

TOUGH CHOICES

FACING FLORIDA'S GOVERNMENTS



REPORT CARD UPDATE: FLORIDA MUNICIPAL PENSION PLANS

Public pensions continue to be a significant source of financial stress in many state and local governments. Although news headlines generally focus on a few particularly distressed governments, such as Detroit and Chicago, the challenge of managing pension obligations is widespread and leading taxpayers and employee groups across the country to look more closely at the financial condition of their own pension plans. Investigating public pension obligations is relatively easy in most states, since there are usually only a handful of statewide plans and relatively few local ones. It is more difficult in Florida because of the large number of locally sponsored pension plans. The Florida Department of Management Services (DMS) monitors 491 local government plans – only Illinois and Pennsylvania have more.

Beginning in February 2011, the LeRoy Collins Institute issued a series of reports highlighting funding and management issues in Florida municipal pension plans. In November 2011, we published a report card which graded 208 defined benefit pension plans in the state's 100 largest cities.¹ At that time, we found many well-funded plans – 14 percent received an A grade – but nearly a third of the plans received Ds or Fs. This report updates that report card with new information.



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There are a number of reasons why it is important to monitor the financial condition of public pensions. Overall, underfunded pensions create significant challenges. For example, they:

- Require more budget resources;
- Crowd out spending on other services;
- May lead to increased tax burdens;
- Provoke divisive political conditions;
- Often prompt benefit reductions for public workers;
- Push the costs of accrued pension benefits onto future taxpayers;
- Signal credit risks to financial stakeholders, such as credit rating agencies and bond investors, who may raise borrowing costs for public infrastructure investments like city buildings, municipal roads and water systems.

Given the implications of underfunding, the financial condition of public pensions should be of concern to plan beneficiaries, employees, taxpayers, local leaders, business leaders and future generations. In this report, we provide information on the financial condition of Florida municipal pensions over most of the past decade (2005-2012). These data reflect information on 320 pension plans from 151 cities. We give each plan a letter grade based on five measures of the financial condition of public pensions.

This report differs from our previous grading report in the following ways:

- **Different Data Source:** This report uses data from the Florida Department of Management Services (DMS) rather than individual municipal financial reports. This allows us to include more plans, rather than only those sponsored by large cities. It also allows us to consider multiple years of data.
- **Expanded Scoring System:** This report uses a five-measure scoring system to create a more comprehensive measure of financial condition. The previous report based grades on a single measure: funding ratios.
- **An “Apples-to-Apples” Analysis:** Differences in actuarial cost methods limit the ability to compare plans. This report only includes plans using the Entry Age Normal and Projected Unit Credit costing methods to allow for more accurate comparisons.

» HOW WE MEASURE FINANCIAL CONDITION

We use five measures to grade the financial condition of local government pension plans in Florida. The five measures and the points that each contributes toward the total grade are:

1. Funding Ratio (max points: 2.5)
2. Unfunded Actuarial Accrued Liabilities (UAAL) as Percent of Covered Payroll (max points: 1)
3. Annual Required Contribution (ARC) as Percent of Covered Payroll (max points: 1)
4. Assumed Return on Investments (max points: .5)
5. Employee Contribution Levels (max points: .5)

Plans can receive a maximum of 5.5 points. The minimum number of points is zero. We calculate the number of points received by each plan in the years they report an actuarial valuation. The points are totaled and plans receive a letter grade on the following scale:

| Total Points | Assigned Grade |
|--------------|----------------|
| 4 to 5.5 | A |
| 3 to 3.5 | B |
| 2 to 2.5 | C |
| 1 to 1.5 | D |
| 0 to .5 | F |

Because plans do not receive an actuarial valuation every year, we do not provide grades for every year. For example, the Auburndale Fire Fighter plan receives grades for 2011 and 2012 while that city's General Employee plan is graded for 2010, 2011 and 2012.

READING THE FIGURES AND STATISTICS IN THIS REPORT

This report often refers to “typical pension plans.” We use median values to represent typical pension plans. The median is the

middle observation – half of the observed values are larger than the median, and half of the values are smaller. The median differs from the average because it is not significantly affected by extremely high or extremely low values (outliers).

This report also uses several box plots, such as Figure 1. The line in the center of each box is the median value. The top of the box identifies the value that is greater than 75 percent of the observed values. The bottom of the box identifies the value that is greater than 25 percent of the observed values. Therefore, each box identifies the middle 50 percent of observations. The length of the lines coming out of the top and bottom of the boxes is equal to 1.5 times the height of their boxes and indicates the expected variation of most of the bottom and top 25 percent of the observations. Any observed values that fall outside of the box and its lines are considered outliers, are relatively rare, and are not presented in the graphs (as noted by the phrase “excludes outside values” on each of the figures).

Measure 1: Funding Ratio

Funding ratios, the most heavily weighted component in the grades, are calculated as the size of pension fund assets (usually a weighted representation of the market value of assets in recent years) divided by accrued liabilities. The ratio is then presented as a percent value, where 100 percent indicates that fund assets are exactly equal to accrued liabilities. Ratios that fall below 100 percent reflect underfunded plans. Ratios that exceed 100 percent represent overfunded plans.

Pension analysts often use a minimum of 80 percent funded as a target funding ratio. Recent research suggests that the bond market favors plans that are at least 80 percent funded.ⁱⁱ Others contend that 80 percent is an arbitrary target and may be either overly ambitious or insufficient, depending on individual circumstances.

Table 1 presents the number of points that we provide to plans based on their funding ratios. The table also presents the frequency these funding ratio categories are observed in 2011 and 2012.

TABLE 1: FUNDING RATIO: MEASURE 1

| Funding Ratio | Points | % Observed in 2011 | % Observed in 2012 |
|-----------------|--------|--------------------|--------------------|
| 100% or Greater | 2.5 | 1% | 2% |
| 80% to 100% | 2.0 | 23% | 24% |
| 60% to 80% | 1.0 | 54% | 54% |
| Less than 60% | 0.0 | 22% | 20% |

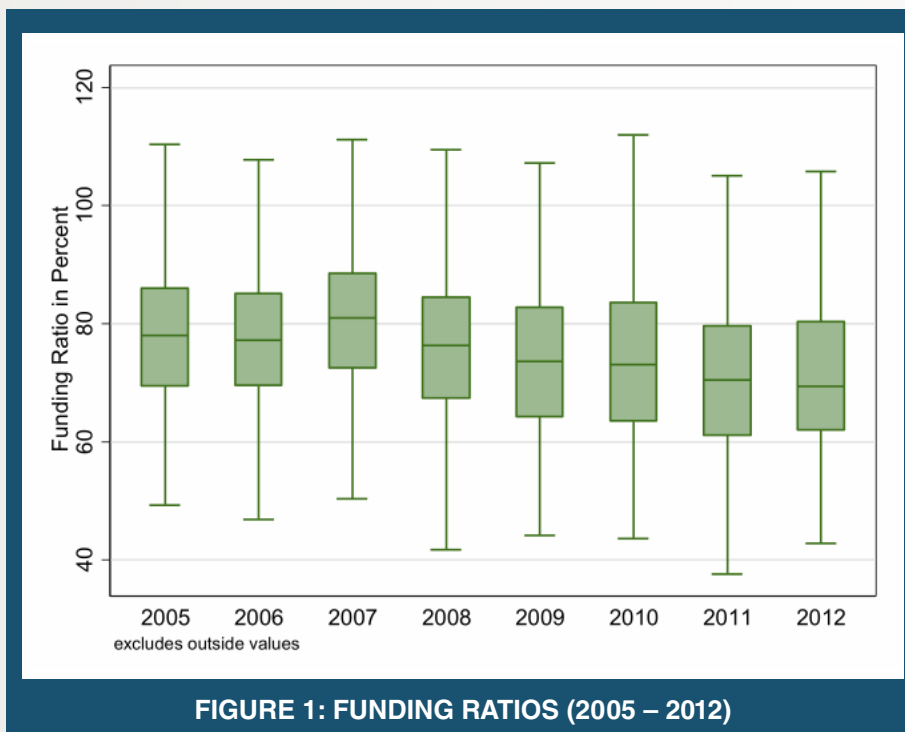


Figure 1 shows the trend in funding ratios from 2005 to 2012. The typical funding ratio reached a high point in 2007, where more than half of local governments reported funding ratios that were greater than 80 percent. The typical funding ratio dropped from 80 percent in 2007 to 70 percent during the market downturn in 2007 – 2009. Since 2009, the typical funding ratio has remained around 70 percent and only about a quarter of plans have funding ratios that are more than 80 percent.

Measure 2: Unfunded Liabilities as Percent of Covered Payroll

It is possible for pension plans to be underfunded (i.e. low funding ratios) and have a relatively affordable pension liability. This happens when pension benefits are relatively affordable compared to the other costs of government. Therefore, we also consider the size of the unfunded liability in relation to the total cost of the payroll of the participating employees. This number comprises the second component of the final grade.

Table 2 presents the number of points that we provide to plans based on the relative size of their unfunded liabilities as a percent of the covered payroll. The table also presents the frequency those unfunded liability levels are observed in 2011 and 2012.

TABLE 2: SIZE OF UNFUNDED LIABILITY: MEASURE 2

| Unfunded Liability / Payroll | Points | % Observed in 2011 | % Observed in 2012 |
|------------------------------|--------|--------------------|--------------------|
| Less than 100% | 1 | 18% | 19% |
| 100% to 200% | 0.5 | 26% | 19% |
| More than 200% | 0.0 | 56% | 62% |

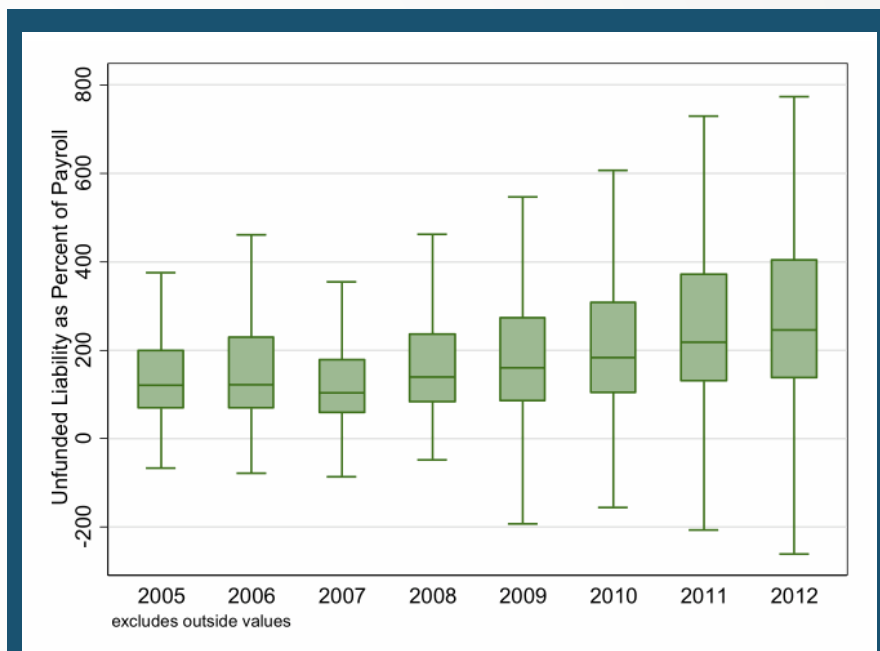


FIGURE 2: UNFUNDED LIABILITY AS PERCENT OF PAYROLL (2005 – 2012)

The historical trend in the unfunded liabilities as a percent of payroll is illustrated in Figure 2. Unsurprisingly, the trend is a mirror image of the funding ratio trend in Figure 1. The Unfunded-Liability-to-Payroll value was at its lowest level in 2007, when more than 75 percent of plans had an unfunded liability that was less than 200 percent of their payroll. The relative size of unfunded liabilities has grown since then. This is partly due to decreased asset values during the 2007 - 2009 financial crisis, which increased the underfunding of liabilities by reducing the value of asset holdings. It is also due to the continued growth of liabilities during a period when investment returns were modest. And, it is due to a shrinking labor force that reduces the size of government payrolls. The combination of these factors appears to have affected some governments more than others, since the size of the box has clearly grown since 2007.

Measure 3: Annual Required Contribution as Percent of Payroll

In addition to the size of the unfunded liability, our grading method includes a consideration of the cost of the annual contribution that is necessary for sponsoring governments to pay from their budgetary resources. We use the Annual Required Contribution (ARC) that is calculated as part of each plan's actuarial valuation process and consider the ARC as a percent of covered payroll.

To establish our point categories, we looked at the national average for this measure. From 2006 to 2010, the national average for locally administered plans increased from 18 percent to 22 percent. As this report grades plans in years 2005 to 2012, a value of 20 percent was chosen to reflect the best financial condition.

Table 3 presents the number of points that we provide to plans based on the relative size of their annual contribution as a percent of covered payroll. The table also presents the frequency those contribution levels are observed in 2011 and 2012.

TABLE 3: ARC/PAYROLL: MEASURE 3

| Annual Contribution / Payroll | Points | % Observed in 2011 | % Observed in 2012 |
|-------------------------------|--------|--------------------|--------------------|
| Less than 20% | 1 | 6% | 5% |
| 20% to 30% | 0.5 | 16% | 12% |
| More than 30% | 0.0 | 78% | 83% |

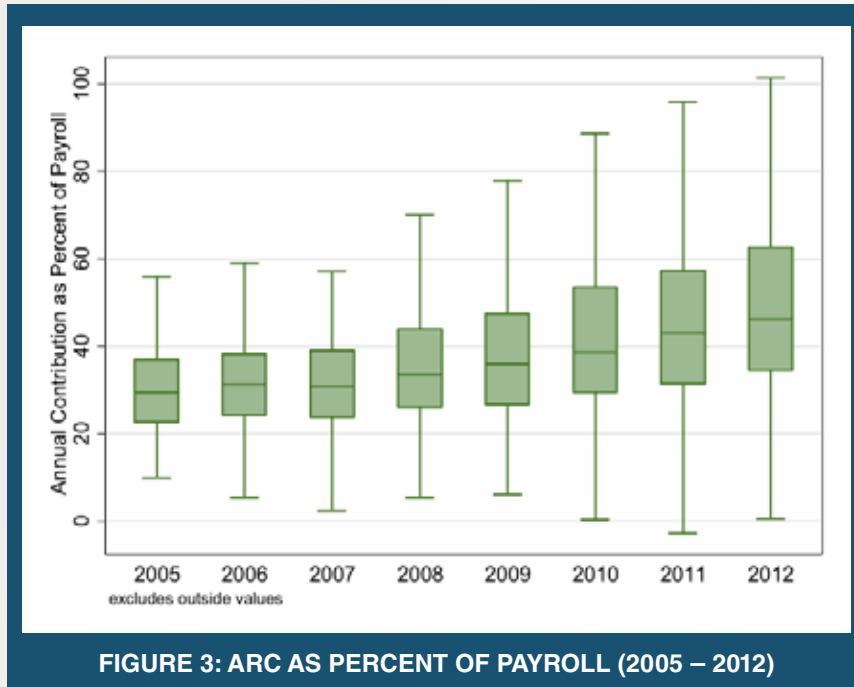


Figure 3 displays the trend in annual contributions as a percentage of payroll. As seen in our previous measures, the most favorable contribution sizes (the most affordable) were prior to the financial crisis of 2007 - 2009, when nearly half of the local government plans had contribution levels that were less than 30 percent of their payroll. Now, less than 20 percent of governments have contribution levels that are less than 30 percent of their payroll. More concerning, nearly a quarter of governments have contribution levels that are more than 60 percent of their payroll.

Measure 4: Assumed Return on Investments

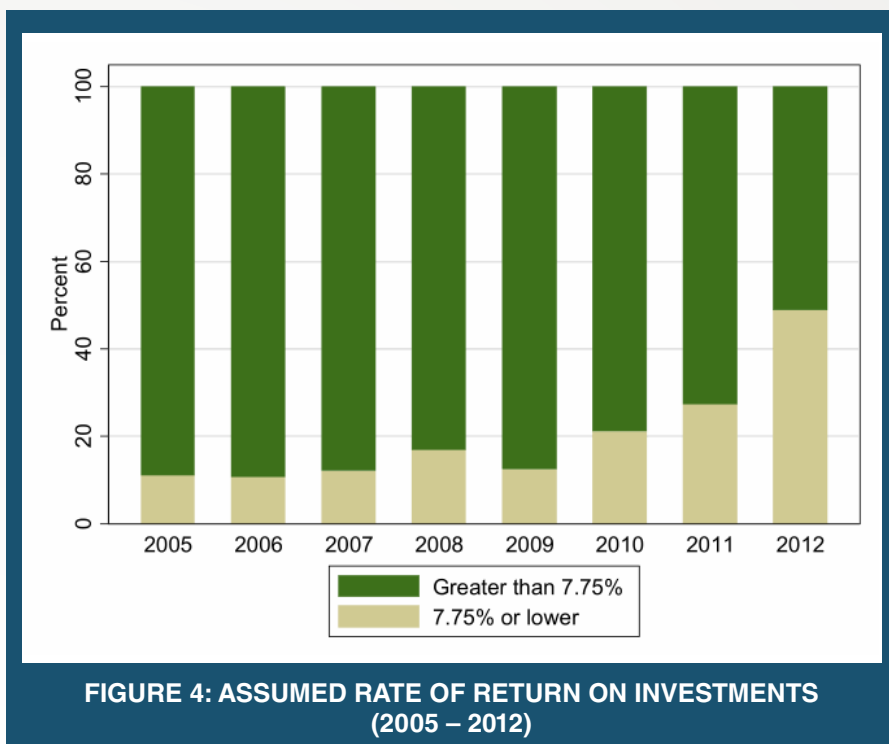
The National Institute on Retirement Security identifies reasonable assumptions of the long-term economic conditions of public pensions as critical to their affordability and sustainability.ⁱⁱⁱ The assumption that receives the most attention is the assumed rate of return on invested pension assets. This assumption is important because it is used to identify how much money needs to be set aside today (the liability) in order to have sufficient funds to pay retirement benefits in the future. Low assumed rates of return necessitate a larger amount of money to be set aside, because investment earnings are not assumed to grow the assets as quickly. This creates larger liabilities. High assumed rates of return indicate that fewer assets are needed today to achieve the target future amount necessary to provide benefits.

Unfortunately, there is not widespread agreement on the best approach to selecting a rate of return assumption.^{iv} We identify the assumed rate of return adopted by the Florida Retirement System as a benchmark: 7.75 percent.

Table 4 presents the number of points that we provide to plans based on their assumed rate of return on asset investments. The table also presents the frequency that assumed rates of return are 7.75 percent or less in 2011 and 2012.

TABLE 4: ASSUMED RATE OF RETURN: MEASURE 4

| Rate of Return Assumption | Points | % Observed in 2011 | % Observed in 2012 |
|---------------------------|--------|--------------------|--------------------|
| 7.75% or less | 0.5 | 28% | 49% |
| More than 7.75% | 0.0 | 72% | 51% |



The number of plans that are using a more conservative assumed rate of return has increased significantly in recent years. As seen in Figure 4, in 2009, about 10 percent of plans used an assumed rate of return that was 7.75 percent or less. That has increased to nearly 50 percent of plans by 2012.

Measure 5: Employee Contribution Levels

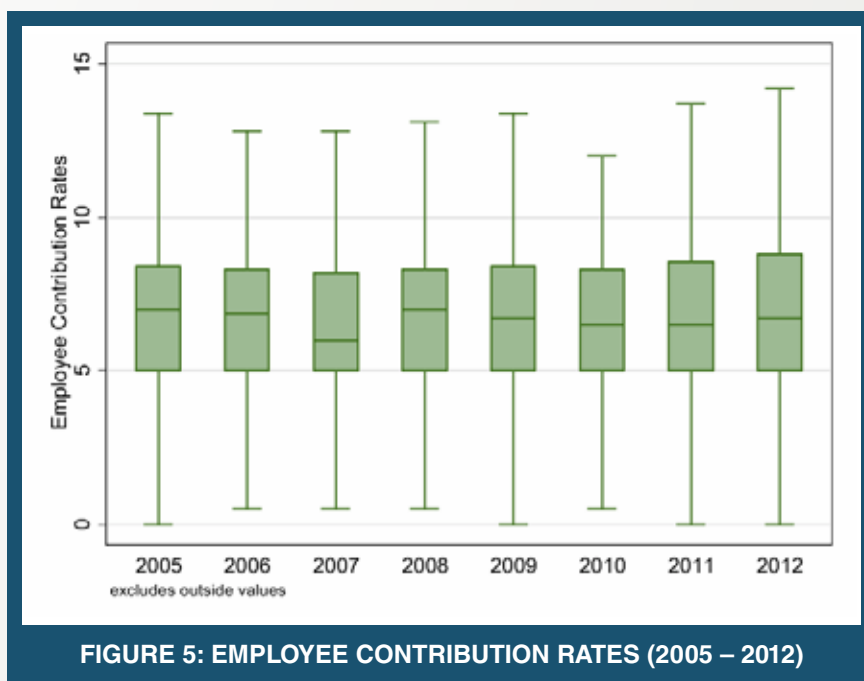
The National Institute of Retirement Security also suggests that sharing contribution costs between government employers and participating employees is a mark of sustainable pension management. As seen in Figure 5, a report from the AARP indicates that the average employee pension contribution rate in the public sector is 5 percent of salary.^v This measure awards points based on whether or not employees are required to contribute at least 5 percent of their pay.

Table 5 presents the number of points that we provide to plans based on employee contribution levels. The table also presents the frequency that employees contribute 5 percent or more of their salary to their pensions in 2011 and 2012.

TABLE 5: EMPLOYEE CONTRIBUTION: MEASURE 5

| Employee Contribution | Points | % Observed in 2011 | % Observed in 2012 |
|-----------------------|--------|--------------------|--------------------|
| 5% or More | 0.5 | 77% | 78% |
| Less than 5% | 0.0 | 23% | 22% |

Employee contribution rates have been very constant in recent years. Less than 25 percent of plans do not require employees to contribute at least 5 percent of their salary. Most plans require between 5 percent and 8 percent contributions. General employee plans tend to have lower contribution levels than public safety plans.



» IDENTIFYING RANGE OF PERFORMERS

For the purpose of identifying the best and worst performing plans, the most recent point total received was examined. Plans that received at least 4 points are classified as “top performers,” while plans with totals of less than 1 point are classified as “poor performers.” Some 47 plans were identified as top performers – 14.6 percent of the total. The number of plans identified as “poor performers” was only 34, or 10.6 percent of the total.

Table 6 lists the top performing municipal pension plans.

TABLE 6: LIST OF TOP PERFORMERS

| | | |
|-----------------------------------|---|-----------------------------------|
| ALTAMONTE SPRINGS | GULFPORT | MIAMI SPRINGS |
| General Employees | General Employees | General Employees |
| Police Officers | HIALEAH | NORTH MIAMI |
| AOPKA | Elected | Police Officers (Ordinance 691) |
| Fire Fighters | KEY WEST | PALATKA |
| BELLE GLADE | General Employees | Police Officers |
| General Employees | KISSIMMEE | PALM COAST |
| BOCA RATON | General Employees | Fire Fighters (Volunteer) |
| General Employees | LADY LAKE | ROCKLEDGE |
| BUNNELL | Police Officers | General Employees |
| Fire Fighters | LAKE ALFRED | Police Officers |
| BUSHNELL | General Employees | SAINT AUGUSTINE |
| General Employees | Police Officers | Police Officers |
| DELRAY BEACH | Police Officers and Fire Fighters | SOUTH MIAMI |
| General Employees | LAKE CITY | General Employees |
| DUNEDIN | Fire Fighters | SURFSIDE |
| Fire Fighters | Police Officers | General Employees |
| EDGEWATER | LAKE MARY | Police Officers |
| Fire Fighters | Police Officers | TALLAHASSEE |
| FORT LAUDERDALE | LAKELAND | General Employees |
| General Employees | General Employees | TAMARAC |
| Police Officers | General Employees, Police Officers, and Fire Fighters | General Employees |
| FORT PIERCE | LANTANA | TEQUESTA |
| General Employees | Police Officers | Police Officers |
| Police Officers | LEESBURG | WINTER GARDEN |
| Police Officers (Supplemental) | General Employees | General Employees |
| GAINESVILLE | MELBOURNE | Police Officers and Fire Fighters |
| General Employees (Disability) | General Employees | |
| Police Officers and Fire Fighters | | |

Plans that received less than 1 point are classified as “poor performers.” Table 7 lists the poorest performing pension plans.

TABLE 7: LIST OF POOR PERFORMERS

| | | |
|-----------------------------------|-----------------------------------|------------------------|
| BAL HARBOUR VILLAGE | HOLLYWOOD | OAKLAND PARK |
| Police Officers | Fire Fighters | General Employees |
| BOYNTON BEACH | General Employees | OCALA |
| Fire Fighters | Police Officers | General Employees |
| CAPE CORAL | JACKSONVILLE | PORT ORANGE |
| Fire Fighters | Corrections Officers | Fire Fighters |
| COCOA | LAKE WORTH | SUNRISE |
| Fire Fighters | Fire Fighters | Police Officers |
| COCOA BEACH | General Employees | TAMARAC |
| Fire Fighters | Police Officers | Police Officers |
| Police Officers | LONGBOAT KEY | TEMPLE TERRACE |
| DELRAY BEACH | Fire Fighters | Fire Fighters |
| Police Officers and Fire Fighters | MIAMI BEACH | Police Officers |
| FERNANDINA BEACH | Police Officers and Fire Fighters | WEST PALM BEACH |
| General Employees | MIRAMAR | Fire Fighters |
| Police Officers and Fire Fighters | Fire Fighters | WINTER HAVEN |
| FLORIDA CITY | NAPLES | General Employees |
| Elected | Police Officers | |
| FORT MYERS | NORTH MIAMI BEACH | |
| Fire Fighters | Police Officers and Fire Fighters | |
| General Employees | | |
| Police Officers | | |

Several cities such as Lake Alfred, Lakeland and Winter Garden had multiple plans on the “top performer” list. Delray Beach and Tamarac were the only municipalities to appear on both the “top performer” and “bottom performer” lists. In Delray Beach, the General Employee plan scored a 4.5 while the Police Officer and Fire Fighter Employee plans scored a 0.5 in 2012. Tamarac’s General Employee plan also scored a 4.5 while the Police Officer plan scored just 0.5. Both Tamarac values were also assessed for 2012.

» FINAL GRADES

Figure 7 illustrates the year-to-year distribution of grades from 2005 to 2012 showing the years for each plan that were available. Prior to the market downturn in 2007, about half of Florida local government pension plans received A or B grades and only about 5 percent received F grades. The number of A and B grade plans has steadily declined since 2007. Now, only about 30 percent of plans receive the highest two grades and 11 percent receive the lowest grade.

The largest increase from 2007 to 2012 is in the number of plans that receive a D grade. That group made up just 14 percent of plans in 2007, but represents more than one-third of the plans in 2012 (35 percent).

FIGURE 7: TRENDS IN PENSION GRADES (2005 to 2012)

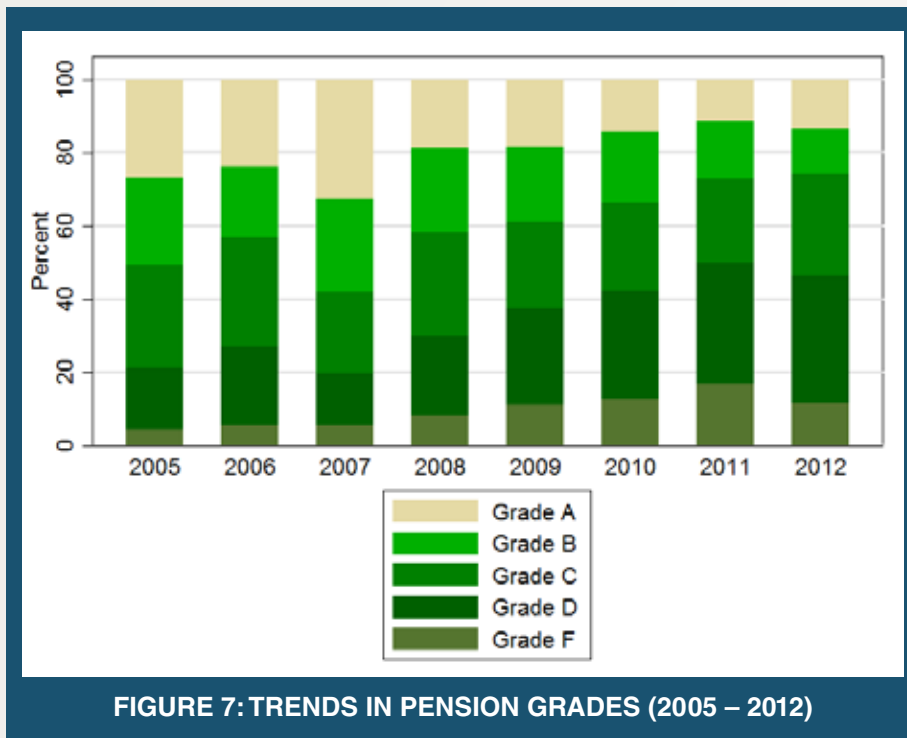


Table 8 provides a complete list of grades by pension plan.

The grades were generated for plans using the Entry Age Normal (EAN) and Projected Unit Credit (PUC) funding methods. While many plans utilize the Aggregate (AGG) and Frozen Initial Liability (FIL) methods, those methods are biased toward reporting a fully funded liability. The grades herein were generated for the 1,688 records from 2005 to 2012 for plans sponsored by 151 municipalities. While this decision reduces the number of plans graded, it is not advisable to grade AGG and FIL plans on the same criteria as EAN and PUC plans.

It is also important to note that some municipalities have also issued pension obligation bonds. Pension Obligation Bonds (POBs) are sold by municipalities in order to finance the required contribution made to the pension fund. In Florida, Gainesville, Fort Lauderdale, Miami, Miami Beach, North Miami and Palm Bay have each issued POBs since 1995.

Data for this Report

Data for this report was retrieved from DMS Local Government Annual Reports. Reports from 2005 to 2013 were used to generate grades. This report includes municipal plans that were assessed in years from 2005 to 2012, as very few records were assessed in 2013. For grading and additional analysis purposes, information on plans was retrieved from the following appendices of the DMS reports:

- **Appendix A:** Unfunded Actuarially Accrued Liability (UAAL), Active Payroll, Annual Required Contribution (ARC), and Employee Contribution rates
- **Appendix E:** Assumed Rate of Return, and Actual Rate of Return
- **Appendix F:** City/County Population, and Active Membership
- **Appendix G:** Funding Ratio

The list of municipalities with Pension Obligation Bond (POB) issuances was retrieved from the EMMA database of the Municipal Securities Rulemaking Board.

Raw data included 4,482 separate records from the DMS appendices. After data was compiled from each report year, duplicates were removed. In the DMS reports, a plan may be reported based on evaluations from the same actuarial year in multiple reports. Duplicates were removed, giving priority to the most complete and recent reported data. After removing these duplicates, 3,451 records remained. Next, entries were removed that lacked sufficient data to allow for grading. For some records, a missing piece of data would have prevented the creation of a complete grade. Removing records with blank data left 3,091 individual records remaining. Plans from prior to 2005 or after 2012 were removed, leaving 2,676 records. Removing plans that do not use Entry Age Normal or Projected Unit Credit methods takes the number of records to 1,822. Finally, removing special district and county supplemental plans leaves us with 1,688 individual records.

» CONCLUSIONS

This report adds four criteria for grading that previous reports had not included, such as recognizing the importance of sound economic assumptions, the ratio of unfunded liabilities to plan size, sharing costs with employees and contributions as a percent of payroll. While funding ratio is still considered by this report to be the single most important metric for evaluating pension plan sustainability, the addition of these other metrics of sustainability make for a much more comprehensive evaluation.

In addition, this report includes a larger number of plans than our earlier grading effort, and provides information over an eight year time period (with years limited to data availability). However, the findings are similar to our earlier grading effort. In short, a number of local plans are well-funded and well-managed. The good news is that nearly one-third of the plans earn an A or B grade. The bad news is that this number is down from pre-recession years and down from years of recovery. More troubling is that the number of D grades increased from just 14 percent in 2007 to 35 percent in 2012. Given the importance of healthy public pensions, the trend needs to be carefully monitored and efforts undertaken to get more plans headed toward the honor roll.

TABLE 8: COMPLETE LIST OF GRADES

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|------|------|------|------|------|------|------|------|
| ALTAMONTE SPRINGS | | | | | | | | |
| General Employees | | | A | | A | A | A | A |
| Police Officers | | | | | C | | B | A |
| APOPKA | | | | | | | | |
| Fire Fighters | A | A | A | | A | A | A | |
| General Employees | B | A | A | | A | | C | |
| Police Officers | B | B | B | | B | B | B | |
| ARCADIA | | | | | | | | |
| Police Officers and Fire Fighters | A | B | B | B | B | B | D | D |
| ATLANTIC BEACH | | | | | | | | |
| General Employees | B | | B | B | B | C | C | C |
| Police Officers | C | | C | D | D | D | D | D |
| ATLANTIS | | | | | | | | |
| Police Officers | A | A | | C | | | D | |
| AUBURNDALE | | | | | | | | |
| Fire Fighters | | | | | | | D | C |
| General Employees | | | | | | C | D | D |
| AVENTURA | | | | | | | | |
| Police Officers | | | B | | B | | | B |
| AVON PARK | | | | | | | | |
| Fire Fighters | A | B | A | B | C | C | D | C |
| Police Officers | | | A | A | A | B | B | |
| BAL HARBOUR VILLAGE | | | | | | | | |
| General Employees | | | | C | | B | | |
| Police Officers | D | F | F | | F | F | F | F |
| BARTOW | | | | | | | | |
| General Employees | | A | | C | | D | D | D |
| Police Officers | | | | | | D | D | D |
| BAY HARBOR ISLANDS | | | | | | | | |
| General Employees | | | | | | | B | |
| Police Officers | | | | | | | C | |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|------|------|
| BELLE GLADE | | | | | | | | |
| Fire Fighters | A | | | | | | | |
| General Employees | A | A | | A | A | A | | |
| Police Officers | A | | | | | | | |
| BELLEVIEW | | | | | | | | |
| Police Officers | | | B | B | B | C | C | C |
| BOCA RATON | | | | | | | | |
| General Employees | | | | A | A | A | A | A |
| General Executives | | | | C | | C | D | C |
| Police Officers and Fire Fighters | | | | B | | D | D | D |
| BOYNTON BEACH | | | | | | | | |
| Fire Fighters | | D | | D | D | D | F | F |
| General Employees | B | | | C | C | | C | C |
| Police Officers | D | | D | D | F | F | F | D |
| BRADENTON | | | | | | | | |
| Fire Fighters | B | C | B | D | D | D | D | D |
| Police Officers | B | B | B | B | B | B | C | D |
| BROOKSVILLE | | | | | | | | |
| Fire Fighters | C | B | C | C | C | D | D | D |
| BUNNELL | | | | | | | | |
| Fire Fighters | A | | | A | | A | | |
| BUSHNELL | | | | | | | | |
| General Employees | | A | | B | B | | B | A |
| CAPE CORAL | | | | | | | | |
| Fire Fighters | B | C | C | D | D | F | F | F |
| General Employees | B | B | | C | C | D | F | D |
| Police Officers | C | | B | C | D | D | D | C |
| COCOA | | | | | | | | |
| Fire Fighters | | D | | F | | F | F | F |
| General Employees | C | C | | C | D | D | D | D |
| Police Officers | | | | B | B | C | C | B |
| COCOA BEACH | | | | | | | | |
| Fire Fighters | F | F | F | F | F | F | F | F |
| Police Officers | D | D | F | F | F | F | F | F |
| COOPER CITY | | | | | | | | |
| Managers | | | | F | | | D | |
| CORAL GABLES | | | | | | | | |
| General Employees, Police Officers and Fire Fighters | F | D | | D | F | | F | D |
| CORAL SPRINGS | | | | | | | | |
| Fire Fighters | D | | C | | | C | C | B |
| General Employees | B | C | D | D | D | C | C | C |
| Police Officers | | | | | | | D | D |
| DADE CITY | | | | | | | | |
| Fire Fighters | | | | | | | D | C |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|------|------|------|------|------|------|------|------|
| DANIA BEACH | | | | | | | | |
| Fire Fighters | D | D | | D | D | | D | |
| Police Officers | D | D | | D | D | | | |
| DAVIE | | | | | | | | |
| Fire Fighters | C | C | C | | C | D | D | D |
| Police Officers | C | C | C | | D | D | D | D |
| DAYTONA BEACH | | | | | | | | |
| Police Officers and Fire Fighters | B | C | | C | | C | | C |
| DEERFIELD BEACH | | | | | | | | |
| Fire Fighters | A | A | A | A | A | B | C | |
| General Employees | | | | | | | B | |
| Police Officers | C | B | | C | | D | D | |
| DELAND | | | | | | | | |
| Fire Fighters | | A | A | | B | B | B | B |
| General Employees | A | B | | B | B | C | B | B |
| Police Officers | A | | B | B | | B | C | C |
| DELRAY BEACH | | | | | | | | |
| General Employees | | | | | | A | A | A |
| Police Officers and Fire Fighters | D | D | C | | D | D | F | F |
| DELTONA | | | | | | | | |
| Fire Fighters | | | | B | C | C | C | C |
| DUNEDIN | | | | | | | | |
| Fire Fighters | A | A | A | A | B | B | B | A |
| EDGEWATER | | | | | | | | |
| Fire Fighters | A | | A | A | A | A | C | A |
| General Employees | | | | | | | | D |
| EUSTIS | | | | | | | | |
| Fire Fighters | B | B | B | B | D | D | D | |
| Police Officers | | D | D | | D | D | | |
| FERNANDINA BEACH | | | | | | | | |
| General Employees | B | B | | B | C | C | D | F |
| Police Officers and Fire Fighters | C | C | | D | D | F | F | F |
| FLORIDA CITY | | | | | | | | |
| Elected | | | | | | | | F |
| FORT LAUDERDALE | | | | | | | | |
| General Employees | | | | C | C | | D | A |
| Police Officers and Fire Fighters | | | | | D | | | C |
| FORT MYERS | | | | | | | | |
| Fire Fighters | D | D | D | F | F | F | F | F |
| General Employees | C | | C | F | F | F | F | F |
| Police Officers | C | D | D | F | F | F | F | F |
| FORT PIERCE | | | | | | | | |
| General Employees | A | | | | A | A | A | A |
| Police Officers | A | | | | A | A | A | A |
| Police Officers (Supplemental) | | A | A | | A | A | A | A |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|------|------|
| FORT WALTON BEACH | | | | | | | | |
| Fire Fighters | B | B | B | D | D | D | F | D |
| General Employees | | | | | A | B | B | |
| Police Officers | B | B | B | C | D | D | D | D |
| FROSTPROOF | | | | | | | | |
| Police Officers | B | B | | B | C | C | D | D |
| GAINESVILLE | | | | | | | | |
| General Employees | | | A | | B | B | | |
| General Employees (Disability) | | | | | | A | | |
| Police Officers and Fire Fighters | A | | | A | | A | | |
| GULFPORT | | | | | | | | |
| General Employees | | A | | A | A | A | A | A |
| HAINES CITY | | | | | | | | |
| Fire Fighters | C | C | | C | C | C | D | D |
| General Employees | | | | B | B | B | B | C |
| Police Officers | B | B | | B | B | B | B | C |
| HALLANDALE BEACH | | | | | | | | |
| Police Officers and Fire Fighters | | | | | | | | D |
| HIALEAH | | | | | | | | |
| Elected | A | | A | | A | | A | |
| General Employees, Police Officers and Fire Fighters | A | B | | B | B | D | | |
| HOLLY HILL | | | | | | | | |
| Fire Fighters | B | | | C | C | C | C | C |
| Police Officers | C | C | | C | C | C | D | C |
| HOLLYWOOD | | | | | | | | |
| Fire Fighters | | F | | F | | F | | |
| General Employees | C | D | D | D | | F | | |
| Police Officers | | D | D | | F | | F | F |
| HOMESTEAD | | | | | | | | |
| Fire Fighters | | | | | | C | | C |
| General and Hospital Employees | | | C | C | | C | C | |
| General Employees | C | C | | | | | | |
| Old Elected | | | | | | D | | |
| Police Officers | D | D | | | D | | D | D |
| INDIALANTIC | | | | | | | | |
| Police Officers and Fire Fighters | | | C | B | C | C | C | C |
| INDIAN HARBOUR BEACH | | | | | | | | |
| Police Officers | C | C | B | C | C | C | C | D |
| INDIAN RIVER SHORES | | | | | | | | |
| General Employees | | | | | F | | D | |
| Police Officers and Fire Fighters | | | | | C | | C | |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|------|------|------|------|------|------|------|------|
| JACKSONVILLE | | | | | | | | |
| Corrections Officers | | | | D | | | F | |
| General Employees | | | | B | | | C | |
| General Employees (Disability) | | | | | | | | C |
| Police Officers and Fire Fighters | | | | F | | | F | D |
| JACKSONVILLE BEACH | | | | | | | | |
| Fire Fighters | C | C | | | C | | C | C |
| General Employees | A | C | A | | A | | B | C |
| Police Officers | A | A | | B | C | | C | C |
| JUPITER | | | | | | | | |
| Police Officers | | D | | C | | C | C | C |
| KEY BISCAYNE | | | | | | | | |
| Police Officers and Fire Fighters | B | B | B | B | B | B | B | C |
| KEY WEST | | | | | | | | |
| General Employees | | | A | A | | A | | |
| Police Officers and Fire Fighters | C | B | B | | B | | C | D |
| KISSIMMEE | | | | | | | | |
| Fire Fighters | C | C | C | | D | D | D | D |
| General Employees | | | | | A | A | A | |
| Police Officers | | | | B | C | D | D | D |
| LADY LAKE | | | | | | | | |
| Police Officers | A | A | A | A | A | A | A | A |
| LAKE ALFRED | | | | | | | | |
| General Employees | | A | | A | A | A | A | A |
| Police Officers | | A | | A | A | A | | |
| Police Officers and Fire Fighters | | | | | | | A | A |
| LAKE CITY | | | | | | | | |
| Fire Fighters | | | B | | | A | | |
| General Employees | | | | C | | D | | |
| Police Officers | | A | | B | B | B | B | A |
| LAKE MARY | | | | | | | | |
| Fire Fighters | B | C | | C | | B | B | B |
| Police Officers | A | A | A | A | A | A | A | A |
| LAKE PARK | | | | | | | | |
| Police Officers | C | C | | | | D | D | D |
| LAKE WALES | | | | | | | | |
| Fire Fighters | | D | D | D | D | F | F | D |
| Police Officers | C | A | A | | C | C | C | C |
| LAKE WORTH | | | | | | | | |
| Fire Fighters | D | | | | D | | F | |
| General Employees | C | C | | | C | C | F | F |
| Police Officers | C | D | | | D | D | F | F |
| LAKELAND | | | | | | | | |
| General Employees | | | | | | | A | |
| General Employees, Police Officers, and Fire Fighters | | | | | | A | A | |
| Police Officers | | | | | | D | | C |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|------|------|
| LANTANA | | | | | | | | |
| Fire Fighters | D | D | D | D | D | D | D | |
| Police Officers | | | | | | A | A | |
| LARGO | | | | | | | | |
| Police Officers and Fire Fighters | A | A | A | D | D | | D | C |
| LAUDERHILL | | | | | | | | |
| Confidential and Managerial | | | | C | C | C | C | |
| Fire Fighters | | D | D | | D | | D | |
| General Employees | B | B | B | C | | | C | |
| Police Officers | B | C | | C | C | | C | C |
| LEESBURG | | | | | | | | |
| General Employees | | | A | A | A | A | A | A |
| LIVE OAK | | | | | | | | |
| Fire Fighters | | | A | | | C | | |
| LONGBOAT KEY | | | | | | | | |
| Fire Fighters | F | F | | F | F | F | F | F |
| General Employees | C | C | | D | F | F | F | D |
| Police Officers | D | D | | F | F | F | F | D |
| LYNN HAVEN | | | | | | | | |
| General Employees | B | B | B | B | C | C | B | B |
| MADISON | | | | | | | | |
| Fire Fighters | D | D | | D | D | F | F | D |
| MAITLAND | | | | | | | | |
| Police Officers and Fire Fighters | | | | | | C | C | D |
| MARCO ISLAND | | | | | | | | |
| Fire Fighters | | | A | | B | B | B | B |
| Police Officers | | | D | D | D | D | | D |
| MELBOURNE | | | | | | | | |
| Fire Fighters | B | | | B | | B | | D |
| General Employees | | | | A | | A | A | A |
| General Employees (Special Risk) | | | | C | | D | D | D |
| Police Officers | C | C | C | C | C | C | D | C |
| MELBOURNE BEACH | | | | | | | | |
| Police Officers | | | | C | D | | D | D |
| MIAMI | | | | | | | | |
| Elected | | | | D | | | | D |
| General and Sanitation Employees | D | B | B | | | D | | |
| General and Sanitation Employees (Staff) | B | A | | B | | C | | |
| MIAMI BEACH | | | | | | | | |
| General Employees | B | | | B | C | D | | D |
| Police Officers and Fire Fighters | C | C | D | D | D | | D | F |
| MIAMI SPRINGS | | | | | | | | |
| General Employees | | | | | A | A | A | A |
| Police Officers and Fire Fighters | | | | | A | B | B | B |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|------|------|------|------|------|------|------|------|
| MILTON | | | | | | | | |
| Fire Fighters | A | B | B | D | F | F | F | D |
| General Employees | A | A | | A | B | C | C | C |
| Police Officers | A | A | A | A | A | B | B | B |
| MIRAMAR | | | | | | | | |
| Fire Fighters | | F | F | F | | F | F | |
| General Employees | | | | C | | C | B | |
| General Employees (Management) | B | | | D | D | D | D | |
| Police Officers | D | F | | F | F | F | | D |
| NAPLES | | | | | | | | |
| Fire Fighters | D | D | D | D | D | C | | D |
| General Employees | A | A | A | B | C | B | B | B |
| Police Officers | C | D | D | D | D | D | D | F |
| NEPTUNE BEACH | | | | | | | | |
| Police Officers | C | C | | C | C | C | C | C |
| NEW PORT RICHEY | | | | | | | | |
| Fire Fighters | B | | A | A | B | | | |
| Police Officers | C | C | C | C | D | D | D | D |
| NEW SMYRNA BEACH | | | | | | | | |
| Fire Fighters | F | F | | D | D | D | F | D |
| NORTH MIAMI | | | | | | | | |
| Fire Fighters (Ordinance 691) | C | | | A | | | | B |
| General Employees (Ordinance 691) | A | | | C | | C | | B |
| Police Officers (Ordinance 691) | C | | | B | | B | | A |
| Police Officers (Ordinance 748) | A | C | | C | | D | | D |
| NORTH MIAMI BEACH | | | | | | | | |
| General Employees | | C | | C | | C | D | C |
| Police Officers and Fire Fighters | | | | D | | D | | F |
| NORTH PORT | | | | | | | | |
| Fire Fighters | C | C | B | B | C | B | B | B |
| Police Officers | | C | C | C | C | C | C | C |
| OAKLAND PARK | | | | | | | | |
| General Employees | C | C | F | F | F | F | | |
| Police Officers and Fire Fighters | B | C | | | D | D | D | C |
| OCALA | | | | | | | | |
| Fire Fighters (Supplemental) | C | C | B | C | C | C | | |
| General Employees | D | C | | D | F | F | | F |
| Police Officers (Supplemental) | C | C | C | C | D | D | D | D |
| OCOE | | | | | | | | |
| General Employees | B | A | | B | B | B | C | B |
| Police Officers and Fire Fighters | | | | C | C | C | D | C |
| ORANGE PARK | | | | | | | | |
| Fire Fighters | B | B | B | B | C | B | D | D |
| General Employees | | | B | C | D | D | D | |
| Police Officers | C | C | C | C | C | D | D | |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|------|------|------|------|------|------|------|------|
| ORLANDO | | | | | | | | |
| Fire Fighters | | | | B | B | B | B | B |
| Police Officers | | | | B | B | B | B | D |
| ORMOND BEACH | | | | | | | | |
| Fire Fighters | D | C | C | D | | D | D | C |
| General Employees | A | A | A | A | C | C | C | C |
| Police Officers | B | B | | B | B | D | C | C |
| OVIEDO | | | | | | | | |
| Police Officers | B | B | A | A | B | C | C | C |
| PALATKA | | | | | | | | |
| Fire Fighters | | B | B | B | B | B | D | D |
| General Employees | | | | | A | C | C | D |
| Police Officers | | | | | A | A | A | A |
| PALM BAY | | | | | | | | |
| Fire Fighters | | C | | C | B | B | D | D |
| Police Officers | | D | | A | B | B | B | C |
| PALM BEACH | | | | | | | | |
| Fire Fighters | | | | C | D | D | C | D |
| General Employees | A | | | A | | | A | B |
| Lifeguards | B | | | C | | | D | D |
| Police Officers | | | | B | B | C | B | C |
| PALM BEACH GARDENS | | | | | | | | |
| Fire Fighters | D | D | D | D | D | C | D | D |
| Police Officers | | | D | | D | D | C | |
| PALM COAST | | | | | | | | |
| Fire Fighters (Volunteer) | | | | A | | B | B | A |
| PALMETTO | | | | | | | | |
| General Employees | A | A | B | B | B | B | C | C |
| Police Officers | A | A | A | A | A | B | B | B |
| PANAMA CITY | | | | | | | | |
| Fire Fighters | D | D | C | C | D | D | D | D |
| Police Officers | B | B | B | B | B | D | D | D |
| PARKLAND | | | | | | | | |
| Police Officers | | | | D | D | C | | |
| PEMBROKE PINES | | | | | | | | |
| General Employees | | | | | | | | B |
| Police Officers and Fire Fighters | | | | | | | D | D |
| PENSACOLA | | | | | | | | |
| Fire Fighters | C | | C | C | C | C | | |
| General Employees | D | D | D | D | D | D | | D |
| Police Officers | | | | | | | | D |
| PERRY | | | | | | | | |
| Fire Fighters | | | | | | D | D | D |
| Police Officers | | A | | A | | B | C | C |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|------|------|------|------|------|------|------|------|
| PINELLAS PARK | | | | | | | | |
| Fire Fighters | C | D | | D | D | D | D | C |
| General Employees | A | A | A | | A | A | B | |
| Police Officers | | A | A | | B | B | B | |
| PLANT CITY | | | | | | | | |
| Police Officers and Fire Fighters | F | D | D | D | F | F | F | D |
| PLANTATION | | | | | | | | |
| General Employees | A | A | A | A | A | A | C | C |
| Police Officers | | | C | C | C | C | C | C |
| POMPANO BEACH | | | | | | | | |
| Fire Fighters | | D | F | | D | D | D | C |
| General Employees | A | A | A | B | C | C | D | D |
| Police Officers | | D | | | D | D | D | C |
| PONCE INLET | | | | | | | | |
| Fire Fighters | | | | A | | B | | |
| PORT ORANGE | | | | | | | | |
| Fire Fighters | F | F | F | F | F | F | F | F |
| Police Officers | | | | | F | | | D |
| PORT SAINT LUCIE | | | | | | | | |
| Police Officers | D | B | | B | C | C | | C |
| PUNTA GORDA | | | | | | | | |
| Fire Fighters | C | C | C | C | C | D | D | D |
| General Employees | B | B | A | B | B | B | C | C |
| RIVIERA BEACH | | | | | | | | |
| Fire Fighters | | B | B | B | B | | B | B |
| General Employees | | | | C | D | D | C | C |
| Police Officers | | | B | | | | C | |
| ROCKLEDGE | | | | | | | | |
| Fire Fighters | | | A | | A | B | | D |
| General Employees | | A | A | A | | A | | A |
| Police Officers | | | A | | A | A | | A |
| SAINT AUGUSTINE | | | | | | | | |
| General Employees | | | | A | A | | B | |
| Police Officers | | A | | | A | A | A | |
| SAINT CLOUD | | | | | | | | |
| General Employees | A | A | A | A | A | B | B | B |
| Police Officers and Fire Fighters | B | A | A | B | C | C | D | D |
| SAINT PETE BEACH | | | | | | | | |
| Fire Fighters | D | D | D | D | | F | | D |
| General Employees | C | C | C | D | D | D | | D |
| Police Officers | D | C | C | D | D | D | F | D |
| SAINT PETERSBURG | | | | | | | | |
| Fire Fighters | D | D | | B | B | C | C | B |
| General Employees | | | | | A | A | C | B |
| Police Officers | D | D | | B | B | B | B | B |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|------|------|------|------|------|------|------|------|
| SANFORD | | | | | | | | |
| Fire Fighters | C | C | | C | D | D | D | D |
| Police Officers | C | C | | C | C | C | D | C |
| SANIBEL | | | | | | | | |
| General Employees | B | C | C | D | F | F | F | C |
| Police Officers | C | D | | F | D | F | F | D |
| SARASOTA | | | | | | | | |
| Fire Fighters | D | D | C | D | D | D | D | D |
| General Employees | A | A | A | A | A | B | C | C |
| Police Officers | | B | B | B | B | C | D | C |
| SATELLITE BEACH | | | | | | | | |
| General Employees | | | C | C | C | D | D | |
| Police Officers and Fire Fighters | | | C | C | C | C | D | C |
| SEMINOLE | | | | | | | | |
| Fire Fighters | | | | | | | B | B |
| SOUTH MIAMI | | | | | | | | |
| General Employees | A | | | A | B | B | A | A |
| Police Officers | B | | | C | C | C | C | C |
| SOUTH PASADENA | | | | | | | | |
| Fire Fighters | B | B | C | C | D | D | D | D |
| STARKE | | | | | | | | |
| Fire Fighters | | | | C | | D | | C |
| General Employees | | | | D | | D | C | |
| Police Officers | | | | A | | B | | B |
| SUNRISE | | | | | | | | |
| Fire Fighters | B | | C | | D | | D | |
| General Employees | | C | | | C | D | D | |
| Police Officers | | | | | F | F | F | F |
| SURFSIDE | | | | | | | | |
| General Employees | A | A | | A | A | A | A | A |
| Police Officers | A | A | | A | A | A | A | A |
| TALLAHASSEE | | | | | | | | |
| Fire Fighters | A | | A | | B | | | B |
| General Employees | A | | A | | A | | | A |
| Police Officers | A | | A | | A | | | B |
| TAMARAC | | | | | | | | |
| Fire Fighters | | C | | C | | C | | C |
| General Employees | A | | | B | | C | | A |
| General Employees (Executive) | | | | | D | | D | |
| Police Officers | C | | | | | D | F | F |
| TAMPA | | | | | | | | |
| Police Officers and Fire Fighters | | A | | A | B | B | | B |
| TARPON SPRINGS | | | | | | | | |
| Fire Fighters | C | C | B | B | B | D | D | D |
| Police Officers | C | B | A | A | B | B | B | B |

| Sponsor and Plan Type | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|------|------|
| TAVARES | | | | | | | | |
| Fire Fighters | | C | | C | | | C | C |
| Police Officers | A | C | B | | C | | C | C |
| TEMPLE TERRACE | | | | | | | | |
| Fire Fighters | B | | C | D | | D | D | F |
| Police Officers | D | D | D | F | F | F | F | F |
| TEQUESTA | | | | | | | | |
| Fire Fighters | | | | | A | | B | C |
| Police Officers | | | | | A | | A | A |
| TITUSVILLE | | | | | | | | |
| General Employees | A | A | A | C | C | D | D | D |
| Police Officers and Fire Fighters | C | C | | D | | F | F | D |
| VENICE | | | | | | | | |
| Fire Fighters | F | F | F | F | F | F | F | D |
| Police Officers | B | C | B | C | D | D | D | D |
| VERO BEACH | | | | | | | | |
| Fire Fighters | | C | B | B | B | B | C | C |
| General Employees | | C | | | C | C | C | D |
| Police Officers | A | | A | A | B | B | C | C |
| VILLAGE OF PALM SPRINGS | | | | | | | | |
| General Employees | | | | C | C | B | B | |
| Police Officers and Fire Fighters | | | C | | D | D | D | |
| WEST PALM BEACH | | | | | | | | |
| Fire Fighters | D | | | D | D | D | F | F |
| Police Officers | B | | A | A | | | D | D |
| WILTON MANORS | | | | | | | | |
| Fire Fighters (Volunteer) | F | F | | D | | D | D | D |
| General Employees | C | C | | C | D | C | C | C |
| Police Officers | D | D | | D | D | C | C | D |
| WINTER GARDEN | | | | | | | | |
| General Employees | | | | | | A | A | A |
| Police Officers and Fire Fighters | | | | | | A | A | A |
| WINTER HAVEN | | | | | | | | |
| Fire Fighters | C | D | | D | F | F | F | D |
| General Employees | C | C | | C | C | D | F | F |
| Police Officers | C | B | B | C | C | C | C | C |
| WINTER PARK | | | | | | | | |
| Fire Fighters | | A | B | | B | C | D | C |
| Police Officers | | B | A | | C | D | D | D |
| WINTER SPRINGS | | | | | | | | |
| General Employees, Police Officers and Fire Fighters | | | | D | | D | | |

» ENDNOTES

- i. Report Card: Florida Municipal Plans. November 2011 <http://collinsinstitute.fsu.edu/sites/collinsinstitute.fsu.edu/files/Tough%20Choices%20Report%20Card%20Nov%202011.pdf>
- ii. Martell, Christine R., Sharon N. Kioko, and Tima Moldogaziev. (2013). "Impact of Unfunded Pension Obligations on Credit Quality of State Governments." *Public Budgeting and Finance*. 33(3): 24-54.
- iii. The National Institute on Retirement Security's report on pension lessons is available at: <http://www.ncpublicschools.org/docs/humanresources/benefits/lessons-pensions.pdf>
- iv. For a longer discussion of assumed returns on investment, see the 2013 Collins Institute report, "Doing It Right: Recognizing Best Practices in Florida's Municipal Pensions." <http://collinsinstitute.fsu.edu/content/institute-research>
- v. The AARP report is available at: <http://assets.aarp.org/www.aarp.org/articles/work/contribution-requirements.pdf>



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 (FSU), is affiliated and works in collaboration with the State University System of Florida.

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Beginning in 2005, the Institute produced 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 concluded that Florida's pattern of low spending and low taxes conflicted with the growing demands of the state's residents. Recent work in this series has examined local retirement benefits, including both pensions and other post-employment benefits (OPEBs), including health benefits. A report on OPEBs will be released later this Fall.

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 candidate at the Rockefeller College of Public Affairs and Policy. The authors were assisted by Institute Director Dr. Carol Weissert. Stacie Linley, Lindsay Potvin and Christen Smith contributed to the editing, proofing, and production of the report.

The *Tough Choices* research series is supported by the Jessie Ball duPont Fund. Future reports in the series will examine health benefits, trends in higher education, and ethics policy.

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