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Hollywood Police Officers Retirement System October 1, 2012 Actuarial Valuation Results

April 26, 2012



Benefit Financing



➤ Basic Retirement Funding Equation

$$C + I = B + E$$

C = Contributions

I = Investment Income

B = Benefits Paid

E = Expenses (administration)



Valuation Results

Comments on Valuation



➤ Asset returns

- Market asset return 21.04% vs. 8.00% expected return 13.04% greater than expected).
- Actuarial asset return 7.51% vs. 8.00% expected (0.49% less than expected).

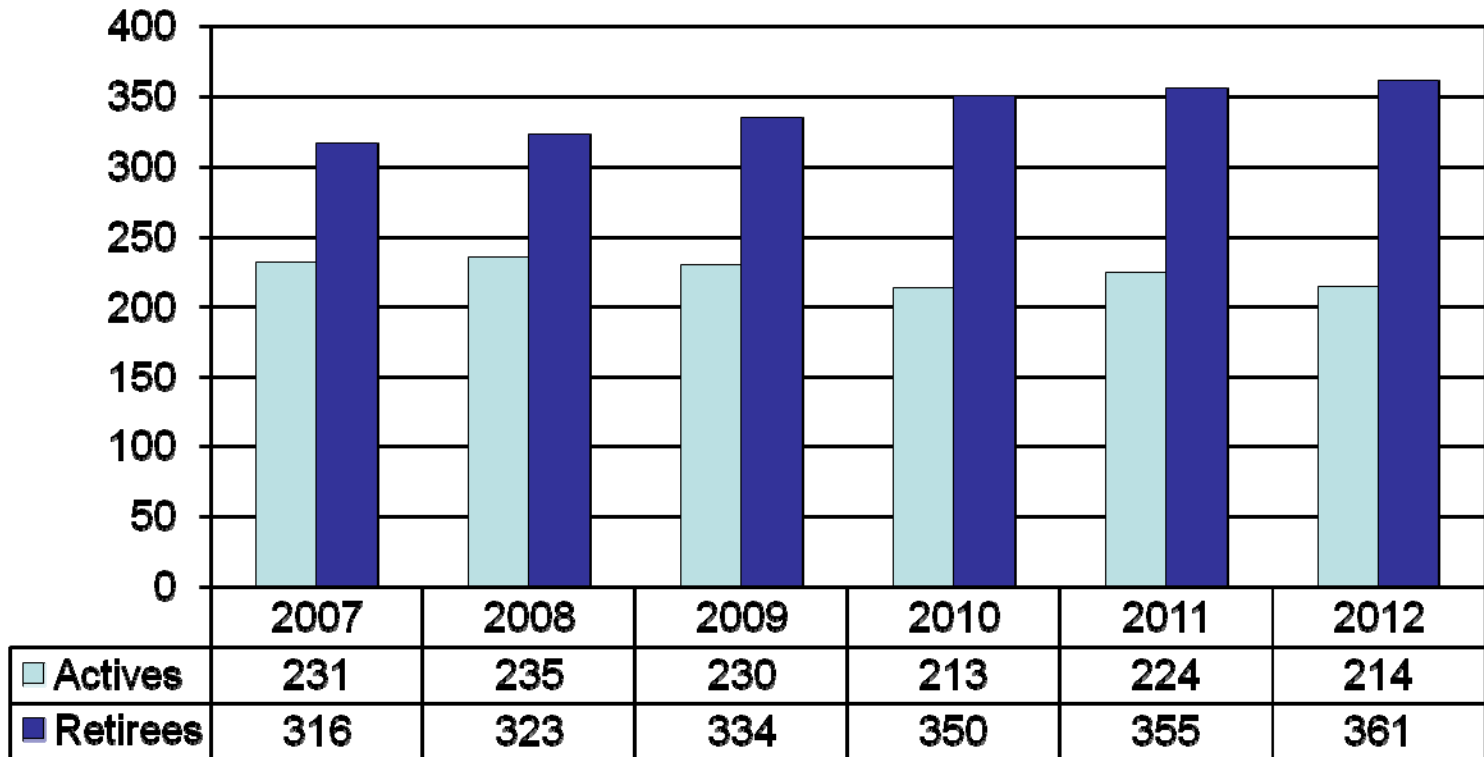
➤ Pay increases

- Individual pay increases average -5.88% vs. 5.54% expected.
- Total payroll decreased 10.89%.



Membership Data

Active and Retired Membership



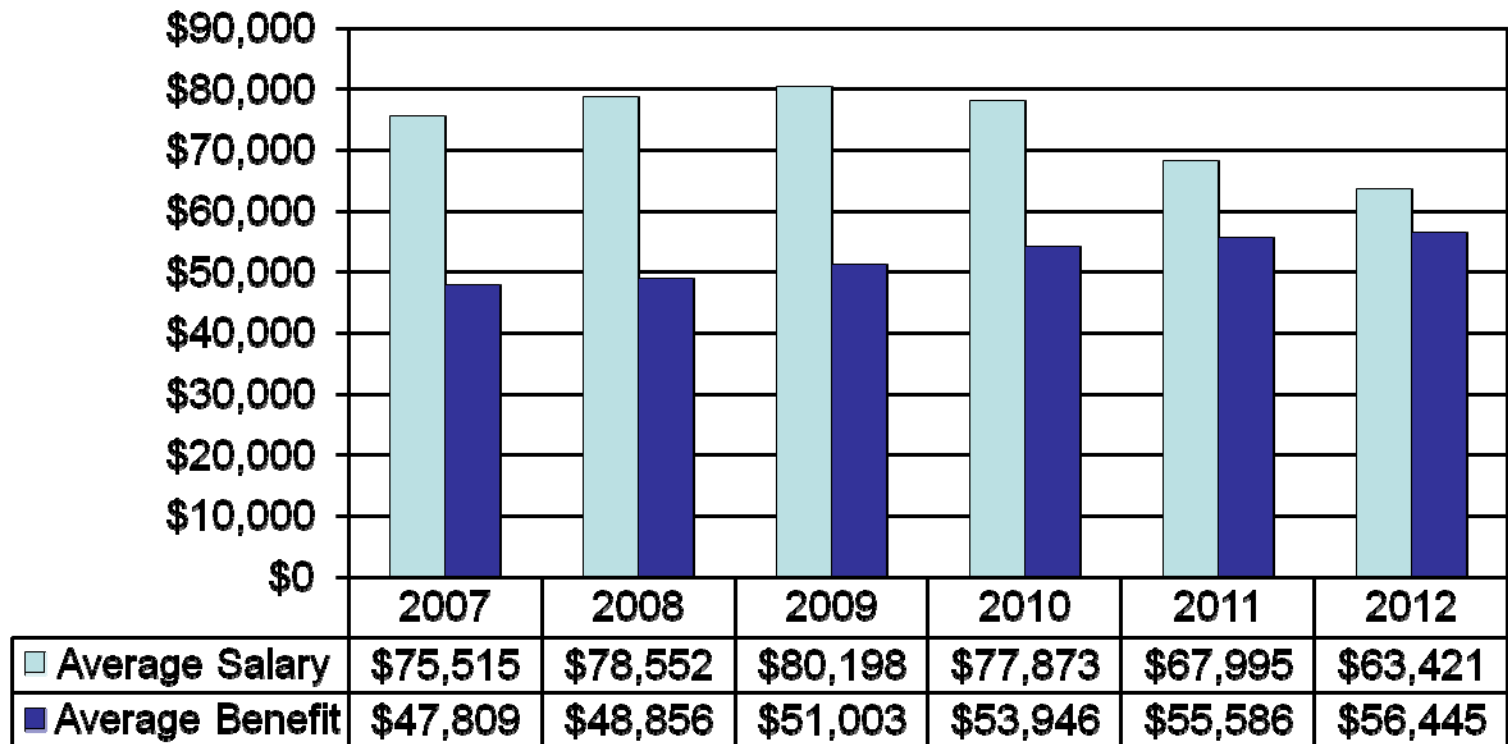
1.5% annual decrease for active members since 2007; 4.5% decrease for 2012.

2.7% annual increase for retired members since 2007; 1.7% increase for 2012.

1.4 retirees per active 5 years ago; 1.7 retirees per active now.



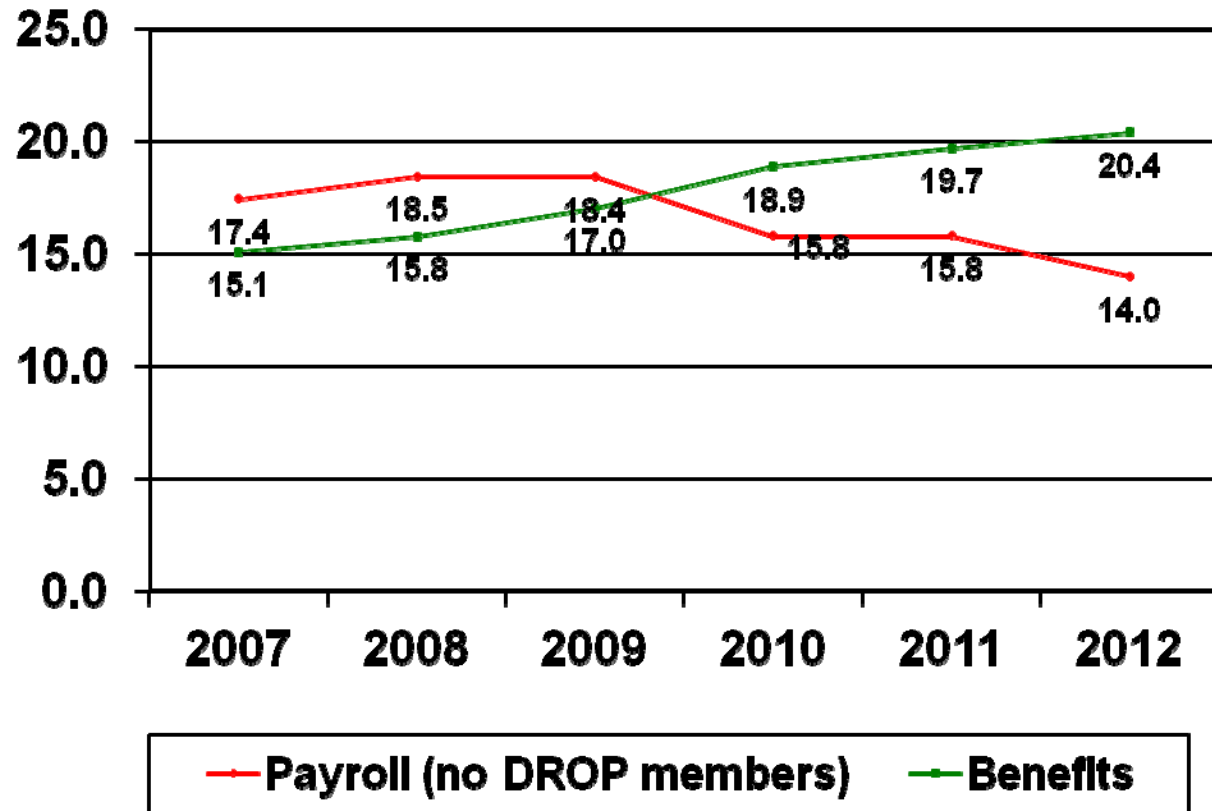
Average Salary and Benefits



3.4% annual decrease for average salary since 2007; 6.7% decrease for 2012.

3.4% annual increase for average benefits since 2007; 1.5% increase for 2012.

Payroll & Benefits (\$ Millions)



Average Age & Service



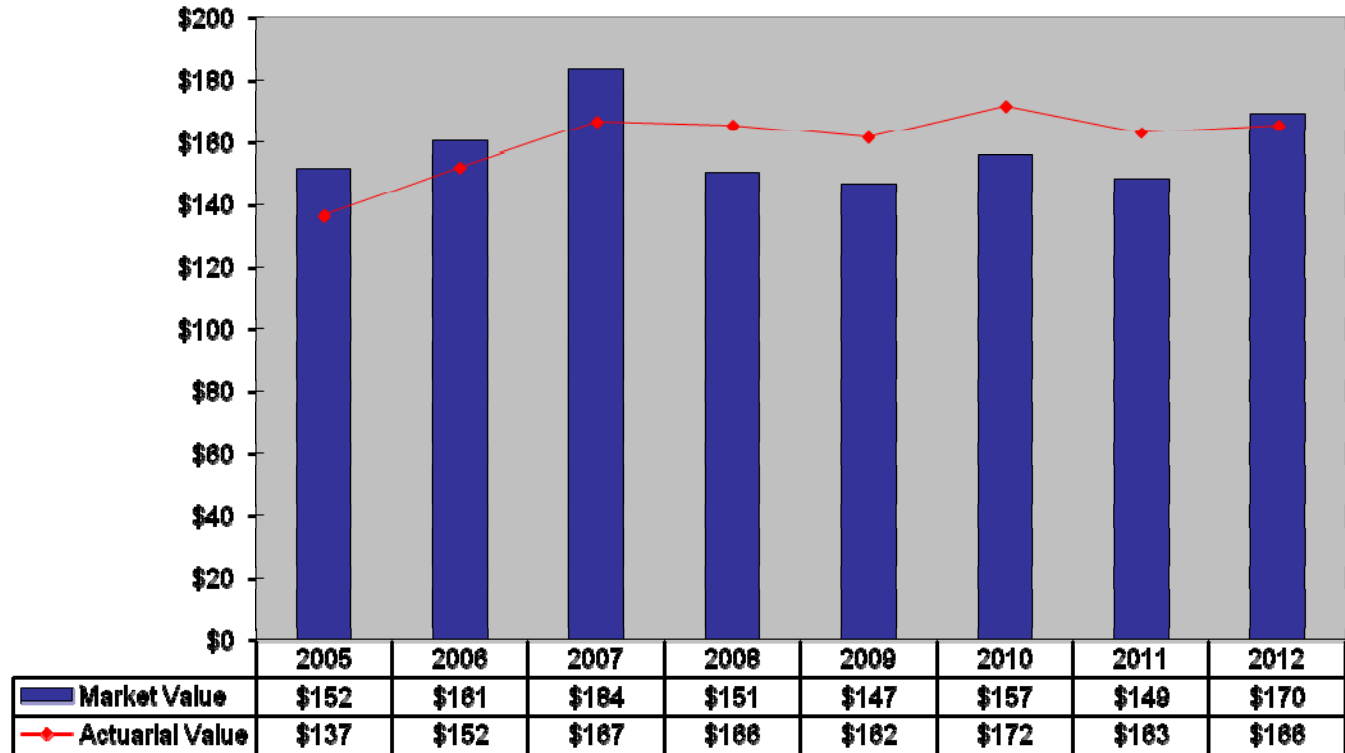
	October 1, 2012	October 1, 2011
Active Average Age	37.7	36.8
Active Average Service	10.5	9.7
Average Age Non-Disabled Retirees	59.1	58.4
Average Age Disabilities	64.9	64.8
Average Age Beneficiaries	72.4	71.6



Market and Actuarial Value of Assets



Assets (\$ Millions)



	2005	2006	2007	2008	2009	2010	2011	2012
Market Return	8.8%	7.5%	16.1%	(13.7)%	(0.1)%	9.7%	(0.7)%	21.0%
Actuarial Return	2.6%	13.5%	11.7%	4.1%	(0.3)%	9.4%	(1.1)%	7.5%



Funding Results

Results of Valuation



	October 1, 2011 Valuation (Fiscal Year 2012/2013 Contributions)	October 1, 2012 Valuation (Fiscal Year 2013/2014 Contributions)
Total Normal Cost Including Expenses	\$3,265,967	\$3,087,027
Less Expected Member Contribution	<u>1,458,161</u>	<u>1,299,357</u>
Employer Normal Cost	\$1,807,806	\$1,787,670
Interest Adjustment	463,717	476,265
Amount to Amortize UAL	<u>9,120,334</u>	<u>9,634,455</u>
Total Required City/State Contribution	\$11,391,857	\$11,898,390
Expected Chapter 185 Monies *	<u>0</u>	<u>1,111,640</u>
Required Employer Contribution	\$11,391,857	\$10,786,750
Unfunded Accrued Liability	\$126,250,903	\$130,353,835
Funded Ratio	56.4%	56.0%

* Based on the State's Division of Retirement 2012 interpretation the City may be able to use the State distribution in August 2013 to offset its contribution for fiscal year 2013.

Results of Valuation



The 2013/2014 Fiscal Year Contribution Breakdown for the City (Depending On Payment Method)

Employer Contribution payable October 1, 2013	\$11,898,390
Interest for bi-weekly payment during 2013/2014 fiscal year	<u>476,265</u>
Employer contribution payable in bi-weekly installments	\$11,422,125

Employer Contribution is not net of expected State monies

Historical Accrued Liability and Funded Ratio

