

TOUGH CHOICES

FACING FLORIDA'S GOVERNMENTS



THE FINANCIAL CHALLENGES OF RETIREE HEALTHCARE SUBSIDIES IN FLORIDA CITIES AND COUNTIES

In this report, the LeRoy Collins Institute continues its in-depth analysis of pensions and other post-employment benefits of Florida local governments.¹ We examined retiree healthcare subsidies in Florida counties and the largest municipalities over four years. Unlike our pension findings, we conclude that only a handful of localities have large unfunded healthcare subsidies liabilities, although these liabilities in those jurisdictions are worthy of concern. For example, the City of Miami has unfunded liabilities that total more than \$900 million. Total unfunded liabilities in the state are more than \$7.5 billion as of fiscal year 2014.

Because there is no central reporting system in Florida for identifying and comparing retiree healthcare obligations, ***the purpose of this study is to provide the public with information on the size of unfunded liabilities and the funding strategies used by all Florida counties and the largest Florida cities.***

This study's key findings are that:

- (1) The significant majority of local governments (about 82 percent) have unfunded retiree healthcare liabilities that create relatively small challenges to their long-term financial condition but non-trivial challenges for budget decisions.
- (2) A smaller group of local governments (about 8 percent) have particularly large unfunded retiree healthcare liabilities that create substantive challenges for those local governments' long-term financial conditions and short-term budgeting decisions.
- (3) The size of local governments' unfunded liability challenges is relatively stable in recent years, though the aggregate size of the unfunded liabilities has grown.
- (4) The lengthy and technical process for collecting the information for this report, and the vague language in many of the local governments' financial statements, illustrates the lack of transparency of retiree healthcare liabilities. If it was prohibitive to collect information on the more than 300 incorporated Florida municipalities with populations under 20,000 (which are not included in this study), policymakers and citizens are also unlikely to access that information.

These findings lend support for two recommendations made by a LeRoy Collins Institute report in February 2011 calling for state oversight of local retiree healthcare benefits and for the state legislature to consider repealing the state law mandating implicit subsidies of local governments' retiree health insurance premiums. Specifically these recommendations are as follows:

- » State agency oversight should be provided, in statute, to manage local retiree healthcare benefit obligations. This agency should establish standards and provide technical assistance, if desired, to local governments.
- » Florida lawmakers should give much consideration to repealing current Florida law requiring the implicit subsidization of healthcare benefits for Florida local governmental retirees.

» **THE SCOPE OF STUDY**

This report provides analysis of the 100 largest Florida cities and all 67 Florida counties in fiscal years 2010 to 2014.² This means that the report excludes cities with populations that are less than 20,000, as well as state entities and other types of local governments, such as school districts and special-purpose districts. Please see the "About the Data" section at the end of this report for more information on the data collection.

This study only considered the financial obligations and costs associated with locally administered retiree healthcare benefits. In other words, this report does not judge the sufficiency or quality of retirement healthcare benefits, and this study does not review retiree healthcare benefits that are part of the Florida Retirement System's Health Insurance Subsidy (HIS). Readers should note that current and former county employees, as well as some municipal employees, are members of the Florida Retirement System and receive state-administered retiree healthcare benefits in addition to the locally-administered benefits examined in this report. Readers who are interested in understanding the relative effect of the Florida Retirement System's HIS should review the LeRoy Collins Institute report published in February 2015 titled *Beyond Pensions: Florida Local Governments and Retiree Health Benefits*.

» **GRADING OPEBs (Other Post-Employment Benefits)**

To evaluate the financial condition of a local government's retiree healthcare benefits, a grading system was developed that considers (1) the liabilities created by retirement healthcare benefits, (2) the assets set aside to cover those liabilities, and (3) each government's general fund revenues. Those three values are used to calculate

each government's unfunded liability as a share of its general fund revenue.

The first step is to calculate the unfunded liabilities, which is done by subtracting the value of the plan's assets from its actuarially accrued liabilities. Unfunded liabilities may be understood as the value of the actuarial liabilities that is already earned but for which there are no assets to cover their future payments. Unfunded liabilities are negative when the value of the assets is greater than the actuarial liabilities.

$$\text{Unfunded Liabilities} = (\text{Actuarial Liabilities} - \text{Fund Assets})$$

The second step is to divide the unfunded liabilities calculated in the first step by the value of the local government's general fund revenues. This step scales the value of the unfunded liabilities relative to the size of the general government activities. The "About the Data" section at the end of this report provides more detail concerning this calculation.

$$\frac{\text{Unfunded Liabilities}}{\text{General Fund Revenues}} \times 100\%$$

The third step is to create a grading system that reflects the financial condition of the benefit system and the potential financial risk associated with the unfunded liabilities. Each of the following three factors affects government grades:

1. **Liabilities** increase when retirement benefits are more generous and when more people receive, or are projected to receive, those retirement benefits. For example, a government that subsidizes 80 percent of its retirees' healthcare premiums will have a larger liability than one that subsidizes only 30 percent of those premiums (holding constant the size of the premiums, the number of retirees, and all other relevant considerations). As liabilities increase, therefore, a government is more likely to receive a lower grade.
2. Investing **assets** into qualified trusts to cover liabilities that have already been earned reduces unfunded liabilities. A government that only sets aside a small portion of the assets that are necessary to cover its liabilities, or does not set aside any assets, is likely to receive a lower grade.
3. A government's **general fund revenues** are used to create a common scale of the relative size of unfunded liabilities. The size of an unfunded liability is only important when compared to the size of the government. If an unfunded liability increases at the same rate as the size of a government's general fund revenues, the government's grade will not change. However, if unfunded liabilities increase at a faster rate than general fund revenues, the government will eventually receive a lower grade. In this study, however, general fund revenues are held constant at the median values for each government (FY2010 to FY2014); this means that any change in the grades are because underfunding levels changed and not because of changes in general fund revenues.

Table 1 provides a summary of the grading categories.

TABLE 1: GRADING SYSTEM

GRADES	UNFUNDED LIABILITY /GENERAL FUND REVENUE (%)
A	Less than 10%
B	10% to 50%
C	50% to 100%
D	100% to 200%
F	Greater than 200%

A grades were given to governments with unfunded liabilities that are less than 10 percent of their general fund revenues. This includes three governments with negative unfunded liabilities because their assets are greater than their liabilities (the cities of Davie, DeLand and Wellington). The A grade indicates an unfunded liability that creates no apparent concern to the government, neither to its long-term financial solvency nor to its operating budget. In **FY2014, 62 (39.5 percent) of the local governments in this study received an A grade (see Table 2).**

B grades were given to governments with unfunded liabilities that are between 10 percent and 50 percent of their general fund revenues. There is some potential that unfunded liabilities in this range may affect the long-term financial condition and the operating budget of their governments, but the effect is currently minimal. **In FY2014, 67 (43 percent) of the local governments in this study received a B, the most frequently observed grade in every year.**

Governments with unfunded liabilities that are between 50 percent and 100 percent of their general fund revenues received **C grades**. There is a moderate level of concern that unfunded liabilities in this grade elevate the long-term risk and stretch the operating budgets of their governments. **In FY2014, 16 (10 percent) of the governments in this study received this grade.**

D grades were given to governments with unfunded liabilities that are between 100 percent and 200 percent of their general fund revenues. The unfunded liabilities of these governments create even higher long-term financial risks and short-term budgetary challenges. **In FY2014, seven governments (4.5 percent) in this study received D grades.**

F grades were given to governments with unfunded liabilities that are more than 200 percent of their general fund revenues (i.e., more than two times greater than one year's revenues). There is serious concern about the size of these governments' unfunded liabilities and the risks these liabilities create to their governments' long-term financial conditions and to the solvency of their operating budgets. **In FY2014, five governments in this study (3 percent) received F grades.**

» **GRADE CHANGES OVER THE PAST FIVE YEARS**

Table 2 presents the grade distribution from fiscal years 2010 to 2014. The total number of observations does not equal the total number of cities and counties in the study because of data limitations (see the "About the Data" section for information on governments that do not report their retiree healthcare obligations in their financial statements).

The number of governments in each grade level is highly stable from FY2010 to FY2014. Table 2 shows that the number of governments that received an A or B grade stayed constant at about 80 percent from FY2010 to FY2014.

The stability in the grade categories is reflective of the stability in the grades for individual governments. Of the individual governments for which our study has full data from FY2010 to FY2014, approximately 90 percent have the same grade in FY2014 that they had in FY2010 or FY2011. The grades for individual cities and counties are provided in Appendix I at the end of this report. The raw values of the unfunded liability as a percent of general fund revenue for individual cities and counties are provided in Appendix II.

There are at least four reasons why the grades are stable over time:

1. Very few of the governments have set aside assets to cover their liabilities. Because investments of \$0 do not change with the stock market, the asset values do not change and, as a result, do not usually affect the size of the governments' unfunded liabilities.
2. So long as governments keep the same actuarial assumptions, liabilities only change by small amounts from one year to the next, especially since governments usually only reassess their liabilities every couple of years.
3. The grading categories are large enough to permit some change in unfunded liabilities without changing grades.
4. If governments change their retiree healthcare plans (as several have in recent years), such as reducing benefits or setting aside assets, it can take many years before those changes have a material effect on their unfunded liabilities.

TABLE 2: GRADE DISTRIBUTION BY FISCAL YEAR

Grades	Unfunded Liability as a Percentage of General Fund Revenue	Total Observations Over Time				
		FY2010	FY2011	FY2012	FY2013	FY2014
A	Less than 10%	46	52	56	61	62
B	10% to 50%	74	67	66	68	67
C	50% to 100%	17	20	18	14	16
D	100% to 200%	6	7	8	8	7
F	Greater than 200%	8	6	5	5	5
TOTAL		151	152	153	156	157

» GRADE DIFFERENCES BETWEEN CITIES AND COUNTIES

All Florida counties participate in the Florida Retirement System and, therefore, it could be assumed that they may tend to provide more modest locally-administered benefits. To reflect this difference, the number of cities and counties in each of the grade levels are compared. As Table 3 illustrates, the grade distribution by type of local government shows that there is little difference between the two types of local governments in most of the grading categories. Counties comprise approximately 35 percent of the total sample and make up a similar proportion of each grading category. The one exception is in the group of local governments that received an F grade, where there is only one county, which represents just 20 percent of those receiving F grades. Given that there are only five governments with F grades, however, there are too few observations to make strong claims that cities are more likely to receive F grades than counties.

TABLE 3: GRADE DISTRIBUTION BY CITY AND COUNTY

Grades	Unfunded Liability as a Percentage of General Fund Revenue	Fiscal Year 2014 Observations		
		County	City	Total
A	Less than 10%	19	43	62
B	10% to 50%	30	37	67
C	50% to 100%	6	10	16
D	100% to 200%	3	4	7
F	Greater than 200%	1	4	5
TOTAL		59	98	157

» GRADE DISTRIBUTION BY TYPES OF BENEFITS

Another reason why some governments may receive better grades than others is that they provide different kinds of retiree healthcare benefits. In this study, two broad categories of benefits are analyzed: implicit and explicit benefits.

Governments provide **implicit benefits** when they give their retirees an option to purchase the same health insurance coverage that is available to their current employees at the same premium rates that apply to their current employees. **All local governments in Florida are required to provide their employees with implicit benefits via Florida Statute (112.0801) (these are mandated benefits).**

Explicit benefits are discretionary benefits (not mandated by Florida Statute) and usually take the form of monthly benefits that subsidize the cost of health insurance premiums. The size of the subsidy is often equal to the number of years the retirees worked for their employers (so-called service credits) multiplied by a previously determined dollar amount. For example, a worker who retires after 20 years of service with a \$5 subsidy for each year of service will receive a \$100 monthly subsidy on their health insurance premium (20 years x \$5/year = \$100).

See Box 1 for more information on the difference between explicit and implicit benefits.

BOX 1 - BRIEF EXPLANATION OF IMPLICIT AND EXPLICIT BENEFITS

IMPLICIT BENEFITS:

Governments provide implicit benefits by giving their retirees an option to purchase the health insurance coverage that is available to their current employees at the same premium rates that apply to those current employees. This benefit creates a cost because health care insurance for retirement-aged individuals is generally much higher than for working-age individuals. When retirees and current employees are combined into a single pool, the result is a blended rate that increases governments' insurance costs from the amount that would have been charged if the insurance only covered the current employees. The dollar value of the implicit benefit is equal to the difference between the age-adjusted premium that would be charged if the government only provided health insurance to its current employees and the cost of the blended premium that includes current employees and retirees. All local governments in Florida are required to provide their employees with implicit benefits via Florida Statute (112.0801).

EXPLICIT BENEFITS:

Explicit benefits usually take the form of monthly health insurance subsidies that are equal to the number of years an employee works (often called service credits) multiplied by a specific dollar amount (often capped at a specified dollar limit). Another variation is a plan that covers a percentage of retirees' insurance premiums. Policies that cover a percentage of insurance premiums often have minimum and maximum benefit levels that are based on the number of years of service. In recent years, percentage-based benefits have tended to be more expensive than fixed-dollar subsidies due to rising health insurance costs. Unless explicit benefits provide small subsidies or only affect a few workers, they tend to be much more expensive than implicit benefits.

There is a clear relationship between the grades and the type of benefits that governments provide (see Table 4). Nearly every government that provides only an implicit benefit received an A or B (97 percent). Just three governments that provide only an implicit benefit received a C grade, and none received a D or F.

In comparison, 64 percent of the governments that provide an explicit benefit received an A or B. About 18 percent of those governments receive C grades; and another 18 percent are evenly distributed between D and F grades.

These findings suggest the following implications.

1. Providing explicit benefits does not automatically mean that governments have large unfunded liabilities. Nearly two-thirds of the local governments in this study that provide explicit benefits received solid grades (A's or B's). This is likely because most of those governments provide relatively small explicit benefits. In two cases, it is because governments set aside most of the assets required to cover their liabilities. Orlando was given a C grade because they have set aside sufficient assets to move them from the D grade. Gainesville issued bonds to cover their liability, so they were given an A grade, rather than the D grade they would have earned if they did not cover their liability. It is important to note, however, that Gainesville still has to service the principal of the bond, so the liability is not actually gone, but it is no longer a retiree healthcare liability.
2. When governments with especially large unfunded liabilities are identified, it is almost certain that those governments provide explicit benefits. It is much more likely that a local government with a C grade provides an explicit benefit, and all of the governments with D and F grades provide explicit benefits.

TABLE 4: DISTRIBUTION BY TYPE OF BENEFIT

Grades	Unfunded Liability as a Percentage of General Fund Revenue	Fiscal Year 2014 Observations		
		Implicit Only	Explicit and Implicit	Total
A	Less than 10%	51	11	62
B	10% to 50%	35	31	66
C	50% to 100%	3	12	15
D	100% to 200%	0	7	7
F	Greater than 200%	0	5	5
TOTAL		89	66	155

Which Governments Only Provide Implicit Benefits?

As illustrated in Table 4, local governments that provide only implicit benefits tend to receive the highest grades. The local governments in Table 5 provide only implicit benefits to their employees. The researchers were unable to determine from their financial statements if Margate and Dania Beach provide explicit benefits.

TABLE 5: LOCAL GOVERNMENTS THAT ONLY PROVIDE AN IMPLICIT BENEFIT (FY2014)

GRADE	COUNTIES	CITIES
A	Bradford, Calhoun, Dixie, Flagler, Gadsden, Glades, Gulf, Hardee, Hendry, Highlands, Holmes, Jefferson, Okeechobee, Sarasota, Suwannee, Wakulla, Washington	Altamonte Springs, Boca Raton, Bonita Springs, Cutler Bay, Davie, DeLand, Deltona, Doral, Dunedin, Fort Pierce, Green Acres, Jupiter, Largo, Lauderdale Lakes, Lauderhill, New Smyrna Beach, North Lauderdale, North Port, Oakland Park, Ocoee, Oviedo, Palm Beach Gardens, Palm Coast, Palmetto Bay, Panama City, Parkland, Pompano Beach, Riviera Beach, Rockledge, Royal Palm Beach, Tarpon Springs, Wellington, West Palm Beach, Winter Springs
B	Escambia, Hernando, Jackson, Lake, Leon, Levy, Palm Beach, Seminole, Sumter, Volusia, Walton	Boynton Beach, Casselberry, Clearwater, Cooper City, Coral Gables, Edgewater, Fort Myers, Hallandale Beach, Homestead, Jacksonville, Jacksonville Beach, Key West, Kissimmee, Lake Worth, Naples, Ormond Beach, Palm Bay, Pensacola, Plant City, Port Orange, St. Cloud, Sunrise, Tampa, Winter Park
C	None	Apopka, Bradenton, Winter Haven

Which Governments Provide Explicit Benefits?

Many local governments provide explicit benefits, in addition to the state mandated implicit benefits. Table 6 lists counties and cities that provide explicit benefits.

TABLE 6: LOCAL GOVERNMENTS THAT PROVIDE AN EXPLICIT BENEFIT

GRADE	COUNTIES	CITIES
A	Collier, Gilchrist	Aventura, Coral Springs, Daytona Beach, Gainesville, Miami Gardens, North Miami Beach, Pinellas Park, Sebastian, Tamarac
B	Alachua, Bay, Brevard, Broward, Charlotte, Citrus, DeSoto, Hillsborough, Indian River, Marion, Miami-Dade, Nassau, Okaloosa, Orange, Osceola, Pasco, Putnam, Santa Rosa, St. Johns	Coconut Creek, Delray Beach, Ft. Lauderdale, Melbourne, Miramar, North Miami, Ocala, Plantation, Port St. Lucie, Sanford, Temple Terrace, Winter Garden
C	Clay, Franklin, Liberty, Manatee, Polk, St. Lucie	Deerfield Beach, Miami Beach, Orlando, Pembroke Pines, St. Petersburg, Tallahassee
D	Lee, Pinellas, Martin	Miami, Sarasota, Titusville, Venice
F	Monroe	Cape Coral, Hialeah, Hollywood, Lakeland

» THE EFFECT OF GRADES ON CITY AND COUNTY BUDGETS

Unfunded liabilities represent the long-term financial risks of retiree healthcare obligations. Governments are not expected to cover those liabilities in a single year. Rather, there are three common approaches to paying for those obligations:

- (1) the pay-as-you-go approach,
- (2) the pre-funding approach, where the government follows an actuarially determined contribution schedule and invests that amount into a qualified trust, and
- (3) the pre-funding approach, where the government makes a lump-sum investment into a qualified trust fund.

These three approaches require some explanation.

In the **pay-as-you-go approach**, governments pay for retiree benefits as the subsidies are paid to the retirees (or on their behalf). This means that retirement benefits that are received this year will be paid out of this year's budgetary resources. It also means that current taxpayers pay for employees' deferred compensation that was earned as much as 30 to 40 years ago and that future taxpayers will pay for the benefits that employees will earn in the current year. This condition violates the tenets of intergenerational equity because current taxpayers do not pay for the full cost of the services for which they benefit. When governments use this approach, their retiree healthcare liabilities are, by definition, unfunded.

In the **pre-funding approaches**, governments invest assets into qualified trusts to cover retirement benefits as those benefits are earned. Then, when the benefits are provided, they are paid for out of the assets in the trust. Pre-funding can occur over time, by paying the actuarially determined contribution or it can occur through lump-sum investments.

Nearly all governments that provide only implicit benefits use the pay-as-you-go approach. Among those governments that only provide an implicit benefit and use a pre-funding approach, the most common contribution strategy is to make one or two large lump-sum contributions to cover the entire liability, rather than to pay the actuarially determined contribution over many years (see Table 7).

TABLE 7: PRE-FUNDING BY GOVERNMENTS THAT PROVIDE ONLY IMPLICIT BENEFITS

Government	Grade (FY2014)	Percent Funded (FY2014)	Contribution Approach
Sarasota County	A	97%	Lump-sum contribution in FY2008 and regularly paid full actuarially determined contribution in subsequent years
Davie	A	321%	Lump-sum contribution in FY2008
DeLand	A	189%	Lump-sum contributions in FY2011-FY2013
Wellington	A	1,114%	Lump-sum contribution in FY2007
West Palm Beach	A	62%	Regularly paid above the actuarially determined contribution

The majority of governments that provide explicit benefits also use the pay-as-you-go approach. Those governments that have implemented the pre-funding approach to pay for their explicit benefit plans use a variety of contribution approaches. Some have made one or several lump-sum contributions, others pay a portion of their actuarially determined contributions, and still others do a little bit of both (see Table 8). The governments that have the highest funding ratios (that have covered the largest portion of their liabilities) either made a large lump-sum contribution or regularly pay their full actuarially determined contribution.

TABLE 8: PRE-FUNDING BY GOVERNMENTS THAT PROVIDE EXPLICIT BENEFITS

Government	Grade (FY2014)	Percent Funded (FY2014)	Contribution Approach
Alachua County	B	6%	Usually pays actuarially determined contribution (sometimes more, sometimes less)
Coral Springs	A	82%	Lump-sum contribution in FY2012, sometimes pays actuarially determined contribution
Delray Beach	B	12%	From FY2009 to FY2011, the city paid more than the actuarially determined contribution for its retiree benefit plan that covers public safety workers
Ft. Lauderdale	B	15%	Lump-sum contribution in FY2014
Gainesville	A	90%	Lump-sum contribution in FY2005 from a bond issue
Indian River	B	32%	Regularly pays the actuarially determined contribution
Lakeland	F	3%	Regularly pays below the actuarially determined contribution
Lee	D	6%	Paid more than the actuarially determined contribution (124%) in FY2009
Miami Beach	C	11%	Paid the actuarially determined contribution in FY2008
North Miami Beach	A	43%	Regularly pays the actuarially determined contribution
Orange County	B	48%	Regularly pays above the actuarially determined contribution
Orlando	C	23%	Regularly pays the actuarially determined contribution
Pembroke Pines	C	20%	Since FY2010, regularly pays above the actuarially determined contribution
Port St. Lucie	B	44%	Regularly pays above the actuarially determined contribution
Sarasota City	D	29%	Regularly pays below the actuarially determined contribution
St. Johns County	B	55%	Lump-sum contribution in FY2008 and subsequently usually pays actuarially determined contribution
Tallahassee	C	7%	Since FY2011, regularly pays above the actuarially determined contribution
Titusville	D	3%	Regularly pays below the actuarially determined contribution

Given that most governments use the pay-as-you-go approach, and those that regularly pay their full actuarially determined contribution tend to be making significant progress toward covering their unfunded liability, this report looks at the gap in what governments currently budget for their retiree healthcare contribution and the level that should be budgeted in order to cover the actuarially determined contribution (that amount that governments need to contribute on an annual basis from their budget if they are to pre-fund their liability without lump-sum contributions). Table 9 presents the average budgeted contribution for each grade (column 3), the average actuarially determined contribution (column 4), and the contribution gap (column 5). Since very few governments contribute their actuarially determined contribution, the budgeted contribution (column 3) closely represents the cost of the pay-as-you-go approach.

TABLE 9: THE TYPICAL BUDGETARY COST OF EACH GRADE LEVEL (FY2014)

Grades	Unfunded Liability as a Percentage of General Fund Revenue	Budgeted Contribution / General Fund Revenue % (Mean)	Actuarially Determined Contribution / General Fund Revenue % (Mean)	Contribution Gap
A	0% to 10%	0.3%	0.7%	0.4%
B	10% to 50%	1.0%	2.4%	1.4%
C	50% to 100%	2.8%	7.0%	4.2%
D	100% to 200%	6.0%	13.5%	7.5%
F	Greater than 200%	6.6%	16.5%	9.9%

The information in Table 9 demonstrates that retiree healthcare benefits with D or F grades already cost much more than those in the higher grades (see column 3). The table also demonstrates that governments that receive D or F grades face much larger increases to fully cover their contribution gaps (7.5 percent to 9.9 percent of their general fund revenues on average). Even the contribution gaps for the B grade category create large budgetary challenges for local governments under fiscal constraint; those challenges are magnified for governments that received lower grades.

» GOVERNMENTS WITH D OR F GRADES

In order to get a better view of the obligations of governments that received D or F grades in FY2014, this report looks more closely at the individual plans sponsored by those governments (see Table 10).

Table 10: Individual Plans in Governments that Received D or F Grades (FY2014)

Local Government Plan	Liability (\$ Millions)	Liability (Percentage of Covered Payroll)	Assets (\$ Millions)	Funding Ratio (%)	Actuarially Determined Contribution (\$ Millions)	Actuarially Determined Contribution (% of General Fund Revenues)	Budgeted Contribution (\$ Millions)	Budgeted Contribution (% of General Fund Revenues)
Governments with D Grades								
Lee County Sheriffs' Plan	\$176.3	253.4%	\$0	0%	\$16.8	4.8%	\$3.6	1.0%
Lee County General Plan	\$269.2	167.4%	\$27.7	10.3%	\$27.6	7.9%	\$0.0	0.0%
Martin County Agencies Plan	\$59.5	100.2%	\$0	0%	\$4.5	3.8%	\$1.8	1.5%
Martin County Sheriffs' Plan	\$94.3	313.7%	\$0	0%	\$7.8	6.6%	\$1.8	1.5%
Miami Police Plan	\$707.6	908%	\$0	0%	\$56.1	10.1%	\$7.4	1.3%
Miami Non-Police Plan	\$197.5	100%	\$0	0%	\$18.5	3.3%	\$3.2	0.6%
Pinellas County Sheriffs' Plan	\$453.2	396%	\$0	0%	\$32.3	7.0%	\$10.3	2.2%
Pinellas County's County Plan	\$350.8	247%	\$0	0%	\$25.9	5.6%	\$11.3	2.4%
Sarasota City	\$114.4	378.2%	\$33.0	28.8%	\$12.6	24.2%	\$8.6	16.5%
Titusville	\$46.1	306.4%	\$1.4	3.0%	\$3.6	12.5%	\$3.2	11.1%
Venice	\$23.2	158%	\$0	0%	\$1.6	8.4%	\$0.7	3.7%
Governments with F Grades								
Cape Coral	\$248.6	432.6%	\$0	0%	\$20.2	15.5%	\$6.1	4.7%
Hialeah	\$307.2	477.4%	\$0	0%	\$18.1	14.9%	\$10.5	8.7%
Hollywood	\$405.1	460.0%	\$0	0%	\$30.4	18.3%	\$10.2	6.2%
Lakeland	\$139.8	166.6%	\$4.7	3.4%	\$10.3	17.8%	\$3.9	6.8%
Monroe County	\$97.1	140.0%	\$0	0%	\$6.2	16.6%	\$2.7	7.3%

The information in Table 10 demonstrates that none of the plans in the D and F grades make budget contributions that are equal to their actuarially determined contributions. This means the financial risks of these unfunded obligations are likely to continue for many years. Also, only one of the F-graded plans (Lakeland) has set aside any assets. However, Lakeland does not have a track record of paying its actuarially determined contribution, and the plan is only 3 percent funded.

It is also important to note that several of the governments with D or F grades recently reduced the generosity of their retiree healthcare benefits. These changes may take many years to have a material effect on their unfunded liabilities, they do not change benefits for people who are already retired, and in some cases they only affect future employees.

» CONCLUSION

Florida's cities and counties have approximately \$7.5 billion in unfunded liabilities associated with retiree healthcare benefits (*Beyond Pensions: Florida Local Governments and Retiree Health Benefits*, February 2015). This report examines the distribution of those unfunded liabilities.

Specifically, this report finds that most local governments have relatively low unfunded liabilities. Consider that nearly 40 percent of the local governments in this study received A grades and, in total, they account for less than 2 percent of the \$7.5 billion unfunded liability (see Table 11). Also, 43 percent of the local governments in our study received B grades, and they account for about 30 percent of the total unfunded liability. This is not a trivial obligation, but it is spread over so many governments that the individual share for each government does not suggest immediate concerns on the long-term financial conditions of those governments.

That means that the remaining 17 percent of local governments, those receiving C, D, and F grades, account for two-thirds, approximately \$5 billion, of the total unfunded liabilities. This study has provided more detail on individual plans for the governments with the largest unfunded liabilities (as a share of their general fund revenues).

While the minority of cities and counties bear the largest portion of the unfunded obligations, 17 percent of Florida's cities and counties is not a small amount. The long-term financial condition of retiree healthcare benefits and the budgetary costs of those benefits is clearly a significant concern for many Florida local governments.

TABLE 11: UNFUNDED LIABILITIES BY GRADE (FY2014)

Grades	Unfunded Liability as a Percentage of General Fund Revenue	Total Unfunded Liability (\$ Billions)	Unfunded Liability (Median Value, \$ Millions)	Share of State-wide Total (%)
A	0% to 10%	\$0.12	\$1.1	1.6%
B	10% to 50%	\$2.40	\$15.6	32.2%
C	50% to 100%	\$1.33	\$56.6	17.8%
D	100% to 200%	\$2.42	\$148.3	32.4%
F	Greater than 200%	\$1.19	\$248.6	16.0%
TOTAL		\$7.46	\$7.9	100%

This report also finds that financial information on retiree healthcare benefits, costs, and liabilities is not transparent. In order to obtain a comprehensive view of the current obligations and policy approaches, interested citizens, policy makers and researchers have to invest significant resources to gather and collect information from individual financial statements. Furthermore, those financial statements are often vague and difficult to interpret.

Tough choices are needed to improve the transparency and financial condition of retiree healthcare obligations in Florida's cities and counties.

» APPENDIX I: GRADES FOR CITIES AND COUNTIES

CITIES

City	2010	2011	2012	2013	2014
Altamonte Springs	B	B	B	B	A
Apopka	C	C	C	C	C
Aventura	A	A	A	A	A
Boca Raton	A	A	A	A	A
Bonita Springs	A	A	A	A	A
Boynton Beach	B	B	B	B	B
Bradenton	C	C	C	C	C
Cape Coral	D	D	D	D	F
Casselberry	A	B	B	B	B
Clearwater	B	B	B	B	B
Coconut Creek	B	B	B	B	B
Cooper City	B	B	B	B	B
Coral Gables	B	B	B	B	B
Coral Springs	A	A	A	A	A
Cutler Bay	A	A	A	A	A
Dania Beach	B	C	B	B	B
Davie	A	A	A	A	A
Daytona Beach	B	B	B	A	A
Deerfield Beach	B	C	C	C	C
DeLand	A	A	A	A	A
Delray Beach	B	B	B	B	B
Deltona	A	A	A	A	A
Doral	A	A	A	A	A
Dunedin	A	A	A	A	A
Edgewater	B	B	B	B	B
Fort Myers	B	B	B	B	B
Fort Pierce	B	B	A	A	A
Ft. Lauderdale	B	B	B	B	B
Gainesville	B	B	B	B	A
Green Acres	A	A	A	A	A
Hallandale Beach	B	B	B	B	B
Hialeah	F	F	F	F	F
Hollywood	F	F	F	F	F
Homestead	B	B	B	B	B
Jacksonville	B	B	B	B	B
Jacksonville Beach	C	B	B	B	B
Jupiter	A	A	A	A	A
Key West	B	B	B	B	B
Kissimmee	B	A	A	B	B
Lake Worth	B	B	B	B	B
Lakeland	F	F	F	F	F
Largo	B	B	B	A	A
Lauderdale Lakes	N/A	N/A	N/A	A	A
Lauderhill	A	A	A	A	A
Margate	C	C	C	C	C
Melbourne	C	C	C	B	B
Miami	D	D	D	D	D
Miami Beach	C	C	C	C	C
Miami Gardens	A	A	A	A	A
Miami Lakes	N/A	N/A	N/A	N/A	N/A
Miramar	B	B	B	B	B
Naples	B	B	B	B	B
New Smyrna Beach	A	A	A	A	A
North Lauderdale	A	A	A	A	A
North Miami	B	B	B	B	B
North Miami Beach	B	A	B	A	A
North Port	B	A	A	A	A

City	2010	2011	2012	2013	2014
Oakland Park	A	A	A	A	A
Ocala	B	B	B	B	B
Ocoee	B	B	A	A	A
Orlando	C	C	C	C	C
Ormond Beach	B	B	B	B	B
Oviedo	A	A	A	A	A
Palm Bay	B	A	A	A	B
Palm Beach Gardens	A	A	B	A	A
Palm Coast	A	A	A	A	A
Palmetto Bay	N/A	N/A	N/A	A	A
Panama City	B	A	A	A	A
Parkland	A	A	A	A	A
Pembroke Pines	C	C	C	C	C
Pensacola	C	C	C	C	B
Pinellas Park	A	A	A	A	A
Plant City	A	A	B	B	B
Plantation	B	B	B	B	B
Pompano Beach	B	A	A	A	A
Port Orange	A	B	B	B	B
Port St. Lucie	B	B	B	B	B
Riviera Beach	B	B	B	B	A
Rockledge	A	A	A	A	A
Royal Palm Beach	A	A	A	A	A
Sanford	B	B	B	B	B
Sarasota	F	F	F	F	D
Sebastian	A	A	A	A	A
St. Cloud	B	B	B	B	B
St. Petersburg	C	C	C	C	C
Sunrise	B	B	B	B	B
Tallahassee	B	B	B	B	C
Tamarac	A	A	A	A	A
Tampa	B	B	B	B	B
Tarpon Springs	A	A	A	A	A
Temple Terrace	B	C	C	B	B
Titusville	D	D	D	D	D
Venice	F	D	D	D	D
Wellington	A	A	A	A	A
West Palm Beach	A	A	A	A	A
Weston	N/A	N/A	N/A	N/A	N/A
Winter Garden	B	B	B	B	B
Winter Haven	C	C	D	D	C
Winter Park	A	B	B	B	B
Winter Springs	A	A	A	A	A

COUNTIES

County	2010	2011	2012	2013	2014
Alachua	B	B	B	B	B
Baker	N/A	N/A	N/A	N/A	N/A
Bay	B	B	B	B	B
Bradford	A	A	A	A	A
Brevard	B	B	B	B	B
Broward	B	B	B	B	B
Calhoun	A	A	A	A	A
Charlotte	B	B	B	B	B
Citrus	B	B	A	A	B
Clay	B	B	B	B	C

County	2010	2011	2012	2013	2014
Collier	A	A	A	A	A
Columbia	N/A	N/A	N/A	N/A	N/A
DeSoto	B	B	B	B	B
Dixie	A	A	A	A	A
Escambia	B	B	B	B	B
Flagler	A	A	A	A	A
Franklin	F	F	C	C	C
Gadsden	B	A	A	A	A
Gilchrist	A	A	A	A	A
Glades	A	A	A	A	A
Gulf	A	A	A	A	A
Hamilton	N/A	N/A	N/A	N/A	N/A
Hardee	B	B	A	A	A
Hendry	A	A	A	A	A
Hernando	B	B	B	B	B
Highlands	B	B	A	A	A
Hillsborough	A	A	A	B	B
Holmes	N/A	N/A	N/A	A	A
Indian River	B	B	B	B	B
Jackson	B	B	B	B	B
Jefferson	N/A	A	A	A	A
Lafayette	N/A	N/A	N/A	N/A	N/A
Lake	B	B	B	B	B
Lee	D	D	D	D	D
Leon	B	B	B	B	B
Levy	B	B	B	B	B
Liberty	C	C	C	C	C
Madison	N/A	N/A	N/A	N/A	N/A
Manatee	C	C	C	C	C
Marion	B	B	B	B	B
Martin	D	D	D	D	D
Miami-Dade	B	B	B	B	B
Monroe	F	F	F	F	F
Nassau	C	C	C	B	B
Okaloosa	B	B	A	A	B
Okeechobee	B	A	A	A	A
Orange	B	B	B	B	B
Osceola	B	B	B	B	B
Palm Beach	B	B	B	B	B
Pasco	B	B	B	B	B
Pinellas	D	D	D	D	D
Polk	F	C	C	C	C
Putnam	B	B	B	B	B
Santa Rosa	B	B	B	B	B
Sarasota	A	A	A	A	A
Seminole	B	B	B	B	B
St. Johns	B	B	B	B	B
St. Lucie	C	C	C	C	C
Sumter	C	C	B	B	B
Suwannee	N/A	N/A	A	A	A
Taylor	N/A	N/A	N/A	N/A	N/A
Union	N/A	N/A	N/A	N/A	N/A
Volusia	B	B	B	B	B
Wakulla	A	A	A	A	A
Walton	C	C	C	B	B
Washington	N/A	N/A	N/A	N/A	A

» APPENDIX II: SIZE OF UNFUNDED LIABILITIES AS A PERCENT OF GENERAL FUND REVENUES

CITIES

City	2010	2011	2012	2013	2014
Altamonte Springs	12.1	12.2	12.0	12.2	9.9
Apopka	68.5	80.5	87.9	77.2	82.1
Aventura	2.3	2.1	2.1	2.0	1.9
Boca Raton	3.9	4.0	5.7	5.4	4.3
Bonita Springs	0.5	0.5	0.5	0.5	0.5
Boynton Beach	18.5	19.1	19.9	20.8	31.1
Bradenton	70.4	68.2	66.9	79.8	78.5
Cape Coral	167.8	162.6	182.8	180.2	200.7
Casselberry	7.6	10.3	10.6	12.5	12.2
Clearwater	32.0	28.6	28.5	29.6	30.7
Coconut Creek	15.4	12.5	12.3	12.7	12.5
Cooper City	18.2	17.7	22.3	22.0	21.6
Coral Gables	17.6	20.5	21.1	18.7	19.2
Coral Springs	5.9	5.7	≤0.1	≤0.1	0.5
Cutler Bay	0.1	0.1	0.2	0.2	0.2
Dania Beach	42.8	54.1	49.6	44.9	38.8
Davie	-0.7	-0.7	-1	-1	-1.2
Daytona Beach	49.6	11.5	10.9	9.7	9.3
Deerfield Beach	26.5	68.0	66.7	65.7	79.0
DeLand	1.9	0.9	-0.6	-0.6	-1.1
Delray Beach	19.4	23.2	23.3	23.1	23.2
Deltona	5.4	6.1	5.9	5.2	5.1
Doral	1.2	1.6	1.1	1.5	1.3
Dunedin	6.6	6.7	6.5	5.0	4.9
Edgewater	27.6	14.9	14.6	15.9	15.6
Fort Myers	24.2	30.7	30.1	29.2	28.7
Fort Pierce	18.3	17.7	7.2	7.2	8.6
Ft. Lauderdale	22.5	22.9	24.3	23.9	16.8
Gainesville	25.9	29.5	16.4	12.0	9.3
Green Acres	1.0	0.8	0.8	0.8	1.1
Hallandale Beach	17.8	16.2	15.9	15.9	15.6
Hialeah	208.5	202.1	252.1	248.5	242.6
Hollywood	261.6	284.1	237.4	245.7	252.3
Homestead	28.1	28.9	29.2	34.1	34.5
Jacksonville	14.7	12.6	12.6	12.7	12.7
Jacksonville Beach	51.9	40.4	39.5	38.2	37.6
Jupiter	3.2	3.0	1.3	1.6	1.6
Key West	11.9	14.0	13.8	18.4	18.1
Kissimmee	15.8	9.3	9.1	11.3	11.1
Lake Worth	27.1	26.3	25.8	25.4	16.7
Lakeland	250.4	253.7	221.1	229.6	234.0
Largo	16.3	12.5	12.2	9.4	9.3
Lauderdale Lakes	N/A	N/A	N/A	1.4	1.1
Lauderhill	0.8	5.6	5.5	3.7	3.6
Margate	78.3	68.9	67.5	71.3	70.2
Melbourne	65.1	58.7	61.9	43.0	45.1
Miami	107.1	107.5	107.8	112.7	171.1
Miami Beach	85.1	92.7	92.5	80.7	83.7
Miami Gardens	8.5	5.0	6.0	7.6	7.5
Miami Lakes	N/A	N/A	N/A	N/A	N/A
Miramar	26.2	23.8	23.3	24.8	24.4
Naples	23.1	20.3	28.3	27.9	28.7
New Smyrna Beach	3.9	3.8	4.2	4.1	3.6
North Lauderdale	1.9	4.4	4.3	5.8	5.7
North Miami	22.2	24.1	23.7	30.5	30.0
North Miami Beach	12.0	9.9	10.4	5.2	5.1
North Port	12.3	6.7	6.5	7.2	7.1

City	2010	2011	2012	2013	2014
Oakland Park	5.0	3.5	3.4	2.3	2.3
Ocala	27.9	29.6	29.8	22.7	22.4
Ocoee	28.5	27.6	7.3	7.9	6.0
Orlando	78.1	79.4	74.6	74.6	79.0
Ormond Beach	28.5	19.5	20.2	18.0	17.7
Oviedo	5.6	6.0	6.4	4.9	4.8
Palm Bay	10.9	7.3	7.6	7.9	13.5
Palm Beach Gardens	8.9	9.7	10.3	9.0	9.3
Palm Coast	1.3	2.8	2.8	3.9	4.4
Palmetto Bay	N/A	N/A	N/A	0.4	0.4
Panama City	17.9	8.9	8.7	8.5	8.3
Parkland	0.1	0.1	≤0.1	≤0.1	≤0.1
Pembroke Pines	71.9	67.2	64.4	62.4	62.5
Pensacola	84.5	62.8	69.8	66.8	42.8
Pinellas Park	4.6	4.4	4.4	4.3	4.6
Plant City	6.5	8.1	14.9	14.7	10.4
Plantation	33.2	32.2	37.7	37.2	40.6
Pompano Beach	16.4	8.4	8.2	4.9	4.8
Port Orange	9.9	10.1	13.7	13.5	14.8
Port St. Lucie	17.4	15.2	17.3	15.0	14.3
Riviera Beach	17.8	17.2	17.5	17.3	7.8
Rockledge	3.5	3.5	3.7	4.1	4.3
Royal Palm Beach	0.7	1.3	1.3	1.3	1.4
Sanford	41.0	39.8	39.0	48.0	47.2
Sarasota	253.5	219.8	243.4	240.9	156.3
Sebastian	3.3	3.3	2.9	0.5	0.5
St. Cloud	11.6	13.3	13.1	18.3	23.1
St. Petersburg	94.9	97.9	95.9	89.0	87.6
Sunrise	29.1	28.2	22.0	21.7	25.4
Tallahassee	46.0	23.2	21.2	20.9	57.8
Tamarac	2.4	4.7	4.6	4.3	4.3
Tampa	21.7	20.0	19.7	20.6	24.4
Tarpon Springs	4.0	6.7	7.0	5.4	5.6
Temple Terrace	35.8	54.1	53.0	35.3	34.7
Titusville	160.2	161.6	164.0	163.6	156.3
Venice	458.0	129.3	129.2	126.0	126.1
Wellington	-0.9	-0.9	-2.0	-2.0	-3.4
West Palm Beach	7.7	7.0	7.2	5.4	3.5
Weston	N/A	N/A	N/A	N/A	N/A
Winter Garden	22.3	19.8	19.4	24.1	25.8
Winter Haven	83.1	80.5	127.5	125.7	84.6
Winter Park	4.3	17.2	18.6	19.8	21.0
Winter Springs	3.9	5.6	5.5	7.3	7.2

COUNTIES

County	2010	2011	2012	2013	2014
Alachua	12.0	13.2	13.0	14.5	14.7
Baker	N/A	N/A	N/A	N/A	N/A
Bay	17.2	20.8	24.1	24.6	22.6
Bradford	7.4	3.5	3.9	3.3	3.8
Brevard	42.9	42.6	48.2	47.7	26.4
Broward	30.2	29.3	26.6	26.2	26.2
Calhoun	2.5	2.4	2.2	2.2	2.2
Charlotte	31.8	33.6	36.9	39.7	43.4
Citrus	10.8	11.1	9.1	9.6	10.1
Clay	35.3	34.2	41.3	43.3	51.2

County	2010	2011	2012	2013	2014
Collier	7.6	6.6	6.7	7.1	7.0
Columbia	N/A	N/A	N/A	N/A	N/A
DeSoto	46.0	32.5	34.2	39.2	38.6
Dixie	1.4	1.4	1.3	1.6	1.6
Escambia	10.8	10.5	10.0	10.0	10.5
Flagler	4.2	5.3	5.2	6.9	6.8
Franklin	208.5	202.1	56.1	55.2	84.4
Gadsden	15.0	7.3	7.6	5.8	6.2
Gilchrist	9.2	8.9	7.2	7.1	5.8
Glades	3.9	4.9	5.2	5.7	6.5
Gulf	5.1	4.8	4.7	4.6	1.7
Hamilton	N/A	N/A	N/A	N/A	N/A
Hardee	11.9	12.8	7.2	7.9	6.8
Hendry	5.4	8.5	9.3	9.5	9.3
Hernando	15.6	21.3	22.6	16.4	16.2
Highlands	15.4	16.3	6.7	7.1	4.8
Hillsborough	9.5	8.9	8.8	11.1	11.0
Holmes	N/A	N/A	N/A	2.3	2.3
Indian River	33.5	32.5	29.8	29.4	25.9
Jackson	15.5	19.7	20.3	14.6	14.4
Jefferson	N/A	5.3	5.2	4.5	4.5
Lafayette	N/A	N/A	N/A	N/A	N/A
Lake	24.7	24.2	23.7	26.3	26.9
Lee	119.6	121.8	126.4	114.0	119.0
Leon	16.6	15.5	15.2	13.5	13.3
Levy	12.2	11.8	10.3	10.2	10.0
Liberty	87.2	84.5	82.8	62.8	55.3
Madison	N/A	N/A	N/A	N/A	N/A
Manatee	69.6	72.5	68.9	73.9	51.0
Marion	21.7	21.0	22.9	22.6	21.2
Martin	153.2	129.4	120.1	125.7	123.7
Miami-Dade	17.7	18.1	20.9	20.8	19.3
Monroe	382.0	370.4	289.3	285.1	239.8
Nassau	54.3	62.2	60.9	49.2	48.4
Okaloosa	15.6	15.3	8.7	9.8	10.0
Okeechobee	10.1	5.8	5.7	8.8	8.7
Orange	15.4	14.6	13.0	15.9	14.9
Osceola	22.2	21.6	16.8	16.5	17.1
Palm Beach	39.1	33.7	38.4	40.6	34.6
Pasco	22.0	13.6	22.6	22.3	27.5
Pinellas	148.1	158.5	186.0	174.4	171.3
Polk	215.3	89.5	64.8	66.9	65.4
Putnam	10.9	10.5	10.8	10.6	12.6
Santa Rosa	20.6	15.8	16.8	12.9	13.5
Sarasota	1.1	0.5	1.2	2.0	0.1
Seminole	15.1	15.8	18.3	19.0	17.8
St. Johns	22.9	22.2	21.4	21.1	12.4
St. Lucie	94.5	58.4	60.8	62.0	67.0
Sumter	55.0	59.0	27.9	28.4	27.9
Suwannee	N/A	N/A	3.6	3.7	3.6
Taylor	N/A	N/A	N/A	N/A	N/A
Union	N/A	N/A	N/A	N/A	N/A
Volusia	26.8	27.7	28.3	21.7	22.1
Wakulla	7.2	7.0	2.7	4.2	2.9
Walton	57.0	50.8	53.6	39.4	38.8
Washington	N/A	N/A	N/A	N/A	1.0

» **ABOUT THE DATA**

This report is based on data collected from comprehensive annual financial reports for Florida counties and cities. Most of the financial reports were collected from the Florida Auditor General's website (<http://www.myflorida.com/audgen/>). Some of the financial reports were collected directly from city and county websites. The researchers collected financial reports covering fiscal years 2008 to 2014, covering the time period when government accounting standards first required state and local governments to report OPEB obligations (FY2008) to the most recently available financial statements (FY2014). The researchers' analysis focuses on fiscal years 2010 to 2014. We exclude fiscal years 2008 and 2009 from the analysis because smaller governments did not begin to report their OPEB conditions until FY2010 and so fiscal years 2008 and 2009 have a large number of missing reports.

We analyzed financial statements for all 67 Florida counties and for the 100 largest Florida cities (cities with populations that are greater than approximately 20,000). Jacksonville-Duval is treated as a city.

The researchers took many precautions in transcribing the data from financial statements to spreadsheets. However, errors are possible. If government officials find errors in the data, the authors will gladly correct them as soon as possible.

In order to compare unfunded liabilities across governments, it was necessary to scale the liability data to the governments' sizes. The analysis is not able to use covered payroll because too many governments did not report that data in their financial report. The authors decided not to use population because it is often a poor reflection of the service demands in a city, especially in a state like Florida where tourists can create large service demands and revenues in cities with relatively small populations. The authors decided to scale the liability data on the size of each government's general fund revenues. To make sure annual changes in general fund revenue did not affect our analysis, median general fund revenue were calculated. Tests of the median calculation against the average calculation revealed them to be highly correlated (.96 correlation coefficient), but the median was used because it is not affected by outlier years. We used general fund revenue, rather than total governmental fund revenue to avoid including revenues from special purpose and capital project funds. The general fund revenue also excludes revenues from enterprise funds. Also, to control for the change in the value of the dollar over time, we use inflation adjusted real dollars.

Most cities and counties have only one OPEB plan. However, some have multiple plans. In those cases, we aggregated their liabilities. If one plan has an explicit benefit and the other does not, we treated the government as providing an explicit benefit. If the government pre-funds one of the plans and uses pay-as-you-go to fund the other plans, we treated the government as pre-funding. Aggregation of plans is also made necessary by the scaling of liabilities relative to general fund revenues.

The following counties did not report their retiree healthcare obligations but state in their audited financial statements that their liabilities are "not material": Baker County, Columbia County, Suwannee County, and Taylor County. The following counties and municipalities did not report their obligations and provide no explanation for their absence: Hamilton County, Lafayette County, Madison County, Union County, and the Town of Miami Lakes. The City of Weston reports that it does not have any liability because its active employees and eligible retirees pay the same age-adjusted premiums, which does not create an implicit benefit.

» **ENDNOTES**

1. Previous LeRoy Collins Institute reports on retirement obligations in Florida's local governments are available at: <http://collinsinstitute.fsu.edu/content/institute-research>

2. We collected financial reports covering fiscal years 2008 to 2014, covering the time period when government accounting standards first required state and local governments to report OPEB obligations (FY2008) to the most recently available financial statements (FY2014). However, this analysis focuses on fiscal years 2010 to 2014 because smaller governments did not begin to report their OPEB conditions until FY2010.

Beginning in 2005, the LeRoy Collins 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 and were updated in 2014. The research concluded that Florida's pattern of low spending and low taxes conflicted with the growing demands of the state's residents, predicting trouble may be ahead. This is the eighth report on local governmental retirement funding issued by the LeRoy Collins Institute since February 2011.

The report was written by Dr. David Matkin, Assistant Professor at the Rockefeller College of Public Affairs and Policy at the University at Albany - SUNY and Research Fellow at the LeRoy Collins Institute, and Patrick Orecki, Master of Public Administration graduate of the Rockefeller College of Public Affairs and Policy. The authors were assisted by Institute Director Dr. Carol Weissert. Stacie Linley, Sarah Revell and Lauren Sumners contributed to the editing, proofing, and production of the report.

About the LeRoy Collins Institute: Established in 1988, the LeRoy Collins Institute is a nonpartisan, statewide policy 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 Lester Abberger. Other board members include executives, local elected officials, and other professionals from throughout the state.

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