
Partnerships	55,992,493.00	55,992,493.00
Real Estate	66,703,677.00	66,703,677.00
Fund of funds	97,662,285.00	97,662,285.00
Mutual Funds	64,837,178.00	64,837,178.00
Pooled/Common/Commingled Funds	117,384,485.00	117,384,485.00
 Total Investments	 721,411,997.00	 721,411,997.00
 TOTAL ASSETS	 751,888,235.00	 751,888,235.00
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payable:		
Accounts Payable and Accrued Liabilities	417,537.00	417,537.00
To City of Fort Lauderdale	4,070,312.00	4,070,312.00
Prepaid City Contribution	3,050,754.26	3,050,754.26
 Total Liabilities	 7,538,603.26	 7,538,603.26
Net Assets:		
Active and Retired Members' Equity	719,094,297.94	719,094,297.94
Share Plan Benefits	24,054,869.43	24,054,869.43
Excess State for Police	1,200,464.37	1,200,464.37
 Net Assets, including DROP Account Balances	 744,349,631.74	 744,349,631.74
 TOTAL LIABILITIES AND NET ASSETS	 751,888,235.00	 751,888,235.00

ACTUARIAL VALUATION CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2013
Market Value Basis

REVENUES

Contributions:		
Member	4,113,451.00	
City	11,219,400.74	
State	3,325,220.21	
State for Share Plan	2,728,731.68	
Total Contributions		21,386,803.63
Earnings from Investments		
Interest & Dividends	7,441,054.00	
Miscellaneous Income	2,224,050.00	
Net Realized & Unrealized Gain (Loss)	61,878,254.11	
Total Earnings and Investment Gains		71,543,358.11

EXPENDITURES

Expenses:		
Investment Related ¹	2,055,010.00	
Administrative	468,023.00	
Administrative for Share	39,353.00	
Total Expenses		2,562,386.00
Distributions to Members:		
Benefit Payments	28,161,059.90	
Lump Sum DROP Distributions	2,560,742.71	
Lump Sum Share Distributions	474,182.39	
Termination Payments	155,686.00	
Total Distributions		31,351,671.00
Share Account & Excess Reserve Net Change		4,579,592.56
Change in Net Assets for the Year		54,436,512.18
Net Assets Beginning of the Year		664,657,785.76
Net Assets End of the Year		719,094,297.94

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

ACTUARIAL ASSET VALUATION
September 30, 2013

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. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Development of Investment Gain/Loss

Market Value of Assets, including Share & Excess State, 12/31/2012	685,333,527
Actuarial Value of Assets, including Share & Excess State, 12/31/2012	713,162,663
Contributions and Transfers	21,386,804
Benefit Payments & Admin Expenses	(31,859,047)
Expected Investment Earnings*	40,500,915
Expected Actuarial Value of Assets, 09/30/2013	<u>743,191,334</u>
Market Value of Assets, including Share & Excess State, 09/30/2013	744,349,632
Actuarial Investment Gain/(Loss)	1,158,298

*Expected Investment Earnings =

$$0.075 * 0.75 * (713,162,663 + 0.5 * [(21,386,804 - 11,219,401) - 31,859,047]) + 0.075 * 13,274,563$$

Development of Actuarial Value of Assets

Expected Net Actuarial Value, net of Share & Excess State, 09/30/2013	717,936,000
Adjustment to Recognize Actual Return (20% of gain/loss)	231,660
Net Actuarial Value of Assets, 09/30/2013	<u>718,167,660</u>

(A) 12/31/2012 Actuarial Assets, including Share, Excess State & Prepaid: 726,437,226

(I) Net Investment Income:

1. Interest, Dividends, & Misc Income	9,665,104
2. Net Realized & Unrealized Gains (Losses)	61,878,254
3. Change in Actuarial Value	(28,755,774)
4. Investment Expenses	(2,055,010)
Total	<u>40,732,575</u>

(B) 09/30/2013 Actuarial Assets, including Share, Excess State, & Prepaid: 746,473,748

Actuarial Asset Rate of Return = 2I/(A+B-I):	5.7%	7.6% (annualized)
Market Value of Assets Rate of Return:	10.1%	13.5% (annualized)

10/01/2013 Limited Net Actuarial Assets: 718,167,660

ACTUARIAL VALUATION CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
September 30, 2013
Actuarial Asset Basis

REVENUES

Contributions:		
Member	4,113,451.00	
City	11,219,400.74	
State	3,325,220.21	
State for Share Plan	2,728,731.68	
Total Contributions		21,386,803.63
Earnings from Investments		
Interest & Dividends	7,441,054.00	
Miscellaneous Income	2,224,050.00	
Net Realized & Unrealized Gain (Loss)	61,878,254.11	
Change in Actuarial Value	(28,755,773.59)	
Total Earnings and Investment Gains		42,787,584.52
EXPENDITURES		
Expenses:		
Investment Related ¹	2,055,010.00	
Administrative	468,023.00	
Administrative for Share	39,353.00	
Total Expenses		2,562,386.00
Distributions to Members:		
Benefit Payments	28,161,059.90	
Lump Sum DROP Distributions	2,560,742.71	
Lump Sum Share Distributions	474,182.39	
Termination Payments	155,686.00	
Total Distributions		31,351,671.00
Share Account & Excess Reserve Net Change		4,579,592.56
Change in Net Assets for the Year		25,680,738.59
Net Assets Beginning of the Year		692,486,921.66
Net Assets End of the Year ²		718,167,660.25

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

²Net Assets may be limited for actuarial consideration.

RESERVE ACCOUNT FOR FUTURE BENEFIT IMPROVEMENTS

Adjusted Base Amount for 2013 Plan Year

<u>Year</u> <u>Established</u>	<u>Description</u>	<u>Ch. 185</u> <u>Police</u>	<u>Ch. 175</u> <u>Fire</u>	<u>Suppl.</u> <u>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 - September 30, 2013

	<u>Ch. 185</u> <u>Police</u>	<u>Ch. 175</u> <u>Fire</u>	<u>Suppl.</u> <u>Fire</u>
A. Reserve Account at December 31, 2012	818,520.77	0.00	0.00
B. Interest on (A) to September 30, 2013	45,915.65	0.00	0.00
C. Increase in Reserve Account			
1. 2013 Premium Tax Distribution	2,167,318.71	3,621,511.68	265,121.50
2. Adjusted Base Amount	1,831,290.76	892,780.00	276,875.00
3. Increase to Reserve Account	336,027.95	2,728,731.68	0.00
D. Interest on C (3) to September 30, 2013	0.00	0.00	0.00
E. Reserve Account Balance at September 30, 2013 (A) + (B) + (C3) + (D)	<u>1,200,464.37</u>	<u>2,728,731.68</u>	<u>0.00</u>

STATISTICAL DATA

	<u>1/1/2012</u>	<u>1/1/2013</u>	<u>10/1/2013</u>
Number	798	785	780
Average Current Age	38.0	38.3	38.8
Average Age at Employment	28.0	28.1	28.2
Average Past Service	10.0	10.2	10.6
Average Annual Salary	\$81,852	\$88,798	\$88,594

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	1	3	4	3	1	0	0	0	0	0	0	12
25 - 29	12	13	8	21	17	30	0	0	0	0	0	101
30 - 34	2	7	7	8	24	77	24	0	0	0	0	149
35 - 39	2	4	2	5	7	42	70	8	0	0	0	140
40 - 44	2	2	2	3	3	37	63	69	11	0	0	192
45 - 49	1	0	2	1	3	11	34	44	14	0	0	110
50 - 54	0	0	0	0	3	6	15	22	11	0	1	58
55 - 59	0	0	0	0	1	1	5	4	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	20	29	25	41	59	204	211	147	38	0	6	780

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 01/1/13	785
b. Terminations	
i. Vested (partial or full) with deferred benefits	3
ii. Non-vested or full lump sum distribution received	10
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	1
e. Retired	5
f. DROP	5
g. Continuing participants	761
h. New entrants	19
i. Total active life participants in valuation	780

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested <u>Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	730	134	23	20	85	992
b. In	22	11	1	3	5	42
c. Out	12	2	0	3	9	26
d. Number current valuation	740	143	24	20	81	1,008

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 Members who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary.

COLA

Adjustment Date	July 1st
Eligibility	Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.
Amount	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%. 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)

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)
10/01/13	718,167,660	755,160,378	36,992,718	95.1%	69,103,541	53.5%
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%

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

Plan Year Ended	Annual Required Contribution	City Contribution	State * Contribution	Percentage Contributed
09/30/13	14,208,593	11,219,401	2,989,192	100.0%
12/31/12	17,799,540	14,813,520	2,986,020	100.0%
12/31/11	33,391,584	204,113,421	2,413,449	618.5%
12/31/10	32,957,020	30,735,629	2,515,253	100.9%
12/31/09	28,367,152	25,456,535	2,635,176	99.0%

* 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)	14,208,593
Contributions made	14,208,593
Actuarial valuation date	1/1/2013
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
9/30/2014	14,847,319	95.7%	(172,496,560)
9/30/2013	17,799,540	1072.7%	(173,135,286)
9/30/2012	33,391,584	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>9/30/12</u>	<u>9/30/13</u>	<u>9/30/14</u>
Actuarially Determined			
Contribution (A)	33,391,584	17,799,540	14,208,593
Interest on NPO	0	0	(12,985,146)
Adjustment to (A)	0	0	13,623,872
	-----	-----	-----
Annual Pension Cost	33,391,584	17,799,540	14,847,319
Contributions Made	33,391,584	190,934,826	14,208,593
	-----	-----	-----
Increase in NPO	0	(173,135,286)	638,726
NPO Beginning of Year	0	0	(173,135,286)
	-----	-----	-----
NPO End of Year	0	(173,135,286)	(172,496,560)