

TOUGH CHOICES

FACING FLORIDA'S GOVERNMENTS



REPORT CARD: FLORIDA MUNICIPAL PENSION PLANS

In recent years, the cost and sustainability of public pensions have become prominent policy issues in Florida. Although much of the popular discussion has focused on the Florida Retirement System¹, Floridians face significant costs and liabilities in the many municipal pension plans throughout the state.

Hollywood, Jacksonville, Cape Coral and Miami officials, for example, have recently grappled with budget shortfalls and targeted local pension reforms to help alleviate the problem. Other cities have avoided newspaper headlines, but are also facing serious problems trying to balance their budgets, fulfill promises made to their employees, and maintain services for their citizens at the same time. This report focuses on both the costs and sustainability of municipal pension plans in the state's largest cities.² It builds on earlier work by the LeRoy Collins Institute on the costs and outstanding obligations of public pensions and retiree health insurance programs in Florida counties and municipalities.³

Most Florida cities sponsor two or three pension plans—one for general-government employees and one or two for public safety workers. For example, Fort Myers has a firefighter pension plan, a police retirement plan, and a general-employee pension plan. Pembroke Pines has two plans: a general employee plan and a plan that covers both their police officers and firefighters. The City of Largo only has one defined benefit plan for police officers and firefighters. A few cities also provide pension plans for elected officials, but most do not. Among the 100 largest cities in Florida, there are a total of 208 defined benefit pension plans.



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**T O U G H
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*Tough Choices: A research series focused
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Within a single city, the sustainability and costs of each pension plan may be significantly different. It is important, therefore, to focus analysis on each pension plan. The purpose of this report is to improve the transparency of these pension plans by increasing public awareness of all pension plans from the well-funded to those in trouble.

This report focuses on two critical measurements of municipal pensions' sustainability – **funding levels** and **costs**. **Funding levels** are calculated as the percentage of a pension plan's liabilities covered by its assets (e.g., investments). Identifying a plan's funding level is essential to understanding its sustainability. The closer the funding level is to 100 percent, the more sustainable the plan. **Costs** are calculated by dividing the annual pension cost (i.e., the dollar amount that professional actuaries designate should be contributed to the fund by plan sponsors) by the number of active participants in the plan.

To make a relatively complex issue easier, this report has "graded" municipal plans in terms of their funding levels and provided the annual costs for each plan. The findings show great variation. Some plans are well funded with costs below the median. Others are in more tenuous positions with high costs and low sustainability. What is most interesting is that in the same city, there can be a well-funded, low-cost plan for one group of local government employees and another for a different group of employees that is costly and unsustainable.

MEASURING THE SUSTAINABILITY OF A PENSION PLAN

Sustainability is based on whether each pension plan has sufficient assets (i.e., investments such as stocks, bonds, mutual funds, index funds) to cover its liabilities (i.e., retirement benefits that a plan is obligated to pay to retirees). Plans that are "100 percent funded" have enough assets to cover all of their pension liabilities, provided that they have used accurate assumptions to calculate the size of their liabilities. Plans that are "75 percent funded" have set aside three-quarters of the assets needed to cover their liabilities.

The value of plan assets and liabilities is calculated by professional actuaries who use assumptions provided by pension plan governing boards to forecast future pension benefit payments and determine how much money must be contributed to the pension fund in the current year to pay retirement benefits when they will be disbursed to retirees in the future. Some of the most important actuarial assumptions include the anticipated growth in employee salaries, the anticipated rate of inflation, projections of how long retirees will live (i.e., the mortality rate) and therefore receive retirement benefits, and the assumed investment returns on pension assets.

Pension Liabilities of a 75 Percent Funded Pension Plan

Hometown City has a single pension plan that covers all of its employees. Hometown officials work with a professional actuary to project the cash payments they are obligated to pay in retirement benefits. Some of those cash payments will cover individuals who have already retired and are already drawing cash benefits from the pension plan. Others will cover individuals who will not retire for many years and, therefore, Hometown will not need to make cash payments for their benefits for many years. By identifying all of Hometown's future cash flows, the first step in calculating their pension liability is completed.

The next step is a process called discounting, where the present value of a future cash payment is identified. For example, a pension payment of \$200,000 today does not have the same cash value as a pension payment of \$200,000 in ten years. This is because \$200,000 in cash does not

need to be set aside today if a payout of \$200,000 is not needed until 10 years from now. Rather, a lesser amount can be set aside and left to grow to \$200,000 in 10 years, provided it's invested.

To illustrate the effect of time on the dollar values, if Hometown assumes its investments will grow, on average, at 7 percent per year, then they can set aside approximately \$100,000 today in order to have \$200,000 in ten years. If they assume their investments will grow at a higher percent rate they will only need to set aside less cash today, approximately \$90,000 if the rate is 8 percent, but if they assume their returns to be lower at 6 percent, they will need to set aside approximately \$110,000 in cash today.

A pension plan's total liability is calculated by adding up the discounted value (or present value) of all of their projected pension payments. If it is assumed that Hometown's pension liability is \$4 million and the city has only saved \$3 million to cover that liability, then it is said that the pension plan is only 75 percent funded (\$3 million / \$4 million).

NOTE: In practice these calculations are more complicated. For instance, the value of pension plan assets is not usually based on its market value at one point in time; rather, it is frequently based on the average market value over the past few years (often averaging the past 3 to 5 years of asset values). Also, pension officials do not arbitrarily select their anticipated investment returns. Instead, they are expected to identify an assumed return on investment based on their historical returns and on the allocation of their assets into different types of investments (i.e., bonds, stocks, and other securities).

THE MORTGAGE ANALOGY

Some have compared a pension plan's funding level to paying off a mortgage liability, where 75 percent funded is equal to having paid off 75 percent of the mortgage. This characterization is misleading because it implies that the plan is well on the way to covering a fixed liability that is not due in full for many years. Unlike a traditional mortgage, pension assets and liabilities are not fixed. Liabilities can change dramatically when pension policies are changed to increase or decrease benefits. The value of pension assets is dependent on investment returns, and there is a constant withdrawal of pension assets to pay benefits to current retirees. A 75 percent funded pension plan is not three quarters of the way to being fully funded. Rather, the plan has three quarters of the assets that are necessary to cover the benefit payments that have already been earned. Another way to think of this is: if the pension plan was terminated today and no further contribution was made to the fund, a pension plan that is 75 percent funded would be expected to pay out about 75 cents on the dollar of pension benefits earned.

Of course, pension plans are not likely to be terminated today, so pension plan sponsors (i.e., municipal governments and their taxpayers) have time to make up the difference. They do this by amortizing the unfunded liability (conceptually similar to refinancing the liability) over as many as 30 years. This means that sponsors of underfunded pension plans face increased pension costs for many years.

GRADING FLORIDA'S MUNICIPAL PENSION PLANS

This report includes the liability and asset levels of pension plans for the largest 100 cities in Florida and grades each plan based on its funding level. Thirteen of the largest 100 cities are not included in the data because they do not have a single-employer defined benefit pension plan. Instead, these municipalities

provide retirement benefits through 401(k)-type investment plans or participate in multiple-employer pension plans (of which FRS is the most common). Also, many of the cities included in the study have 401(k)-type or multi-employee pension plans in addition to the single-employer plans presented.

This report focuses on individual pension plans rather than cities because most cities have more than one pension plan to cover different types of employees or elected officials. The most common are plans for general employees, police officers and firefighters. As stated previously, within a single city, one plan may be well funded while another is significantly underfunded. For example, the city of Port Orange has three single-employer defined benefit pension plans—one for general employees, one for police officers, and one for firefighters. One of those plans is well funded and the other two are significantly underfunded.

Each pension plan below was graded on a scale from A to F based on their funding level. Table 1 presents the distribution of pension plans among the five grade categories. Readers should note that these assigned grades represent a snapshot of funding levels as they were presented in each cities' audited financial reports for fiscal year 2009 (in some cases fiscal year 2008 financial reports were used when the 2009 report was unavailable during data collection efforts). The grades, therefore, do not include important trend information. Some plans may be poorly funded, but are rapidly improving, and others may be well funded, but are deteriorating quickly. Another important item to recognize is that these grades are not based on uniform actuarial assumptions. Pension plans that include optimistic assumptions can obtain a higher grade without improving the underlying health of their pension plan. Note: Some of the participant data came from the Department of Management Services' Local Government Annual Report.

TABLE 1: GRADING SUMMARY

GRADE	PERCENT FUNDED	NUMBER OF PLANS RECEIVING	PERCENTAGE OF PLANS RECEIVING
A	More than 90% funded	30	14%
B	80 to 90% funded	48	23%
C	70 to 80% funded	63	30%
D	60 to 70% funded	36	17%
F	Less than 60% funded	31	15%

HONOR ROLL PENSION PLANS RECEIVING AN “A”

The “A” grade indicates that a pension plan appears to be well funded and sustainable; however, sustainability can change rather quickly with a substantive drop in the value of the invested assets or an increase in pension benefits that increases the size of the liability. The “A” grade plans are listed in Table 2, along with the date of the actuarial reports on which the grades are based.

It is important to note that two of the cities in Table 2 (Gainesville and Palm Bay) have issued pension obligation bonds to fund a portion of their pension funds. This means that these cities have traded their pension debt (liability) for bond debt. The rationale behind pension bonds is that governments borrow an amount of money through issuing bonds (a process that is similar to obtaining and paying back a mortgage) at a designated interest rate and then expect that they can invest those borrowed funds in securities that will have a higher rate of return than the interest rates on the bonds. If their investments provide a better return than the interest rate on their bonds, the surplus helps to reduce the government's net costs. However, if their investments do not provide a return that is at least as good as the interest rate on their bonds, the government has to continue to pay back their bonds while also increasing their pension contributions. The

strategy is not without significant risk and should not be pursued without careful deliberation.

TABLE 2: “A” GRADED PLANS

City Name	Plan Name	Employee Type	Percent Funded	Actuarial Date
Apopka	Municipal Police Officers' Retirement Plan	Police Only	94.68%	2009
Boca Raton	General Employees' Pension Plan	General Only	95.72%	2009
Clearwater	Employees' Defined Benefit Pension Plan	General and Police	96.29%	2009
Clearwater	Firefighters' Relief and Pension Plan (Closed)	Firefighter Only	103.00%	2008
Deerfield Beach	Firefighters' Pension Plan	Firefighter Only	94.00%	2009
Deerfield Beach	Non-uniformed Employees' Retirement Plan	General Only	96.80%	2009
Delray Beach	General Employees' Pension Fund	General Only	95.38%	2009
Dunedin	Firefighters' Pension Trust Fund	Firefighter Only	94.77%	2009
Fort Pierce	General Employees' Retirement System	General Only	92.65%	2009
Fort Pierce	Police Officers' Retirement Plan	Police Only	90.08%	2009
Gainesville	Employees' Disability Plan	General Only	131.67%	2009
Gainesville	Consolidated Police Officers' and Firefighters' Retirement Plan	Police and Fire	99.09%	2008
Key West	General Employees' Retirement Plan	General Only	109.55%	2008
Lakeland	Firefighters' Supplemental Pension Plan	Firefighter Only	100.00%	2008
Melbourne	General Employees' Pension Plan	General Only	190.10%	2008
New Smyrna Beach	Municipal Police Officers' Pension Plan	Police Only	93.63%	2008
Palm Bay	Defined Benefit Palm Bay Police and Firefighter Plan	Police and Fire	91.08%	2009
Palm Coast	Volunteer Firefighters' Pension Plan	Firefighter Only	114.16%	2008
Plantation	Volunteer Firefighters' Retirement Plan	Firefighter Only	130.31%	2008
Port Orange	General Employees' Defined Benefit Pension Fund	General Only	90.05%	2009
Rockledge	Firefighters' Pension Plan	Firefighter Only	90.42%	2008
Rockledge	Administrative Employees' Retirement Plan	General Only	101.25%	2008
Rockledge	Police Pension Plan	Police Only	105.79%	2008
St. Cloud	General Employees' Retirement Plan	General Only	90.04%	2009

St. Petersburg	General Employees' Retirement Fund	General Only	99.22%	2008
St. Petersburg	Police Pension Fund	Police and Fire	92.87%	2008
Tallahassee	City of Tallahassee Pension Plan	General, Firefighter & Police	108.31%	2007
Tampa	Firefighters' and Police Officers' Pension Fund	Police and Fire	99.43%	2008
Tampa	General Employees Retirement Fund	General Only	97.97%	2009
West Palm Beach	Police Pension Fund	Police Only	91.02%	2008

PENSION PLANS RECEIVING “B” THROUGH “F” GRADES

A “B” grade was given to plans that were between 80 and 90 percent funded and a “C” grade to plans that were between 70 and 80 percent funded. Plans with “B” grades are generally considered to be sustainable but require regular review to assess trends in their funding ratio and to identify whether corrective action is necessary to ensure the health of the pension plan. Plans that received a “C” grade require even more careful and constant assessment of their health and may require corrective action, such as evaluating contribution and benefit policies to increase the funding ratio.

A “D” grade was given to plans that were between 60 and 70 percent funded and an “F” grade to plans that were less than 60 percent funded. Nearly one-third of the pension plans fell into these categories. These plans require significant attention and are likely to be unsustainable without significant cost increases to taxpayers. In most cases, improving the funding levels of these plans will require a substantial increase in funding commitment from employees or taxpayers or substantive reductions in retirement benefits. Benefit reductions that only affect future employees are likely to take many years before they significantly affect these plans’ funding ratios. Given that two-thirds of the pension plans are better funded than this group of plans, it is not likely that the problems with “D” and “F” pension plans can be primarily attributed to the troubled economy and, therefore, a full market recovery should not be expected to fundamentally improve the condition of these pension plans. The “F” graded pension plans are listed in Table 3.

TABLE 3: “F” GRADED PENSION PLANS

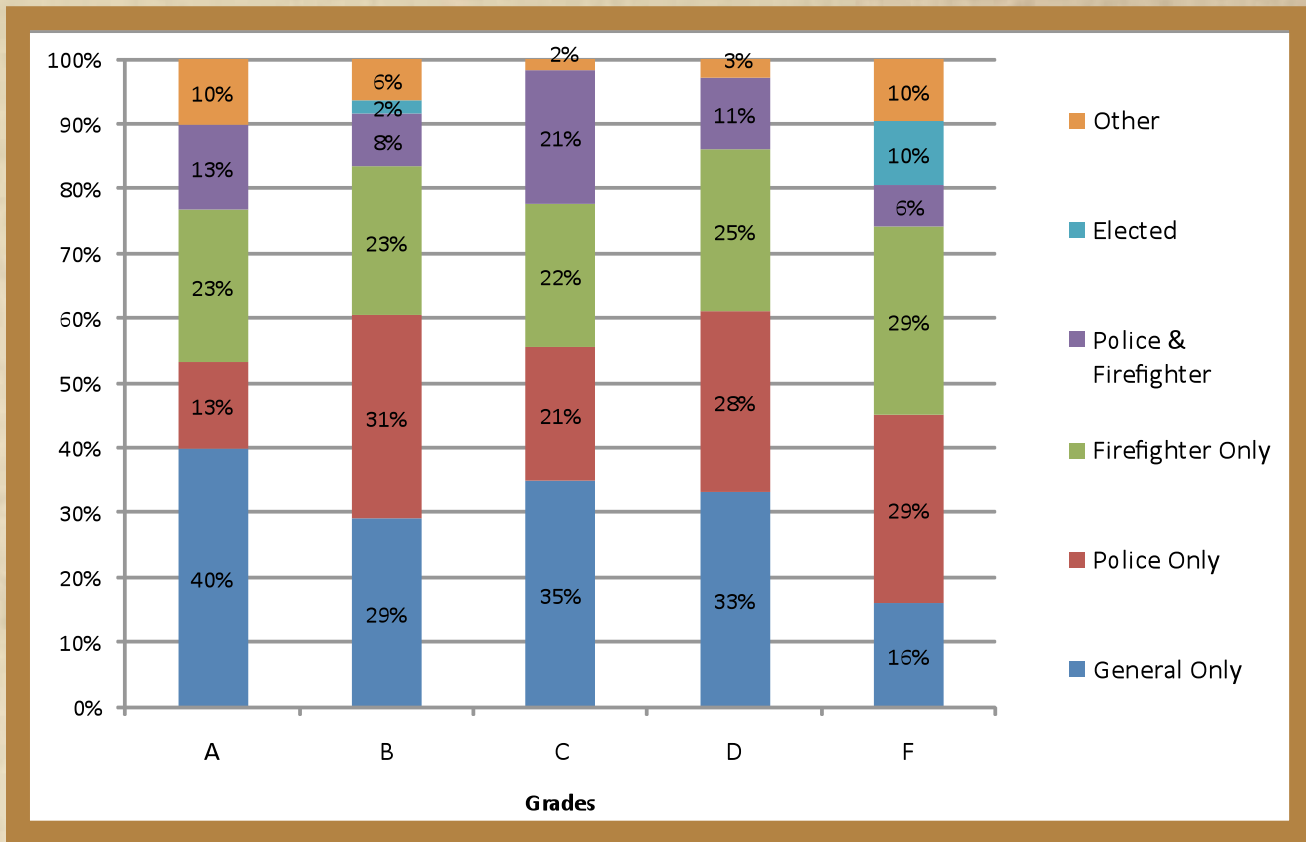
City Name	Plan Name	Participant Type	Percent Funded	Actuarial Date
Boynton Beach	Police Officers' Pension Fund	Police Only	59.10%	2009
Cooper City	Florida Municipal Pension Trust Fund	General and Police	35.48%	2008
Fort Myers	Municipal Firefighters' Pension Trust Fund	Firefighter Only	50.69%	2009
Fort Myers	General Employees' Pension Plan	General Only	52.03%	2009
Fort Myers	Police Officers' Retirement System	Police Only	50.53%	2009
Hollywood	Firefighters' Pension Fund	Firefighter Only	48.22%	2007
Hollywood	Police Retirement Fund	Police Only	58.24%	2007
Homestead	Elected Official's Retirement Plan (Old Elected Plan)	General (Elected)	53.79%	2006

Homestead	New Elected Official's and Senior Management Retirement System	General (Elected)	50.29%	2009
Homestead	Police Officers' Retirement Plan	Police Only	57.53%	2009
Jacksonville	City of Jacksonville Retirement System (Correction Officers)	Correctional Officers	47.70%	2009
Jacksonville	Police and Fire Pension Plan	Police and Fire	48.80%	2009
Miami	General Employees' and Sanitation Employees' Excess Benefit Plan	General and Sanitation	0.00%	2008
Miramar	Management Retirement Plan	General Only	41.20%	2008
Miramar	Firefighters' Retirement Plan	Firefighter Only	57.48%	2008
Miramar	Police Officers' Retirement Plan	Police Only	57.55%	2008
Oakland Park	General Employees' Pension Plan	General Only	55.83%	2008
Ocala	Firefighters' Retirement Plan	Firefighter Only	57.66%	2009
Ocala	General Employees' Retirement System	General Only	45.21%	2009
Oviedo	Firefighters' Retirement Pension Trust	Firefighter Only	46.64%	2009
Palm Beach Gardens	Police Officers' Pension Fund	Police Only	53.22%	2007
Palm Beach Gardens	Retirement Plan for Firefighters	Firefighter Only	53.95%	2007
Panama City	Senior Management Pension Trust Fund	General Only	58.53%	2009
Parkland	Police Officers' Retirement Plan	Police Only	54.23%	2009
Plant City	Safety Employee Defined Benefit Plan	Police and Fire	55.36%	2009
Port Orange	Fire and Rescue Pension Fund	Firefighter Only	46.06%	2008
Port Orange	Police Pension Fund	Police Only	44.71%	2009
Tamarac	Elected Officials' and Non-Represented Employee Retirement Plan	General (Elected)	50.00%	2008
Temple Terrace	Police Officers' Retirement Fund	Police Only	54.90%	2009
Venice	Firefighters' Pension Plan	Firefighter Only	53.87%	2009
Winter Haven	Municipal Firemen's Pension Trust Fund	Firefighter Only	58.56%	2009

FUNDING LEVELS VARY WITH DIFFERENT TYPES OF PENSION PLANS

Most cities have several pension plans to cover different types of participants. The most common types of pension plans are those that cover general-government employees, police officers, and firefighters.

FIGURE 1: PENSION PLAN GRADES AND PARTICIPANT TYPES



General-government employee plans comprise a larger share of the grade “A” plans and make up a smaller share of the “F” plans. Police plans comprise the largest share of the grade “B” plans. Firefighter plans comprise nearly a quarter of each grade category. Elected official plans tend to be particularly poorly funded—but they represent a very small number of the plans. Figure 1 demonstrates that every type of plan is found in each of the grading categories.

Figure 1 demonstrates that while there are trends that can be identified (i.e., general employee plans tend to be better funded than other plans), there are also important exceptions in every plan—where firefighters and police plans are better funded than general employee plans. This occurs, for example, in Panama City, Pensacola, and Oakland Park.

ANNUAL COST OF PENSION PLANS

The annual cost for each pension plan was calculated by dividing the annual pension cost in fiscal year 2009 (or year of data) by the number of active participants in the plan.

Pension plans require annual contributions from plan sponsors (i.e., municipal governments) and participants in order to maintain their funding levels. Ideally, those contributions are only necessary to pay for future benefits that were earned by participants in the current year. That amount is referred to as the normal contribution. Normal contributions increase as plans provide more generous benefits, make benefits available to more individuals, and reduce the number of years someone needs to work or lower the age when the plan will begin to pay benefits. However, underfunded pension plans require an additional contribution in order to eventually eliminate their unfunded liabilities.

In general, plans that are not as well funded have larger per participant costs. This relationship is reflected in Table 4, which provides the median value of annual pension costs (per active participant) for each grade category. An apparent relationship was found between the well-funded plans' grade and the median cost per participant. The median "A" graded plan is significantly less costly per participant than the median plan in the lower grades.⁴ At \$5,784 per active plan participant, the median "A" graded plan is half as expensive as the typical plan in the "B" and "C" grades, three times less costly than the median "D" graded plan, and nearly five times less costly than the typical "F" graded plan at \$26,305 per active participant.

The relationship between costs and funding level is fairly straightforward. When pension plans are underfunded, annual contributions need to include the normal contribution and an additional contribution to pay down the unfunded portion of the liability. Therefore, if two pension plans have equal benefit policies and equal employee characteristics but one is 75 percent funded and the other is 100 percent funded, the plan that is 75 percent funded will require a larger annual contribution in order to pay down its unfunded liability. Plan sponsors do not have to make up the entire unfunded portion of the liability in a single year. In most cases, that amount would be too costly for governments to pay in full. Instead, a professional actuary establishes a payment schedule that allows the sponsor to pay off the unfunded portion of the liability over as many as 30 years. In short, plans with large unfunded liabilities will pay more in annual pension costs.

TABLE 4: ANNUAL COSTS OF PLANS BY GRADE

GRADE	MEDIAN COST PER PARTICIPANT
A	\$ 5,784
B	\$ 12,666
C	\$ 12,410
D	\$ 18,886
F	\$ 26,305

In the government context, this means that governments have to increase their budgetary contributions in the direction of their pension funds and away from other budgetary demands, such as city services. Those increased budgetary commitments are likely to stay in place for as many as 30 years. In practice, most sponsors reamortize their unfunded liabilities every few years and, as such, are unlikely to pay down their unfunded liability in the near future. Additionally, as a pension plan becomes increasingly underfunded, the annual cost will continue to grow and shift additional resources away from other budgetary demands.

Another reason why some underfunded pension plans may be more costly than well-funded plans is that these plans may offer more generous retirement benefits. Even a fully-funded retirement plan can quickly become underfunded if retirement benefit policies are changed to provide a more generous benefit. At a simplified level, pensions become more generous when policies that govern the qualifications for retirement benefits are loosened (e.g., shortening the vesting period, reducing the average retirement age, making the benefits available to surviving partners and dependents) or the generosity of formula that is used to calculate benefits is increased (e.g., including more forms of income in the base salary, increasing the "multiplier", increasing the cost of living adjustment).

The effect of a change in benefit policies depends on the type of benefit provision that is manipulated and

the magnitude of the change. The effect also is highly influenced by whether the change is prospective or retrospective. Prospective changes are those that only apply to future years of service by plan participants. They do not apply to retirees and have very little effect on the benefits of individuals who are expected to retire soon. Prospective benefit changes, therefore, generally have minor impacts on the size of pension liabilities.

Retrospective benefit changes apply to years of service that have already been completed. They are likely to significantly affect the size of pension liabilities. Instituting a retrospective benefit increase without making a large contribution to the pension plan in order to offset those benefits is functionally similar to underfunding a pension plan for many years and then suddenly recognizing the full size of the liability.

TYPES OF PARTICIPANT PENSION PLANS RANGE IN COSTLINESS

Table 5 presents the annual costs of pension plans and the types of participants covered by the pension plan. In terms of median costs, the results show general employee pension plans tend to be less costly with a median cost of \$9,297. Police and firefighter pension costs are higher, because these plans tend to provide more generous benefits than general employee plans and allow their participants to access benefits at a younger age because of the inherent risks associated with their jobs. What is interesting from Table 5 is that plans with both police and firefighters have higher costs than plans where the two groups are in different plans. Elected official plans have the highest median costs, but again there are only a few of these plans in the 100 cities and they tend to cover far fewer participants than employee plans.

TABLE 5: ANNUAL COSTS OF PLANS BY PARTICIPANT

	MEDIAN COST PER PARTICIPANT
Elected Officials	\$ 50,773
Police & Firefighters	\$ 21,738
Firefighters Only	\$ 17,819
Police Only	\$ 15,245
General Only	\$ 9,297

Table 6 provides information on the plans' grade and costs for each of the 208 plans in the 87 cities. What is striking about Table 6 is the variation within the cities. For example, the general employees in Port Orange have an "A" rated plan costing \$6,967, while the police and firefighters' plans receive an "F" and cost almost four times more per recipient. In New Smyrna Beach the police plan receives an "A" and costs \$13,430, and the firefighter's plan receives a "D" and costs nearly twice as much. St. Petersburg's general employee and police pension plans both receive an "A" grade, but the general employee plan is nearly four times less expensive on a per participant basis. In Key West, an "A" or "B" grade is given to the general employees, fire and police plans, but the housing authority retirement plan is given a "D" grade.

Additionally, what appears evident from Table 6 is that a city's size does not seem to be a factor in the sustainability of their pension plans. Tampa's and Tallahassee's plans are "A" rated with low costs. St. Petersburg's plans are "As" and "Bs" and Orlando's plans get a "B" rating. However, Jacksonville's plans are graded "C" and "F" and Miramar's are "Ds" and "Fs."

Similarly, some smaller cities' plans are exemplary. For example, Rockledge has three plans—all graded "A." Dunedin has one plan with an "A" grade and Apopka has three plans with an "A" and two "Bs." In contrast, other smaller cities including Aventura, Plant City and Parkland have plans with "Ds" and "Fs."

TABLE 6: PENSION PLAN INFORMATION

City Name	Plan Name	Participant Type	Date	Grade	Annual Cost per Participant
Altamonte Springs	General Employees' Pension Plan	General Only	2009	B	\$5,471
Altamonte Springs	Police Officers' Pension Plan	Police Only	2009	C	\$11,791
Apopka	Municipal Police Officers' Retirement Plan	Police Only	2009	A	\$11,805
Apopka	General Employees' Retirement Plan	General Only	2009	B	\$5,622
Apopka	Municipal Firefighters' Retirement Plan	Firefighter Only	2009	B	\$8,001
Aventura	Defined Benefit Pension Plan	Police Only	2009	D	\$12,139
Boca Raton	General Employees' Pension Plan	General Only	2009	A	\$3,105
Boca Raton	Police and Firefighters' Retirement System	Police and Fire	2009	C	\$23,485
Boca Raton	Executive Employees' Retirement Plan	General Only	2009	D	\$14,465
Boynton Beach	General Employees' Pension Fund	General Only	2009	C	\$9,413
Boynton Beach	Police Officers' Pension Fund	Police Only	2009	F	\$24,631
Boynton Beach	Firefighters' Pension Fund	Firefighter Only	2009	D	\$28,687
Bradenton	Police Pension Plan	Police Only	2009	B	\$15,245
Bradenton	Firefighters' Retirement System	Firefighter Only	2009	C	\$10,402
Cape Coral	Municipal General Employees' Pension Plan	General Only	2009	D	\$8,016
Cape Coral	Municipal Police Officers' Pension Plan	Police Only	2009	C	\$22,000
Cape Coral	Municipal Firefighters' Pension Plan	Firefighter Only	2009	C	\$24,301
Casselberry	Police Officers' and Firefighters' Pension Plan	Police and Fire	2009	B	\$9,536
Clearwater	Employees' Defined Benefit Pension Plan	General and Police	2009	A	\$5,542
Cooper City	General Employees' Retirement Plan	General Only	2009	C	\$10,419
Cooper City	Police Officers' Retirement Plan	Police Only	2009	C	\$59,597
Cooper City	Firefighters' Retirement Plan	Firefighter Only	2009	D	\$59,784

Cooper City	Florida Municipal Pension Trust Fund	General and Police	2008	F	\$78,375
Coral Gables	Coral Gables Retirement Plan	General and Police	2009	D	\$28,638
Coral Springs	General Employees' Retirement Plan (Closed to New Members)	General Only	2009	C	\$51,007
Coral Springs	Police Officers' Retirement Plan	Police Only	2009	B	\$42,772
Coral Springs	Firefighters' Retirement Plan	Firefighter Only	2009	C	\$17,948
Dania Beach	General Employees' Pension Fund	General Only	2009	B	\$10,520
Dania Beach	Retirement System for Police and Firefighters	Police and Fire	2009	C	\$23,949
Davie	Firefighters' Pension Plan	Firefighter Only	2009	D	\$31,649
Davie	Police Employees' Pension Trust Fund	Police Only	2009	D	\$36,565
Davie	Management and General Employees' Plan	General Only	2009	C	\$11,340
Daytona Beach	Police and Fire Uniformed Employees	Police and Fire	2009	B	\$22,598
DeLand	Firefighters' Retirement Plan	Firefighter Only	2009	B	\$9,728
DeLand	Police Officers' Retirement Plan	Police Only	2009	B	\$13,850
DeLand	General Employees' Retirement Plan	General Only	2009	C	\$9,120
Deerfield Beach	Firefighters' Pension Plan	Firefighter Only	2009	A	\$21,708
Deerfield Beach	Police Officers' Retirement Plan (Closed in 1990)	Police Only	2009	C	\$312,461
Deerfield Beach	Non-uniformed Employees' Retirement Plan	General Only	2009	A	\$17,077
Delray Beach	General Employees' Pension Fund	General Only	2009	A	\$6,031
Delray Beach	Police and Firefighters' Retirement System Fund	Police and Fire	2009	C	\$21,738
Deltona	Firefighters' Pension Plan	Firefighter Only	2008	C	\$7,124
Dunedin	Firefighters' Pension Trust Fund	Firefighter Only	2009	A	\$13,813
Edgewater	Firefighters' Pension Fund	Firefighter Only	2009	B	\$7,583
Edgewater	General Employees' Pension Fund	General Only	2009	B	\$25,733
Edgewater	Police Officers' Retirement Trust Fund	Police Only	2009	B	\$12,666
Fort Lauderdale	Firefighters' and Police Officers' Pension Fund	Police and Fire	2009	C	\$25,393
Fort Lauderdale	General Employees Retirement System	General Only	2009	C	\$13,696
Fort Myers	Municipal Firefighters' Pension Trust Fund	Firefighter Only	2009	F	\$34,848
Fort Myers	General Employees' Pension Plan	General Only	2009	F	\$9,297
Fort Myers	Police Officers' Retirement System	Police Only	2009	F	\$31,913

Fort Pierce	General Employees' Retirement System	General Only	2009	A	\$5,576
Fort Pierce	Police Officers' Retirement Plan	Police Only	2009	A	\$6,599
Gainesville	Employees' Disability Plan	General Only	2009	A	\$313
Gainesville	Employees' Pension Plan	General Only	2009	B	\$2,306
Gainesville	Consolidated Police Officers' and Firefighters' Retirement Plan	Police and Fire	2008	A	\$10,251
Greenacres	Public Safety Officers' and Firefighters' Retirement Plan	Police and Fire	2009	C	\$7,742
Hallandale Beach	Professional/Management Retirement Plan	General Only	2008	C	\$29,028
Hallandale Beach	General Employees' Retirement Plan	General Only	2008	D	\$11,839
Hallandale Beach	Police Officers' and Firefighters' Retirement Plan	Police and Fire	2008	D	\$55,080
Hialeah	Elected Officials' Retirement System	General (Elected)	2008	B	\$25,003
Hialeah	Employees' Retirement System	General and Police	2008	B	\$13,083
Hollywood	Employees' Retirement Fund	General Only	2007	D	\$18,623
Hollywood	Firefighters' Pension Fund	Firefighter Only	2007	F	\$63,270
Hollywood	Police Retirement Fund	Police Only	2007	F	\$49,315
Homestead	Elected Official's Retirement Plan (Old Elected Plan)	General (Elected)	2006	F	\$50,773
Homestead	General Employees' Retirement Plan	General Only	2009	C	\$12,410
Homestead	New Elected Official's and Senior Management Retirement System	General (Elected)	2009	F	\$58,624
Homestead	Police Officers' Retirement Plan	Police Only	2009	F	\$44,269
Jacksonville	City of Jacksonville Retirement System (General)	General Only	2009	C	\$5,725
Jacksonville	City of Jacksonville Retirement System (Correction Officers)	Correctional Officers	2009	F	\$9,526
Jacksonville	Police and Fire Pension Plan	Police and Fire	2009	F	\$26,323
Jacksonville Beach	General Employees' Retirement System	General Only	2008	B	\$2,572
Jacksonville Beach	Fire Fighters' Retirement System	Firefighter Only	2008	C	\$6,272
Jacksonville Beach	Police Officers' Retirement System	Police Only	2008	C	\$6,076
Jupiter	Municipal Police Officers' Retirement Trust	Police Only	2008	D	\$26,197
Key West	General Employees' Retirement Plan	General Only	2008	A	\$2,992
Key West	Police Officers' and Firefighters' Retirement Plan	Police and Fire	2008	B	\$17,660

Key West	Housing Authority Employees' Retirement Plan	General Only	2008	D	\$6,707
Kissimmee	General Employees' Retirement Plan	General Only	2008	B	\$5,129
Kissimmee	Municipal Police Officers' Retirement Plan	Police Only	2008	B	\$11,062
Kissimmee	Municipal Firefighters' Retirement Plan	Firefighter Only	2008	C	\$16,082
Lake Worth	Employees' Retirement Fund	General Only	2008	C	\$9,367
Lake Worth	Police Officers' Relief and Retirement System	Police Only	2008	D	\$38,396
Lake Worth	Firefighters' Pension Trust Fund	Firefighter Only	2008	D	\$124,503
Lakeland	Firefighters' Supplemental Pension Plan	Firefighter Only	2008	A	\$49
Lakeland	Employees' Pension and Retirement System	General and Police	2008	B	\$7,476
Lakeland	Police Officers' Defined Benefit Retirement System	Police Only	2008	C	\$2,988
Largo	Police Officers' and Firefighters' Retirement Plan	Police and Fire	2008	C	\$11,448
Lauderhill	Firefighter Retirement System	Firefighter Only	2008	C	\$31,802
Lauderhill	General Employee Retirement System	General Only	2008	C	\$7,709
Lauderhill	Police Retirement System	Police Only	2008	C	\$18,537
Lauderhill	Confidential and Managerial Retirement System	General Only	2008	D	\$19,148
Melbourne	General Employees' Pension Plan	General Only	2008	A	\$37,398
Melbourne	Firefighters' Pension Plan	Firefighter Only	2008	B	\$4,911
Melbourne	Police Pension Plan	Police Only	2008	D	\$11,842
Miami	Elected Officers' Retirement Trust	General (Elected)	2008	N/A	\$68,765
Miami	General Employees' and Sanitation Employees' Retirement Trust	General and Sanitation	2008	B	\$13,618
Miami	Firefighters' and Police Officers' Retirement Trust	Police and Fire	2008	C	\$22,654
Miami	General Employees' and Sanitation Employees' Retirement Trust (Staff Trust)	General Only	2008	C	\$12,295
Miami Beach	Employees' Retirement Fund	General Only	2008	B	\$11,109
Miami Beach	Retirement System for Firefighters and Police Officers	Police and Fire	2008	C	\$41,396
Miramar	General Employees' Retirement Plan	General Only	2008	D	\$10,149
Miramar	Management Retirement Plan	General Only	2008	F	\$21,361
Miramar	Firefighters' Retirement Plan	Firefighter Only	2008	F	\$28,285
Miramar	Police Officers' Retirement Plan	Police Only	2008	F	\$30,603

Naples	Firefighters' Pension Plan	Firefighter Only	2009	D	\$40,123
Naples	Police Officers' Pension Plan	Police Only	2009	D	\$26,537
Naples	General Pension Plan	General Only	2009	D	\$6,440
New Smyrna Beach	Municipal Police Officers' Pension Plan	Police Only	2008	A	\$13,430
New Smyrna Beach	Municipal Firefighters' Pension Plan	Firefighter Only	2009	D	\$23,533
North Miami	Clair T. Singerman Employees' Retirement System (CTS)	General Only	2009	C	\$15,970
North Miami	North Miami Police Pension Plan (748)	Police Only	2009	C	\$19,951
North Miami Beach	Retirement Plan for General Management Employees'	General Only	2009	D	\$11,639
North Miami Beach	Police and Fire Retirement System	Police and Fire	2009	D	\$47,250
North Miami Beach	General Employees' Retirement System	General Only	2009	C	\$7,057
North Port	Municipal Firefighters' Pensions	Firefighter Only	2008	C	\$10,877
North Port	Municipal Police Officers' Pension	Police Only	2008	D	\$9,122
Oakland Park	Retirement System for Police and Firefighters	Police and Fire	2008	C	\$25,070
Oakland Park	General Employees' Pension Plan	General Only	2008	F	\$18,474
Ocala	Police Officers' Retirement System	Police Only	2009	D	\$9,288
Ocala	Firefighters' Retirement Plan	Firefighter Only	2009	F	\$8,224
Ocala	General Employees' Retirement System	General Only	2009	F	\$8,481
Ocoee	General Employees' Pension Plan	General Only	2008	C	\$5,758
Ocoee	Police and Fire Pension Plan	Police and Fire	2008	C	\$9,359
Orlando	General Employees' Pension Fund (Closed 1998)	General Only	2009	B	\$17,981
Orlando	Police Pension Fund	Police Only	2009	B	\$18,577
Orlando	Firefighter Pension Fund	Firefighter Only	2009	B	\$20,162
Ormond Beach	Municipal Police Officers' Retirement Fund	Police Only	2009	B	\$6,730
Ormond Beach	General Employees' Trust Fund	General Only	2009	C	\$5,985
Ormond Beach	Municipal Firefighters' Retirement Fund	Firefighter Only	2009	D	\$11,519
Oviedo	Police Officers' Retirement Trust	Police Only	2009	C	\$5,383
Oviedo	Firefighters' Retirement Pension Trust	Firefighter Only	2009	F	\$5,465
Palm Bay	Defined Benefit Palm Bay Police and Firefighter Plan	Police and Fire	2009	A	\$3,875
Palm Beach Gardens	Police Officers' Pension Fund	Police Only	2007	F	\$35,263

Palm Beach Gardens	Retirement Plan for Firefighters	Firefighter Only	2007	F	\$26,287
Palm Beach Gardens	Retirement Plan for General Employees	General Only	2007	B	\$30,252
Palm Coast	Volunteer Firefighters' Pension Plan	Firefighter Only	2008	A	\$1,883
Panama City	Policemen Pension Trust Fund	Police Only	2009	B	\$8,794
Panama City	Firemen Pension Trust Fund	Firefighter Only	2009	C	\$12,959
Panama City	Senior Management Pension Trust Fund	General Only	2009	F	\$9,913
Parkland	Police Officers' Retirement Plan	Police Only	2009	F	\$77,880
Pembroke Pines	General Employees' Pension Plan	General Only	2008	B	\$22,130
Pembroke Pines	City Pension Fund for Firefighters and Police Officers	Police and Fire	2008	D	\$61,809
Pensacola	Firefighters' Pension Plan	Firefighter Only	2008	B	\$34,950
Pensacola	Police Officers' Retirement Plan	Police Only	2006	B	\$19,688
Pensacola	General Pension and Retirement Fund	General Only	2008	D	\$20,806
Pinellas Park	General Pension Plan	General Only	2008	B	\$6,370
Pinellas Park	Police Pension Plan	Police Only	2008	B	\$15,880
Pinellas Park	Firefighters' Pension Plan	Firefighter Only	2008	C	\$21,459
Plant City	Safety Employee Defined Benefit Plan	Police and Fire	2009	F	\$8,385
Plantation	Volunteer Firefighters' Retirement Plan	Firefighter Only	2008	A	\$1,352
Plantation	General Employees' Retirement Plan	General Only	2008	B	\$5,780
Plantation	Police Officers' Retirement Plan	Police Only	2008	C	\$25,651
Pompano Beach	General Employees' Retirement System	General Only	2009	C	\$7,258
Pompano Beach	Police and Firefighters' Retirement System	Police and Fire	2009	C	\$26,439
Port Orange	General Employees' Defined Benefit Pension Fund	General Only	2009	A	\$6,967
Port Orange	Fire and Rescue Pension Fund	Firefighter Only	2008	F	\$29,304
Port Orange	Police Pension Fund	Police Only	2009	F	\$26,998
Port St. Lucie	Municipal Police Officers' Retirement Trust Fund	Police Only	2009	D	\$7,036
Riviera Beach	Riviera Beach Municipal Firefighters' Pension Trust Fund	Firefighter Only	2008	B	\$25,761
Riviera Beach	Riviera Beach Police Pension Fund	Police Only	2008	C	\$21,496
Riviera Beach	City of Riviera Beach General Employees' Retirement System	General Only	2008	D	\$11,013
Rockledge	Firefighters' Pension Plan	Firefighter Only	2008	A	\$2,159
Rockledge	Administrative Employees' Retirement Plan	General Only	2008	A	\$1,880
Rockledge	Police Pension Plan	Police Only	2008	A	\$1,875

Sanford	Police Retirement System	Police Only	2009	C	\$8,676
Sanford	Firefighter Retirement System	Firefighter Only	2009	D	\$9,468
Sarasota	General Employees' Pension Plan	General Only	2009	B	\$6,699
Sarasota	Police Pension Fund	Police Only	2009	B	\$26,510
Sarasota	Fire Pension Fund (CLOSED PLAN)	Firefighter Only	2009	C	\$116,288
Sebastian	Police Officers' Pension Plan	Police Only	2008	B	\$8,793
St. Cloud	General Employees' Retirement Plan	General Only	2009	A	\$4,258
St. Cloud	Police Officers' and Firefighters' Retirement Plan	Police and Fire	2009	C	\$5,625
St. Petersburg	General Employees' Retirement Fund	General Only	2008	A	\$6,337
St. Petersburg	Police Pension Fund	Police and Fire	2008	A	\$24,728
St. Petersburg	Fire Pension Fund	Firefighter Only	2008	B	\$47,340
Sunrise	General Employees' Pension Plan	General Only	2009	C	\$19,103
Sunrise	Police Officers' Pension Plan	Police Only	2009	D	\$38,179
Sunrise	Firefighters' Pension Plan	Firefighter Only	2009	C	\$31,170
Tallahassee	City of Tallahassee Pension Plan	General, Firefighter & Police	2007	A	\$5,784
Tamarac	General Employee Pensions System	General Only	2008	C	\$8,709
Tamarac	Firefighters' Pension Plan	Firefighter Only	2008	D	\$38,315
Tamarac	Elected Officials' and Non-Represented Employee Retirement Plan	General (Elected)	2008	F	\$18,113
Tampa	Firefighters' and Police Officers' Pension Fund	Police and Fire	2008	A	\$9,109
Tampa	General Employees Retirement Fund	General Only	2009	A	\$4,450
Tarpon Springs	Firefighters Pension Plan	Firefighter Only	2008	B	\$8,002
Tarpon Springs	Police Officers Pension Plan	Police Only	2008	B	\$7,731
Temple Terrace	Firefighters' Retirement Fund	Firefighter Only	2009	C	\$7,380
Temple Terrace	Police Officers' Retirement Fund	Police Only	2009	F	\$13,552
Titusville	General Employees' Pension Plan	General Only	2008	C	\$6,549
Titusville	Police Officers' and Firefighters' Pension Plan	Police and Fire	2008	D	\$8,016
Venice	Firefighters' Pension Plan	Firefighter Only	2009	F	\$17,691
Venice	Police Officers' Retirement	Police Only	2009	B	\$13,714
West Palm Beach	Police Pension Fund	Police Only	2008	A	\$12,486
West Palm Beach	Firefighters' Pension	Firefighter Only	2008	C	\$32,812
West Palm Beach	Restated Employees' Defined Benefit Retirement System Fund	General Only	2008	C	\$22,282
Winter Garden	Pension Plan for Firefighters and Police Officers	Police and Fire	2009	B	\$14,903

Winter Garden	Pension Plan for General Employees	General Only	2009	C	\$9,743
Winter Haven	Municipal Police Officers' Pension Trust Fund	Police and Fire	2009	C	\$6,720
Winter Haven	General Employee Retirement Fund	General Only	2009	D	\$6,259
Winter Haven	Municipal Firemen's' Pension Trust Fund	Firefighter Only	2009	F	\$9,007
Winter Park	Firefighter Employee Pension Plan	Firefighter Only	2008	B	\$14,021
Winter Park	Police Employee Pension Plan	Police Only	2008	B	\$9,907
Winter Springs	Defined Benefit Pension Plan	General and Police	2007	C	\$6,877

MUNICIPAL PENSION REPORT CARD SUMMARY

Great diversity characterizes the sustainability and costs in the 208 public-employee and elected-official defined benefit pension plans in the state's 100 largest cities. While some cities deserve praise for their pension plan grades, some plans were both costly and underfunded.

Summary of municipal pension grading:

- The majority of the plans, about 53 percent, received “B” or “C” grades
- More than 37 percent of the municipal plans obtained grades of “A” or “B”; 14 percent making an “A”
- Nearly one-third of the plans earned a “D” or “F”
- Underfunded pension plans tend to be significantly more costly than well-funded pension plans.
- General employee plans make up a larger share of the well-funded pension plans relative to plans that cover other kinds of participants.

While analyzing pension costs by city is important, it is also important to understand differences within a single jurisdiction. Most cities have more than one pension plan to cover different types of employees or elected officials. The most common are plans for general employees, police officers and firefighters. Since it's possible that within a single city, one plan may be well funded while others are underfunded, it is important to consider the fiscal sustainability of each municipal pension plan when assessing how to improve pension systems. Future analysis from the LeRoy Collins Institute will focus on several of the highly ranked plans in an effort to identify best practices and provide guidance for other cities on how to achieve sustainability at a reasonable cost per recipient.

¹The Florida Retirement System, or FRS, administers the retirement benefits for most of Florida's state, school district, and county government employees. Approximately 150 cities also participate at some level in FRS. A recent actuarial assessment found that the FRS is in good financial shape and will probably get better as the changes in the 2011 pension law ripple through the system. (Bill Cotterell. 2011. Expert Says FRS in Good Financial Shape. Tallahassee.com. Sept. 28. 2011.) <http://www.tallahassee.com/article/20110928/CAPITOLNEWS/109280324/Expert-says-FRS-good-financial-shape?odyssey=tab%7Ctopnews%7Ctext%7Cfrontpage>

²This report includes 87 of the 100 largest cities that provide employees with defined benefit pension plans, what most people think of as traditional pension plans. The other 13 cities use defined contribution plans where employees direct their pension savings in 401(k)-type plans or multi-employee pension plans such as the Florida Retirement System. They are not included in this analysis.

³Trouble Ahead: Florida Local Governments and Retirement Obligations. Feb. 2011. <http://collinsinstitute.fsu.edu/files/ToughChoiceTroubleAheadReport.pdf>

⁴The median value is the middle value of a sample of values. Half of the observed values in the sample are higher and the other half of the observed values are lower. It is different from the average because outliers do not disproportionately influence the median value, but can significantly affect the average value.

Established in 1988, the LeRoy Collins Institute is an independent, nonpartisan, non-profit organization which studies and promotes creative solutions to key private and public issues facing the people of Florida and the nation. The Institute, located in Tallahassee at Florida State University, is affiliated and works in collaboration with the State University System of Florida.

Named in honor of former Florida Governor LeRoy Collins, the Institute is governed by a distinguished board of directors, chaired by Allison DeFoor, D.Min. Other board members include executives, local elected officials, and senior professionals from throughout the state.

Beginning in 2005, the Institute published several reports in a series called, *Tough Choices: Shaping Florida's Future*. These publications provided an in-depth analysis of Florida tax and spending policy including Medicaid, PreK-12 education, higher education, and children's health and welfare. The research concluded Florida's pattern of low spending and low taxes conflicted with the growing demands of the state's residents, predicting trouble may be ahead.

In the newest research series, *Tough Choices: Facing Florida's Governments*, the Institute takes an objective look at the often tumultuous relationship between state and local governments in Florida. This study (*Report Card: Florida's Municipal Pensions*) is the fourth release in this research series. This report was written by Dr. David Matkin, assistant professor at the Reubin O'D. Askew School of Public Administration and Public Policy, and Dr. Carol Weissert, director of the LeRoy Collins Institute and FSU political science professor. Garrett Zelif and Jed Webb, master of public administration students in the Askew School, also assisted with the analysis and interpretation of the data.

The *Tough Choices* research series is funded by the Jessie Ball duPont Fund. Future reports in the *Tough Choices* research series will examine trends in city spending and revenue, the effects of state mandates on Florida's local governments, state proposals to limit local revenues, and differential effects of the economy and state mandates on fiscally distressed communities.

All publications from the Institute can be found at the Institute's website: <http://CollinsInstitute.fsu.edu>.

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