

**MINUTES OF A JOINT EMPLOYEES' RETIREMENT BOARD  
AND POLICE RETIREMENT BOARD MEETING  
HELD IN THE CONFERENCE ROOM AT CITY HALL ON  
WEDNESDAY, JUNE 20, 2012 at 1:30 PM**

**I. ROLL CALL: ..... 1:33 PM**

**A. Employees' Retirement Board:**

A meeting was called to order at 1:33 PM.

Those persons present included:

Trustees: Robert Kahant, Chair  
Steve Carr  
Alexis Copeland  
Pam Triolo

Others: Ken Harrison, Sugarman & Susskind  
Dixie Martinez, Resource Centers  
Peter Strong, GRS  
Members of Public:  
Valerie Hurley

**B. Police Retirement Board:**

A meeting was called to order at 1:33 PM.

Those persons present included:

Trustees: Sgt. Randy Collier  
Steve Carr  
Pam Triolo

Others: Ken Harrison, Sugarman & Susskind  
Dixie Martinez, Resource Centers  
Peter Strong, GRS  
Members of Public:  
Valerie Hurley

**II. ADDITIONS/ DELETIONS/ REORDERING:**

**A. Employees' Retirement Board:**

The General Employees' Pension added to the Agenda items: IV.D.2. Memo DROP, IV.D.3. DROP Letter of Resignation, IV.D.4. Memo House Bill 401.

**Action:** A motion was made by Mr. Carr and seconded by Ms. Triolo to add to the Agenda the following items: IV.D.2. Memo DROP, IV.D.3. DROP Letter of Resignation, IV.D.4. Memo House Bill 401.

**Vote:** Voice vote showed: AYES: Unanimous. NAYS: None

**B. Police Retirement Board:**

The Police Officers' Pension Board added to the Agenda item IV.D.4. Memo House Bill 401.

**Action:** A motion was made by Mr. Carr and seconded by Ms. Triolo to add to the Agenda item IV.D.4. Memo House Bill 401.

**Vote:** Voice vote showed: AYES: Unanimous. NAYS: None

**III. UNFINISHED BUSINESS:**

**A. Employees' Retirement Board:**

**1. Application to Enter DROP Plan from Charles Renfrow – Review of Termination Letter.**

Mr. Harrison reported that at the last Pension Board meeting the Board had asked that Mr. Renfrow be notified that there is a resignation letter required that needed to be signed of by the City. Included in the meeting packets is Mr. Renfrow's letter of resignation. Ms. Martinez explained that she needed confirmation from the Board that Mr. Renfrow's letter of resignation is acceptable. Mr. Carr noted that the letter of resignation had been signed by the Assistant Utilities Director which from the City's point of view would be an adequate approval in terms of the resignation. Mr. Carr believes that this letter will work for now.

Action: A motion was made by Mr. Carr and seconded by Ms. Copeland to accept Mr. Renfrow's DROP request.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

**B. Police Retirement Board:**

**1. Brenda Koonce McMullen – Disability Application**

Mr. Harrison reported that since the last meeting they had received some verbal communication that it was possible that there had been some controversy as to whether Ms. Koonce McMullen had recovered enough to return to work. Ms. Martinez has reviewed the Minutes from when her disability was approved going forward until it was discontinued as per her request to see if there was any discussion of an investigation. Mr. Harrison reported that according to the Minutes it is clear that she was granted a disability in 1991. In 1992 during the periodic evaluation there was a discussion regarding her re-evaluation. He explained that he believes it was mentioned at that time that she was pregnant and the re-evaluation was differed. Subsequent to that she submitted a doctor's report complying with the periodic re-evaluations. Up until 1997 according to the Minutes the Board acted to suspend her benefit at her request. From the time she was granted her disability to 1997 there is no mention of an investigation. Mr. Harrison reported that as of today the administrator has not been able to get any historical payroll records or a copy of her benefit calculation. Also the Minutes do not indicate what her benefit was. The Board had a lengthy discussion regarding this matter. Ms. Martinez was instructed to ask Ms. Koonce McMullen to request copies of her tax records from the IRS from 1991 to 1998. Mr. Harrison reported that this item should be put on hold until records can be found.

**2. Disability Review (Daniel Lynch)**

Ms. Martinez reported that Mr. Daniel Lynch's benefit had been discontinued since he had not responded to the annual disability review. She reported that since then he has complied with the annual disability review therefore his benefit needs to be reinstated.

Action: A motion was made by Mr. Carr and seconded by Ms. Triolo to reinstate Mr. Daniel Lynch's monthly benefit.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

**C. Employees' and Police Retirement Boards:**

**1. Supplemental Actuarial Study (20 to 30 Year Projection) – Pete Strong, GRS**

Mr. Strong reported that a couple of months ago they had been asked to do a supplemental actuarial study with 20 to 30 year projections to illustrate the impact of changes in the method of financing pension benefits.

Mr. Strong reviewed the 4 (four) scenarios in a letter dated May 29, 2012 for the Police Officers Pension Plan (letter attached to minutes).

- In scenario 1, they show a projection of City contributions assuming no change in the financing method. The total amount of City and County contributions over a 30 year period is \$59,111,573 and the total present value is \$28,797,486.
- In scenario 2, they reduced the remaining amortization period by two years each year, beginning with the October 1, 2012 actuarial valuation. The total amount of City and County contributions over a 30 year period is \$49,907,633 and the total present value is \$28,853,952.
- In scenario 3, they reduced the remaining amortization period for all existing unfunded liability bases to 14 years as of October 1, 2012. The total amount of City and County contributions over a 30 year period is \$48,557,148 and the total present value is \$28,853,683.
- In scenario 4, they changed the funding method to the aggregate funding method. Under the aggregate method, the excess of the liabilities over the assets is amortized as a level percent of the current group's future payroll. The total amount of City and County contributions over a 30 year period is \$40,367,840 and the total present value is \$28,848,043.

Ms. Copeland reported that as she recalls the Police Officers Pension Board elected to choose one of these scenarios and move forward as of a couple of meetings ago.

Mr. Strong reviewed the 4 (four) scenarios in a letter dated May 29, 2012 for the General Employees' Pension Plan (letter attached to minutes).

- In scenario 1, they show a projection of City contributions assuming no change in the financing method. The total amount of City contributions over a 30 year period is \$141,973,366 and the total present value is \$61,856,691.
- In scenario 2, they reduced the remaining amortization period by two years each year, beginning with the October 1, 2012 actuarial valuation. Once the remaining number of years reaches 20, the method reverts back to the current procedures except that gains and losses would be amortized over 20 years. The total amount of City contributions over a 30 year period is \$129,840,988 and the total present value is \$61,887,813.
- In scenario 3, they reduced all current and future amortization periods in excess of 25 years to a

cap of 25 years, and all future bases are amortized over 25 years instead of 30 years. The total amount of City contributions over a 30 year period is \$135,462,211 and the total present value is \$61,940,985.

- In scenario 4, they changed the funding method to the aggregate funding method. Under the aggregate method, the excess of the liabilities over assets is amortized as a level percent of the group's future payroll. The total amount of City contributions over a 30 year period is \$118,270,193 and the total present value is \$61,006,568.

Ms. Martinez reported that Ms. Copeland is correct on her comment that the Police Officers' Board did choose one of the scenarios at the March 28, 2012 Pension Board meeting. They made a motion to adopt option 1 provided in GRS letter dated February 21, 2012, which is scenario 2 in letter dated May 29, 2012 (letters attached to minutes).

Mr. Carr was asked to comment on which scenario he thought to be the best. Mr. Carr explained that it would be nice to be able to use the aggregate method, but the City can not afford it. The Board had a lengthy discussion regarding the different scenarios. Mr. Carr asked the Board to defer any decisions regarding the funding methodology of calculating contributions until the City has a chance to look at the numbers that were just presented by Mr. Strong. He reported that the City is also currently doing studies to help the funding.

Action: For the General Employees' a motion was made by Mr. Carr and seconded by Mayor Triolo to provide the information provided by GRS in letter dated May 29, 2012 to the City and ask for a response.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Action: For the Police Officers' a motion was made by Mr. Carr and seconded by Mayor Triolo to provide the information provided by GRS in letter dated May 29, 2012 to the City and ask for a response.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

The Board had a lengthy discussion regarding the cost of the Pension Plans to the City.

#### **IV. NEW BUSINESS:**

##### **A. Employees' Retirement Board:**

###### **1. Benefit Approval:**

Ms. Martinez presented to the General Employees' Pension Board the following benefit applications for approval: Application for Retirement for Geoffrey Handley and Application for Refund of Contributions for Renet Charles, Diane Potts, Marisol Pearson, Sherry Moser, Richard Levy, and Benjamin Mathers.

Action: A motion was made by Ms. Copeland and seconded by Mr. Carr to approve the following benefit Applications: Application for Retirement for Geoffrey Handley and Application for Refund of Contributions for Renet Charles, Diane Potts, Marisol Pearson, Sherry Moser, Richard Levy and

Benjamin Mathers.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

**B. Police Retirement Board:**

**1. Fiduciary Liability Renewal:**

Ms. Martinez reported that the Fiduciary Liability Policy for the Police Officers' expires July 7, 2012. She reported that the Plan's current Policy is with Chubb and the rate to renew the current policy is \$8,229.00. She reported that this policy has a liability limit of \$1,000,000.00 and a deductible of \$25,000.00. She reported that they had also received the following quotes; State National (Ullico) rate \$5,198.06, liability limit \$1,000,000.00 with a deductible of \$0.00; Hudson's rate \$5,405.37, liability limit \$1,000,000.00 with a deductible of \$25,000.00.

Action: A motion was made by Mr. Carr and seconded by Ms. Triolo to bind fiduciary liability coverage with State National pending Mr. Harrison's review.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

**C. Employees' and Police Retirement Boards:**

**1. City of Lake Worth RFP 11-12-209:**

Action: For the General Employees' a motion was made by Mr. Carr and seconded by Ms. Triolo to give permission to GRS to respond to the City's RFP 11-12-209 for actuarial services for Plan design.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: For the Police Officers' a motion was made by Mr. Carr and seconded by Ms. Triolo to give permission to GRS to respond to the City's RFP 11-12-209 for actuarial services for Plan design.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

**2. Memo- Division of Retirement – Percentage of Payroll Versus Fixed- Dollar Contributions:**

Mr. Harrison reported that the State prior to this memo required that local retirement plan contributions must minimally equal the amount of contributions determined using the percentage of payroll method. The State has now determined that use of this method is not required for compliance with Part VII of Chapter 112, Florida Statutes. Accordingly, effective immediately, local governments should confer with the retirement board actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contributions) that best fits with the funding requirements of the plan. Mr. Carr reported that the City will follow the fixed dollar contribution.

The Board received and filed the Memo from the Division of Retirement dated May 29, 2012 regarding the funding basis: percentage of payroll versus fixed dollar contributions.

**D. Board Attorney's Report:**

**1. Merrill Lynch Claim Form and Release:**

Ms. Martinez reported that the original copies are ready for execution.

Ms. Copeland reported that she had to leave the meeting. She reported that she had a revision to the May 23, 2012 Minutes. She reported that Sgt. Collier needed to be added to the May 23, 2012 Minutes.

Ms. Copeland left the meeting at 2:39 pm.

Mr. Harrison reviewed the Merrill Lynch claim form and release. He reported that for the General Employees' Pension Plan the unadjusted claim amount is \$495,488. He explained that there is a 12b-1 refund in the amount of \$104,388. Therefore the adjusted claim amount is \$391,100. The Plan net of fees is around \$167,247. He reported that the Police Officers' Pension Plan's unadjusted claim amount is \$204,455. He explained that there is a 12b-1 refund in the amount of \$27,481. Therefore the adjusted claim amount is \$176,974. The Plan net of fees is around \$75,677. Mr. Harrison reported how the pro rata shares are calculated. Mr. Harrison reported that the Attorneys will receive 25% of the total settlement plus cost. Mr. Harrison and the Board had a lengthy discussion on how the Attorney's fees are calculated. Mr. Harrison called attorney Adam Levinson so that he could explain how the legal fees were calculated. The Board continued to have a lengthy discussion as to how the legal fees are calculated.

Ms. Copeland re-joined the meeting at 3:15 pm.

Action: For the General Employees' a motion was made by Mr. Carr and seconded by Ms. Triolo to accept the Merrill Lynch settlement.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: For the Police Officers' a motion was made by Mr. Carr and seconded by Ms. Triolo to accept the Merrill Lynch settlement.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

**2. Memo DROP:**

Mr. Harrison reviewed the DROP Plan for the General Employees. The Board discussed the changes to the DROP Plan. The Board reviewed the document to get clarification on the implementation of the DROP Plan.

**3. DROP Letter of Resignation:**

The Board reviewed the sample "DROP letter of resignation." They agreed to implement this as part of the DROP forms needed to be completed by the participant upon their entry into the DROP plan.

Action: A motion was made by Ms. Copeland and second by Mr. Carr to approve the DROP letter of resignation form.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

**4. Memo House Bill 401:**

Mr. Harrison reported that at the last meeting the Board had asked him to review House Bill 401 and its effect of divorce on designation of beneficiaries under Public Pension and Benefit Plans. He reviewed the significant effects to the Plan. He recommends that all employees update their designation of beneficiary forms. He also recommends deleting from the designation of beneficiary form the line where it asks for relationship. He also recommends that when the Plan is notified of someone's death the Plan will now need to request that an affidavit be completed by the beneficiary. Ms. Martinez will see if there is any way that members could update their beneficiary form online.

Action: For the General Employees' a motion was made by Ms. Copeland and second by Ms. Triolo to authorize the administrator to send a designation of beneficiary form to all participants of the Plan (active and retired members) and to delete "relationship" from the designation form.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

Action: For the Police Officers' a motion was made by Mr. Carr and second by Ms. Triolo to authorize the administrator to send a designation of beneficiary form to all participants of the Plan (active and retired members) and to delete "relationship" from the designation form.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None

**E. ADMINISTRATOR REPORT:**

**1. Election Results for Term Exp. Sgt. Collier**

Ms. Martinez reported that the election had been cancelled since the Board received a nomination for only one qualified candidate, Sgt. Randy Collier, with an interest in serving on the Board.

Action: A motion was made by Mr. Carr and second by Ms. Triolo to accept the election results.

Vote: Voice vote showed: AYES: Unanimous. NAYS: None.

Ms. Martinez reminded the Board that Form 1 is due July 1.

Ms. Martinez reported that for the Police Officers' she had to request an Impact Statement for Ordinance 2011-08 that passed May 3, 2011 regarding the transfer of \$202,000 from Division II.

Mr. Carr reported that the Ordinance Amendment regarding Military Service Buyback for both plans passed on second reading last night.

**V. CONSENT AGENDA:**

**A. Employees' Retirement Board:**

**1. Warrant for Accounts Payable**

**B. Police Retirement Board:**

**1. Warrant for Accounts Payable**

**C. Employees' and Police Retirement Boards:**

- 1. Approval of Minutes: April 25, 2012 Regular Meeting**
- 2. Approval of Minutes; May 23, 2012 Regular Meeting**

**Action:** For the Employees Retirement Board a motion was made by Mr. Carr and seconded by Ms. Triolo to approve the consent agenda which included the warrant for accounts payable, minutes of the April 25, 2012 Regular Meeting and minutes of the May 23, 2012 meeting as corrected.

**Vote:** Voice vote showed: AYES: Unanimous. NAYS: None

**Action:** For the Police Retirement Board a motion was made by Mr. Carr and seconded by Ms. Triolo to approve the consent agenda which included the warrant for accounts payable, minutes of the April 25, 2012 Regular Meeting and minutes of the May 23, 2012 meeting as corrected.

**Vote:** Voice vote showed: AYES: Unanimous. NAYS: None

Mr. Carr reported that he will not be able to attend the next Pension Board meeting on July 25 as he will be at conference

**VI. ADJOURNMENT:**

There being no other business and the next meeting having been previously scheduled for Wednesday, July 25, 2012 at 1:30 PM, the General Employees' and Police Officers' Pension Board adjourned the meeting at 3:35 p.m.

MINUTES APPROVED: July 25, 2012

\_\_\_\_\_  
Robert Kahant, Chairman Employees' Retirement Board

\_\_\_\_\_  
Lt. David Moss, Chairman Police Retirement Board

\_\_\_\_\_  
Dixie Martinez, Administrator  
Employees' & Police Retirement Boards





Gabriel Roeder Smith & Company  
Consultants & Actuaries

One East Broward Blvd.  
Suite 505  
Ft. Lauderdale, FL 33301-1804

954.527.1616 phone  
954.525.0083 fax  
www.gabrielroeder.com

May 29, 2012

Mr. J. Scott Baur  
The Pension Resource Center  
4360 Northlake Blvd. Suite 206  
Palm Beach Gardens, FL 33410

RECEIVED  
MAY 30 2012

**Re: Lake Worth General Employees' Pension Fund  
Supplemental Actuarial Study**

Dear Scott:

As requested, we have prepared a supplemental actuarial study which illustrates the impact of changes in the method of financing pension benefits. Except as indicated below, all remaining assumptions and benefits are the same as indicated in our October 1, 2011 Actuarial Valuation Report. Please refer to the enclosed exhibits for details.

We studied the following changes in the actuarial cost method. Our illustrations show the projected City contribution over a 30 year span.

- In scenario 1, we show a projection of City contributions assuming no change in the financing method.
- In scenario 2, we reduce the remaining amortization period by two years each year, beginning with the October 1, 2012 actuarial valuation. Once the remaining number of years reaches 20, the method reverts back to the current procedure except that gains and losses would be amortized over 20 years.
- In scenario 3, we reduce all current and future amortization periods in excess of 25 years to a cap of 25 years, and all future bases are amortized over 25 years instead of 30 years.
- In scenario 4, we change the funding method to the aggregate funding method. Under the aggregate method, the excess of the liabilities over the assets is amortized as a level percent of the group's future payroll.

We have provided 30 year projections of City contributions under each financing method. We have also provided a graph for illustration purposes.

The purpose of this report is to describe the financial effect of the changes summarized above. This report should not be relied on for any purpose other than the purpose described above.

The calculations are based upon assumptions regarding future events, which may or may not materialize. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. If you have reason to believe the assumptions used are unreasonable, that the plan provisions are incorrectly described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

Mr. J. Scott Baur  
May 29, 2012  
Page 2

The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2011 Actuarial Valuation concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

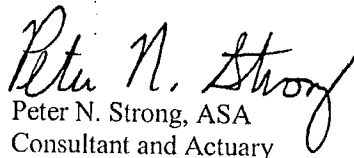
The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Respectfully submitted,



J. Stephen Palmquist, ASA  
Senior Consultant and Actuary



Peter N. Strong, ASA  
Consultant and Actuary

JSP/te

Enclosures

**City of Lake Worth**  
**General Employees' Retirement System**  
**Table 1: 30-Year Projection of Required City Contributions**  
**Current Funding Method - Scenario 1**

<b>Fiscal Year Ending</b>	<b>Total Pensionable Pay</b>	<b>Normal Cost (Net of Employee Contributions)</b>	<b>Amortization of UAAL</b>	<b>Total City Contribution</b>	<b>% of Pay</b>
2013	10,961,668	87,197	3,895,681	3,982,877	36.3%
2014	11,489,288	111,846	4,539,077	4,650,924	40.5%
2015	11,969,253	134,608	4,881,445	5,016,053	41.9%
2016	12,484,503	152,012	5,002,198	5,154,210	41.3%
2017	12,988,804	171,493	5,106,954	5,278,448	40.6%
2018	13,557,639	189,514	5,104,611	5,294,125	39.0%
2019	14,126,462	209,911	5,089,349	5,299,260	37.5%
2020	14,588,616	235,670	5,092,388	5,328,058	36.5%
2021	15,180,591	257,256	5,092,387	5,349,643	35.2%
2022	15,716,541	277,144	5,092,384	5,369,528	34.2%
2023	16,315,534	296,084	5,092,387	5,388,471	33.0%
2024	16,868,480	318,660	5,092,387	5,411,047	32.1%
2025	17,463,884	351,809	5,092,385	5,444,194	31.2%
2026	18,136,940	383,882	5,070,925	5,454,807	30.1%
2027	18,702,550	412,589	5,044,476	5,457,065	29.2%
2028	19,124,051	450,534	5,015,524	5,466,058	28.6%
2029	19,853,352	475,776	4,986,066	5,461,842	27.5%
2030	20,399,180	503,480	4,952,766	5,456,246	26.7%
2031	21,148,264	525,259	4,916,996	5,442,255	25.7%
2032	21,921,207	549,416	4,876,881	5,426,297	24.8%
2033	22,594,179	582,852	4,832,441	5,415,294	24.0%
2034	23,215,945	614,928	4,783,492	5,398,419	23.3%
2035	24,000,141	641,524	4,575,200	5,216,723	21.7%
2036	24,843,902	665,422	3,492,142	4,157,564	16.7%
2037	25,798,250	690,353	2,747,638	3,437,991	13.3%
2038	26,572,422	720,579	2,384,486	3,105,065	11.7%
2039	27,364,034	751,118	2,258,018	3,009,135	11.0%
2040	28,260,126	778,449	1,887,498	2,665,946	9.4%
2041	29,253,468	807,006	1,731,591	2,538,596	8.7%
2042	30,206,650	836,481	1,060,746	1,897,226	6.3%

<b>Total</b>	<b>141,973,366</b>
<b>Total Present Value</b>	<b>61,856,691</b>

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company  
May 29, 2012

**City of Lake Worth**  
**General Employees' Retirement System**  
**Table 2: 30-Year Projection of Required City Contributions**  
**Accelerated Funding Method - Scenario 2**

<b>Fiscal Year Ending</b>	<b>Total Pensionable Pay</b>	<b>Normal Cost (Net of Employee Contributions)</b>	<b>Amortization of UAAL</b>	<b>Total City Contribution</b>	<b>% of Pay</b>
2013	10,961,668	87,197	3,895,681	3,982,877	36.3%
2014	11,489,288	111,846	4,608,435	4,720,281	41.1%
2015	11,969,253	134,608	5,034,142	5,168,750	43.2%
2016	12,484,503	152,012	5,224,605	5,376,617	43.1%
2017	12,988,804	171,493	5,402,406	5,573,899	42.9%
2018	13,557,639	189,514	5,450,994	5,640,508	41.6%
2019	14,126,462	209,911	5,433,409	5,643,320	39.9%
2020	14,588,616	235,670	5,436,908	5,672,577	38.9%
2021	15,180,591	257,256	5,436,906	5,694,162	37.5%
2022	15,716,541	277,144	5,436,904	5,714,048	36.4%
2023	16,315,534	296,084	5,436,905	5,732,989	35.1%
2024	16,868,480	318,660	5,436,909	5,755,568	34.1%
2025	17,463,884	351,809	5,436,906	5,788,715	33.1%
2026	18,136,940	383,882	5,436,909	5,820,790	32.1%
2027	18,702,550	412,589	5,436,904	5,849,494	31.3%
2028	19,124,051	450,534	5,436,909	5,887,443	30.8%
2029	19,853,352	475,776	5,386,736	5,862,512	29.5%
2030	20,399,180	503,480	5,331,636	5,835,116	28.6%
2031	21,148,264	525,259	5,268,283	5,793,542	27.4%
2032	21,921,207	549,416	5,189,325	5,738,741	26.2%
2033	22,594,179	582,852	5,085,783	5,668,635	25.1%
2034	23,215,945	614,928	3,771,124	4,386,052	18.9%
2035	24,000,141	641,524	2,443,192	3,084,716	12.9%
2036	24,843,902	665,422	1,174,972	1,840,394	7.4%
2037	25,798,250	690,353	(61,249)	629,104	2.4%
2038	26,572,422	720,579	(186,653)	533,926	2.0%
2039	27,364,034	751,118	(192,470)	558,648	2.0%
2040	28,260,126	778,449	(185,670)	592,779	2.1%
2041	29,253,468	807,006	(178,100)	628,906	2.1%
2042	30,206,650	836,481	(170,602)	665,879	2.2%

<b>Total</b>	<b>129,840,988</b>
<b>Total Present Value</b>	<b>61,887,813</b>

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

**City of Lake Worth**  
**General Employees' Retirement System**  
**Table 3: 30-Year Projection of Required City Contributions**  
**Accelerated Funding Method - Scenario 3**

<b>Fiscal Year Ending</b>	<b>Total Pensionable Pay</b>	<b>Normal Cost (Net of Employee Contributions)</b>	<b>Amortization of UAAL</b>	<b>Total City Contribution</b>	<b>% of Pay</b>
2013	10,961,668	87,197	3,895,681	3,982,877	36.3%
2014	11,489,288	111,846	4,638,095	4,749,941	41.3%
2015	11,969,253	134,608	5,004,404	5,139,012	42.9%
2016	12,484,503	152,012	5,132,045	5,284,058	42.3%
2017	12,988,804	171,493	5,242,773	5,414,267	41.7%
2018	13,557,639	189,514	5,240,296	5,429,810	40.0%
2019	14,126,462	209,911	5,224,165	5,434,077	38.5%
2020	14,588,616	235,670	5,227,372	5,463,042	37.4%
2021	15,180,591	257,256	5,227,374	5,484,630	36.1%
2022	15,716,541	277,144	5,227,372	5,504,516	35.0%
2023	16,315,534	296,084	5,227,372	5,523,456	33.9%
2024	16,868,480	318,660	5,227,372	5,546,032	32.9%
2025	17,463,884	351,809	5,227,376	5,579,185	31.9%
2026	18,136,940	383,882	5,227,371	5,611,252	30.9%
2027	18,702,550	412,589	5,204,569	5,617,158	30.0%
2028	19,124,051	450,534	5,171,839	5,622,373	29.4%
2029	19,853,352	475,776	5,136,787	5,612,563	28.3%
2030	20,399,180	503,480	5,096,201	5,599,681	27.5%
2031	21,148,264	525,259	5,051,235	5,576,493	26.4%
2032	21,921,207	549,416	4,998,891	5,548,306	25.3%
2033	22,594,179	582,852	4,937,687	5,520,539	24.4%
2034	23,215,945	614,928	4,864,689	5,479,616	23.6%
2035	24,000,141	641,524	4,619,843	5,261,367	21.9%
2036	24,843,902	665,422	3,470,358	4,135,780	16.6%
2037	25,798,250	690,353	2,355,670	3,046,023	11.8%
2038	26,572,422	720,579	1,173,644	1,894,223	7.1%
2039	27,364,034	751,118	(96,243)	654,874	2.4%
2040	28,260,126	778,449	(223,847)	554,601	2.0%
2041	29,253,468	807,006	(229,271)	577,735	2.0%
2042	30,206,650	836,481	(221,757)	614,724	2.0%

<b>Total</b>	<b>135,462,211</b>
<b>Total Present Value</b>	<b>61,940,985</b>

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

**City of Lake Worth**  
**General Employees' Retirement System**  
**Table 4: 30-Year Projection of Required City Contributions**  
**Aggregate Funding Method - Scenario 4**

<b>Fiscal Year Ending</b>	<b>Total Pensionable Pay</b>	<b>Normal Cost (Net of Employee Contributions)</b>	<b>Amortization of UAAL</b>	<b>Total City Contribution</b>	<b>% of Pay</b>
2013	10,961,668	87,197	3,895,681	3,982,877	36.3%
2014	11,489,288	6,196,043	0	6,196,043	53.9%
2015	11,969,253	6,891,923	0	6,891,923	57.6%
2016	12,484,503	6,943,759	0	6,943,759	55.6%
2017	12,988,804	6,879,809	0	6,879,809	53.0%
2018	13,557,639	6,642,371	0	6,642,371	49.0%
2019	14,126,462	6,319,941	0	6,319,941	44.7%
2020	14,588,616	5,935,196	0	5,935,196	40.7%
2021	15,180,591	5,605,243	0	5,605,243	36.9%
2022	15,716,541	5,227,501	0	5,227,501	33.3%
2023	16,315,534	4,916,855	0	4,916,855	30.1%
2024	16,868,480	4,598,476	0	4,598,476	27.3%
2025	17,463,884	4,291,620	0	4,291,620	24.6%
2026	18,136,940	4,019,699	0	4,019,699	22.2%
2027	18,702,550	3,742,334	0	3,742,334	20.0%
2028	19,124,051	3,432,134	0	3,432,134	17.9%
2029	19,853,352	3,220,831	0	3,220,831	16.2%
2030	20,399,180	3,002,628	0	3,002,628	14.7%
2031	21,148,264	2,837,780	0	2,837,780	13.4%
2032	21,921,207	2,691,618	0	2,691,618	12.3%
2033	22,594,179	2,540,236	0	2,540,236	11.2%
2034	23,215,945	2,386,915	0	2,386,915	10.3%
2035	24,000,141	2,275,139	0	2,275,139	9.5%
2036	24,843,902	2,179,430	0	2,179,430	8.8%
2037	25,798,250	2,102,766	0	2,102,766	8.2%
2038	26,572,422	2,017,246	0	2,017,246	7.6%
2039	27,364,034	1,934,628	0	1,934,628	7.1%
2040	28,260,126	1,869,375	0	1,869,375	6.6%
2041	29,253,468	1,817,339	0	1,817,339	6.2%
2042	30,206,650	1,768,481	0	1,768,481	5.9%

<b>Total</b>	<b>118,270,193</b>
<b>Total Present Value</b>	<b>61,006,568</b>

**Assumptions**

No future non-investment gains or losses

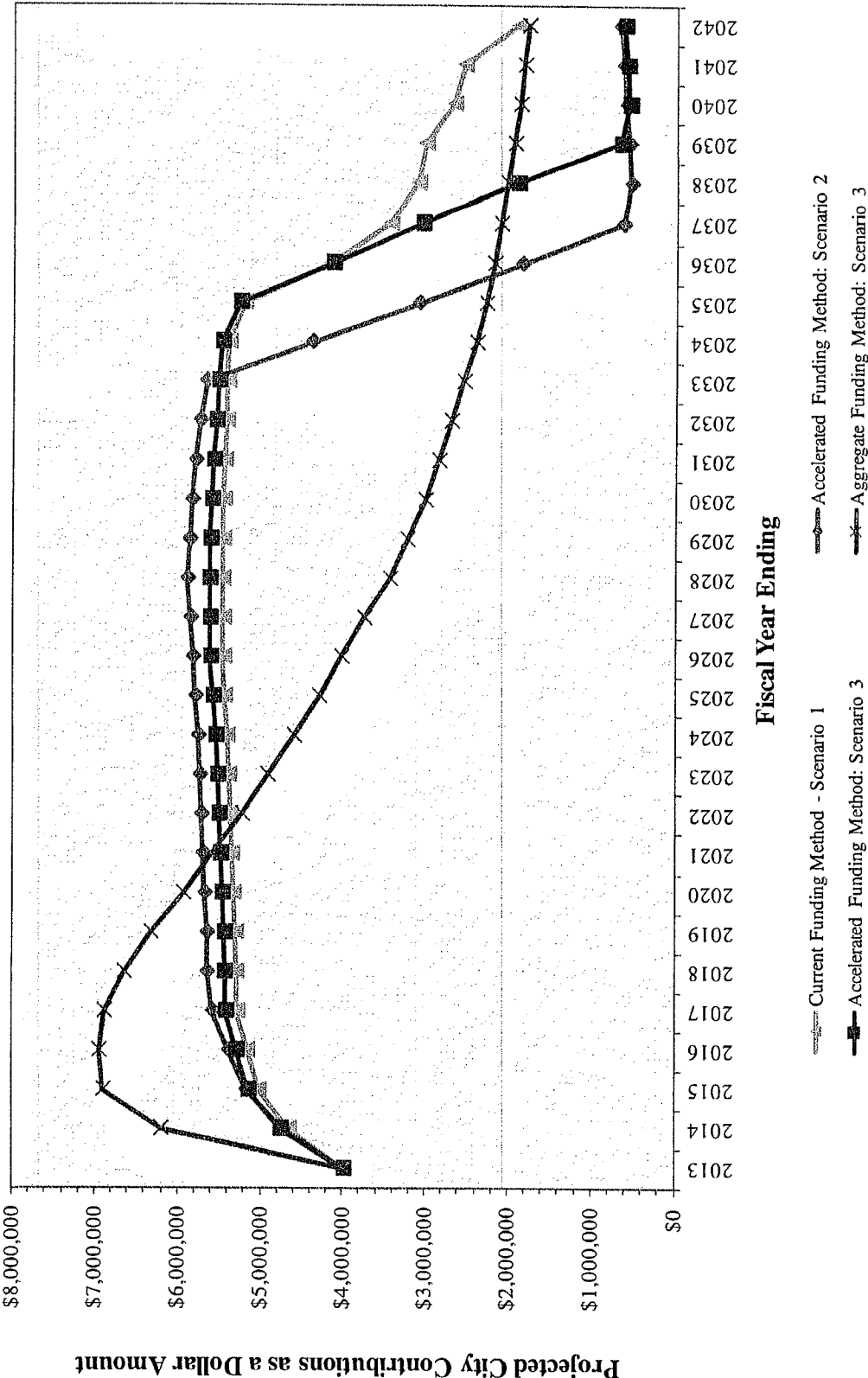
8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company  
May 29, 2012

# City of Lake Worth General Employees' Retirement System Comparison of Projected City Contributions





Gabriel Roeder Smith & Company  
Consultants & Actuaries

One East Broward Blvd.  
Suite 505  
Ft. Lauderdale, FL 33301-1804

954.527.1616 phone  
954.525.0083 fax  
www.gabrielroeder.com

---

May 29, 2012

Mr. J. Scott Baur  
The Pension Resource Center  
4360 Northlake Blvd. Suite 206  
Palm Beach Gardens, FL 33410

**Re: Lake Worth Police Officers' Pension Fund  
Supplemental Actuarial Study**

Dear Scott:

As requested, we have prepared a supplemental actuarial study which illustrates the impact of changes in the method of financing pension benefits. Except as indicated below, all remaining assumptions and benefits are the same as indicated in our October 1, 2011 Actuarial Valuation Report. Please refer to the enclosed exhibits for details.

We studied the following changes in the actuarial cost method. Our illustrations show the projected City contribution over a 30 year span.

- In scenario 1, we show a projection of City contributions assuming no change in the financing method.
- In scenario 2, we reduce the remaining amortization period by two years each year, beginning with the October 1, 2012 actuarial valuation.
- In scenario 3, we reduce the remaining amortization period for all existing unfunded liability bases to 14 years as of October 1, 2012.
- In scenario 4, we change the funding method to the aggregate funding method. Under the aggregate method, the excess of the liabilities over the assets is amortized as a level percent of the current group's future payroll.

We have provided 30 year projections of City contributions under each financing method. We have also provided a graph for illustration purposes.

The purpose of this report is to describe the financial effect of the changes summarized above. This report should not be relied on for any purpose other than the purpose described above.

The calculations are based upon assumptions regarding future events, which may or may not materialize. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. If you have reason to believe the assumptions used are unreasonable, that the plan provisions are incorrectly described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.



Mr. J. Scott Baur  
May 29, 2012  
Page 2

The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2011 Actuarial Valuation concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

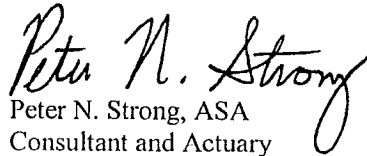
The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Respectfully submitted,



J. Stephen Palmquist, ASA  
Senior Consultant and Actuary



Peter N. Strong, ASA  
Consultant and Actuary

JSP/te

Enclosures

**City of Lake Worth Police Officers' Retirement System**  
**Table 1a: 30-Year Projection of Required City and County Contributions**  
**Current Funding Method - Scenario 1**

<b>Fiscal Year Ending</b>	<b>Total Pensionable Pay</b>	<b>Normal Cost</b>	<b>Amortization of UAAL</b>	<b>Total</b>	<b>Expected State Contribution</b>	<b>Net Expected City/County Contribution</b>
2013	1,497,572	277,798	1,793,391	2,071,189	202,000	1,869,189
2014	1,491,909	285,463	2,109,744	2,395,206	202,000	2,193,206
2015	1,432,331	298,508	2,268,040	2,566,548	202,000	2,364,548
2016	1,297,030	297,086	2,321,436	2,618,522	202,000	2,416,522
2017	1,208,337	259,537	2,367,964	2,627,502	202,000	2,425,502
2018	1,061,324	265,747	2,370,039	2,635,786	202,000	2,433,786
2019	1,022,751	247,634	2,366,113	2,613,747	202,000	2,411,747
2020	834,567	247,691	2,367,692	2,615,382	202,000	2,413,382
2021	747,226	228,653	2,367,692	2,596,345	202,000	2,394,345
2022	593,085	202,201	2,367,690	2,569,892	202,000	2,367,892
2023	366,227	154,758	2,367,694	2,522,452	202,000	2,320,452
2024	348,579	169,031	2,367,689	2,536,721	202,000	2,334,721
2025	175,183	171,272	2,367,694	2,538,966	202,000	2,336,966
2026	108,210	153,720	2,367,693	2,521,413	202,000	2,319,413
2027	52,575	149,248	2,367,695	2,516,943	202,000	2,314,943
2028	26,594	144,894	2,367,692	2,512,586	202,000	2,310,586
2029	16,753	148,100	2,367,694	2,515,794	202,000	2,313,794
2030	5,830	149,959	2,367,687	2,517,646	202,000	2,315,646
2031	2,087	154,076	2,367,693	2,521,768	202,000	2,319,768
2032	0	158,344	2,367,692	2,526,036	0	2,526,036
2033	0	158,497	2,367,688	2,526,186	0	2,526,186
2034	0	158,497	2,367,690	2,526,188	0	2,526,188
2035	0	158,497	2,292,051	2,450,548	0	2,450,548
2036	0	152,322	0	152,322	0	152,322
2037	0	152,322	0	152,322	0	152,322
2038	0	152,322	0	152,322	0	152,322
2039	0	152,322	0	152,322	0	152,322
2040	0	152,322	0	152,322	0	152,322
2041	0	152,322	0	152,322	0	152,322
2042	0	154,277	0	154,277	0	154,277

**Total** **59,111,573**  
**Total Present Value** **28,797,486**

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company  
May 29, 2012

**City of Lake Worth Police Officers' Retirement System**  
**Table 1b: 30-Year Projection of Market Value of Assets**  
**Current Funding Method - Scenario 1**

<b>Fiscal Year Ending</b>	<b>MV of Assets at BOY</b>	<b>Employer Contribs</b>	<b>State Contribs</b>	<b>Member Contribs</b>	<b>Investment Earnings</b>	<b>Benefit Payments</b>	<b>Admin Expenses</b>	<b>MV of Assets at EOY</b>
2012	20,814,465	1,244,058	202,000	109,689	1,565,523	4,202,841	86,867	19,646,027
2013	19,646,027	1,869,189	202,000	105,729	1,496,300	3,498,494	89,473	19,731,278
2014	19,731,278	2,193,206	202,000	105,329	1,486,258	3,515,894	92,157	20,110,021
2015	20,110,021	2,364,548	202,000	101,123	1,519,373	3,583,159	94,922	20,618,984
2016	20,618,984	2,416,522	202,000	91,570	1,559,277	3,610,876	97,770	21,179,707
2017	21,179,707	2,425,502	202,000	85,309	1,599,554	3,692,700	100,703	21,698,668
2018	21,698,668	2,433,786	202,000	74,929	1,638,945	3,708,963	103,724	22,235,641
2019	22,235,641	2,411,747	202,000	72,206	1,675,478	3,812,256	106,836	22,677,981
2020	22,677,981	2,413,382	202,000	58,920	1,707,190	3,863,710	110,041	23,085,722
2021	23,085,722	2,394,345	202,000	52,754	1,734,758	3,939,264	113,342	23,416,973
2022	23,416,973	2,367,892	202,000	41,872	1,756,668	3,995,591	116,742	23,673,072
2023	23,673,072	2,320,452	202,000	25,856	1,774,818	3,972,461	120,244	23,903,493
2024	23,903,493	2,334,721	202,000	24,610	1,788,949	4,078,051	123,851	24,051,871
2025	24,051,871	2,336,966	202,000	12,368	1,799,680	4,084,161	127,567	24,191,156
2026	24,191,156	2,319,413	202,000	7,640	1,809,723	4,077,453	131,394	24,321,085
2027	24,321,085	2,314,943	202,000	3,712	1,820,762	4,040,093	135,336	24,487,073
2028	24,487,073	2,310,586	202,000	1,878	1,835,159	3,990,268	139,396	24,707,031
2029	24,707,031	2,313,794	202,000	1,183	1,854,255	3,935,718	143,578	24,998,967
2030	24,998,967	2,315,646	202,000	412	1,879,146	3,874,008	147,885	25,374,278
2031	25,374,278	2,319,768	202,000	147	1,910,854	3,805,792	152,322	25,848,933
2032	25,848,933	2,526,036	0	0	1,950,744	3,729,804	152,322	26,443,587
2033	26,443,587	2,526,186	0	0	1,999,749	3,654,602	152,322	27,162,597
2034	27,162,597	2,526,188	0	0	2,058,612	3,573,597	152,322	28,021,478
2035	28,021,478	2,450,548	0	0	2,125,469	3,490,372	152,322	28,954,801
2036	28,954,801	152,322	0	0	2,112,106	3,403,652	152,322	27,663,255
2037	27,663,255	152,322	0	0	2,015,495	3,313,734	152,322	26,365,016
2038	26,365,016	152,322	0	0	1,918,482	3,220,806	152,322	25,062,692
2039	25,062,692	152,322	0	0	1,821,281	3,124,589	152,322	23,759,384
2040	23,759,384	152,322	0	0	1,724,122	3,025,301	152,322	22,458,205
2041	22,458,205	152,322	0	0	1,627,253	2,922,788	152,322	21,162,670

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company  
May 29, 2012

**City of Lake Worth Police Officers' Retirement System**  
**Table 2a: 30-Year Projection of Required City and County Contributions**  
**Accelerated Funding Method - Scenario 2**

<b>Fiscal Year Ending</b>	<b>Total Pensionable Pay</b>	<b>Normal Cost</b>	<b>Amortization of UAAL</b>	<b>Total</b>	<b>Expected State Contribution</b>	<b>Net Expected City/County Contribution</b>
2013	1,497,572	277,798	1,793,391	2,071,189	202,000	1,869,189
2014	1,491,909	285,463	2,177,732	2,463,195	202,000	2,261,195
2015	1,432,331	298,508	2,431,938	2,730,446	202,000	2,528,446
2016	1,297,030	297,086	2,559,092	2,856,177	202,000	2,654,177
2017	1,208,337	259,537	2,694,907	2,954,444	202,000	2,752,444
2018	1,061,324	265,747	2,792,759	3,058,506	202,000	2,856,506
2019	1,022,751	247,634	2,914,586	3,162,220	202,000	2,960,220
2020	834,567	247,691	3,096,205	3,343,896	202,000	3,141,896
2021	747,226	228,653	3,365,041	3,593,694	202,000	3,391,694
2022	593,085	202,201	3,365,041	3,567,242	202,000	3,365,242
2023	366,227	154,758	3,365,041	3,519,799	202,000	3,317,799
2024	348,579	169,031	3,365,042	3,534,073	202,000	3,332,073
2025	175,183	171,272	3,365,041	3,536,313	202,000	3,334,313
2026	108,210	153,720	3,365,042	3,518,762	202,000	3,316,762
2027	52,575	149,248	3,365,039	3,514,287	202,000	3,312,287
2028	26,594	202,000	0	202,000	202,000	0
2029	16,753	202,000	0	202,000	202,000	0
2030	5,830	202,000	0	202,000	202,000	0
2031	2,087	202,000	0	202,000	202,000	0
2032	0	152,169	0	152,169	0	152,169
2033	0	152,322	0	152,322	0	152,322
2034	0	152,322	0	152,322	0	152,322
2035	0	152,322	0	152,322	0	152,322
2036	0	152,322	0	152,322	0	152,322
2037	0	152,322	0	152,322	0	152,322
2038	0	152,322	0	152,322	0	152,322
2039	0	152,322	0	152,322	0	152,322
2040	0	152,322	0	152,322	0	152,322
2041	0	152,322	0	152,322	0	152,322
2042	0	152,322	0	152,322	0	152,322

**Total** **49,907,633**  
**Total Present Value** **28,853,952**

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company  
May 29, 2012

**City of Lake Worth Police Officers' Retirement System**  
**Table 2b: 30-Year Projection of Market Value of Assets**  
**Accelerated Funding Method - Scenario 2**

<b>Fiscal Year Ending</b>	<b>MV of Assets at BOY</b>	<b>Employer Contribs</b>	<b>State Contribs</b>	<b>Member Contribs</b>	<b>Investment Earnings</b>	<b>Benefit Payments</b>	<b>Admin Expenses</b>	<b>MV of Assets at EOY</b>
2012	20,814,465	1,244,058	202,000	109,689	1,565,523	4,202,841	86,867	19,646,027
2013	19,646,027	1,869,189	202,000	105,729	1,496,300	3,498,494	89,473	19,731,278
2014	19,731,278	2,261,195	202,000	105,329	1,488,892	3,515,894	92,157	20,180,643
2015	20,180,643	2,528,446	202,000	101,123	1,531,197	3,583,159	94,922	20,865,328
2016	20,865,328	2,654,177	202,000	91,570	1,587,578	3,610,876	97,770	21,692,007
2017	21,692,007	2,752,444	202,000	85,309	1,651,927	3,692,700	100,703	22,590,284
2018	22,590,284	2,856,506	202,000	74,929	1,724,426	3,708,963	103,724	23,635,459
2019	23,635,459	2,960,220	202,000	72,206	1,805,217	3,812,256	106,836	24,756,010
2020	24,756,010	3,141,896	202,000	58,920	1,896,467	3,863,710	110,041	26,081,542
2021	26,081,542	3,391,694	202,000	52,754	2,005,581	3,939,264	113,342	27,680,965
2022	27,680,965	3,365,242	202,000	41,872	2,125,775	3,995,591	116,742	29,303,521
2023	29,303,521	3,317,799	202,000	25,856	2,249,825	3,972,461	120,244	31,006,296
2024	31,006,296	3,332,073	202,000	24,610	2,378,063	4,078,051	123,851	32,741,140
2025	32,741,140	3,334,313	202,000	12,368	2,511,745	4,084,161	127,567	34,589,838
2026	34,589,838	3,316,762	202,000	7,640	2,654,268	4,077,453	131,394	36,561,661
2027	36,561,661	3,312,287	202,000	3,712	2,808,053	4,040,093	135,336	38,712,284
2028	38,712,284	0	202,000	1,878	2,848,078	3,990,268	139,396	37,634,576
2029	37,634,576	0	202,000	1,183	2,766,480	3,935,718	143,578	36,524,943
2030	36,524,943	0	202,000	412	2,682,678	3,874,008	147,885	35,388,140
2031	35,388,140	0	202,000	147	2,597,037	3,805,792	152,322	34,229,210
2032	34,229,210	152,169	0	0	2,508,228	3,729,804	152,322	33,007,481
2033	33,007,481	152,322	0	0	2,416,464	3,654,602	152,322	31,769,343
2034	31,769,343	152,322	0	0	2,323,647	3,573,597	152,322	30,519,393
2035	30,519,393	152,322	0	0	2,230,001	3,490,372	152,322	29,259,022
2036	29,259,022	152,322	0	0	2,135,683	3,403,652	152,322	27,991,053
2037	27,991,053	152,322	0	0	2,040,899	3,313,734	152,322	26,718,218
2038	26,718,218	152,322	0	0	1,945,856	3,220,806	152,322	25,443,268
2039	25,443,268	152,322	0	0	1,850,775	3,124,589	152,322	24,169,454
2040	24,169,454	152,322	0	0	1,755,902	3,025,301	152,322	22,900,055
2041	22,900,055	152,322	0	0	1,661,496	2,922,788	152,322	21,638,763

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company

May 29, 2012

**City of Lake Worth Police Officers' Retirement System**  
**Table 3a: 30-Year Projection of Required City and County Contributions**  
**Accelerated Funding Method - Scenario 3**

<b>Fiscal Year Ending</b>	<b>Total Pensionable Pay</b>	<b>Normal Cost</b>	<b>Amortization of UAAL</b>	<b>Total</b>	<b>Expected State Contribution</b>	<b>Net Expected City/County Contribution</b>
2013	1,497,572	277,798	1,793,391	2,071,189	202,000	1,869,189
2014	1,491,909	285,463	2,614,207	2,899,669	202,000	2,697,669
2015	1,432,331	298,508	2,825,297	3,123,805	202,000	2,921,805
2016	1,297,030	297,086	2,895,259	3,192,344	202,000	2,990,344
2017	1,208,337	259,537	2,958,223	3,217,760	202,000	3,015,760
2018	1,061,324	265,747	2,961,139	3,226,886	202,000	3,024,886
2019	1,022,751	247,634	2,955,369	3,203,003	202,000	3,001,003
2020	834,567	247,691	2,957,816	3,205,507	202,000	3,003,507
2021	747,226	228,653	2,957,815	3,186,469	202,000	2,984,469
2022	593,085	202,201	2,957,814	3,160,015	202,000	2,958,015
2023	366,227	154,758	2,957,816	3,112,574	202,000	2,910,574
2024	348,579	169,031	2,957,816	3,126,848	202,000	2,924,848
2025	175,183	171,272	2,957,816	3,129,088	202,000	2,927,088
2026	108,210	153,720	2,957,818	3,111,538	202,000	2,909,538
2027	52,575	149,248	2,957,814	3,107,062	202,000	2,905,062
2028	26,594	202,000	0	202,000	202,000	0
2029	16,753	202,000	0	202,000	202,000	0
2030	5,830	202,000	0	202,000	202,000	0
2031	2,087	202,000	0	202,000	202,000	0
2032	0	152,169	0	152,169	0	152,169
2033	0	152,322	0	152,322	0	152,322
2034	0	152,322	0	152,322	0	152,322
2035	0	152,322	0	152,322	0	152,322
2036	0	152,322	0	152,322	0	152,322
2037	0	152,322	0	152,322	0	152,322
2038	0	152,322	0	152,322	0	152,322
2039	0	152,322	0	152,322	0	152,322
2040	0	152,322	0	152,322	0	152,322
2041	0	152,322	0	152,322	0	152,322
2042	0	152,322	0	152,322	0	152,322

**Total** **48,557,148**

**Total Present Value** **28,853,683**

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company  
May 29, 2012

**City of Lake Worth Police Officers' Retirement System**  
**Table 3b: 30-Year Projection of Market Value of Assets**  
**Accelerated Funding Method - Scenario 3**

<b>Fiscal Year Ending</b>	<b>MV of Assets at BOY</b>	<b>Employer Contribs</b>	<b>State Contribs</b>	<b>Member Contribs</b>	<b>Investment Earnings</b>	<b>Benefit Payments</b>	<b>Admin Expenses</b>	<b>MV of Assets at EOY</b>
2012	20,814,465	1,244,058	202,000	109,689	1,565,523	4,202,841	86,867	19,646,027
2013	19,646,027	1,869,189	202,000	105,729	1,496,300	3,498,494	89,473	19,731,278
2014	19,731,278	2,697,669	202,000	105,329	1,505,806	3,515,894	92,157	20,634,031
2015	20,634,031	2,921,805	202,000	101,123	1,581,578	3,583,159	94,922	21,762,457
2016	21,762,457	2,990,344	202,000	91,570	1,670,132	3,610,876	97,770	23,007,857
2017	23,007,857	3,015,760	202,000	85,309	1,764,108	3,692,700	100,703	24,281,631
2018	24,281,631	3,024,886	202,000	74,929	1,862,030	3,708,963	103,724	25,632,789
2019	25,632,789	3,001,003	202,000	72,206	1,961,591	3,812,256	106,836	26,950,497
2020	26,950,497	3,003,507	202,000	58,920	2,061,177	3,863,710	110,041	28,302,350
2021	28,302,350	2,984,469	202,000	52,754	2,161,914	3,939,264	113,342	29,650,881
2022	29,650,881	2,958,015	202,000	41,872	2,262,663	3,995,591	116,742	31,003,098
2023	31,003,098	2,910,574	202,000	25,856	2,365,762	3,972,461	120,244	32,414,585
2024	32,414,585	2,924,848	202,000	24,610	2,471,426	4,078,051	123,851	33,835,567
2025	33,835,567	2,927,088	202,000	12,368	2,580,783	4,084,161	127,567	35,346,078
2026	35,346,078	2,909,538	202,000	7,640	2,697,096	4,077,453	131,394	36,953,506
2027	36,953,506	2,905,062	202,000	3,712	2,822,641	4,040,093	135,336	38,711,492
2028	38,711,492	0	202,000	1,878	2,848,016	3,990,268	139,396	37,633,722
2029	37,633,722	0	202,000	1,183	2,766,414	3,935,718	143,578	36,524,023
2030	36,524,023	0	202,000	412	2,682,607	3,874,008	147,885	35,387,149
2031	35,387,149	0	202,000	147	2,596,960	3,805,792	152,322	34,228,142
2032	34,228,142	152,169	0	0	2,508,145	3,729,804	152,322	33,006,330
2033	33,006,330	152,322	0	0	2,416,375	3,654,602	152,322	31,768,103
2034	31,768,103	152,322	0	0	2,323,551	3,573,597	152,322	30,518,057
2035	30,518,057	152,322	0	0	2,229,897	3,490,372	152,322	29,257,582
2036	29,257,582	152,322	0	0	2,135,571	3,403,652	152,322	27,989,501
2037	27,989,501	152,322	0	0	2,040,779	3,313,734	152,322	26,716,546
2038	26,716,546	152,322	0	0	1,945,726	3,220,806	152,322	25,441,466
2039	25,441,466	152,322	0	0	1,850,636	3,124,589	152,322	24,167,513
2040	24,167,513	152,322	0	0	1,755,752	3,025,301	152,322	22,897,964
2041	22,897,964	152,322	0	0	1,661,334	2,922,788	152,322	21,636,510

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company

May 29, 2012

**City of Lake Worth Police Officers' Retirement System**  
**Table 4a: 30-Year Projection of Required City and County Contributions**  
**Aggregate Funding Method - Scenario 4**

<b>Fiscal Year Ending</b>	<b>Total Pensionable Pay</b>	<b>Normal Cost</b>	<b>Amortization of UAAL</b>	<b>Total</b>	<b>Expected State Contribution</b>	<b>Net Expected City/County Contribution</b>
2013	1,497,572	277,798	1,793,391	2,071,189	202,000	1,869,189
2014	1,491,909	4,163,103	0	4,163,103	202,000	3,961,103
2015	1,432,331	4,907,995	0	4,907,995	202,000	4,705,995
2016	1,297,030	4,987,721	0	4,987,721	202,000	4,785,721
2017	1,208,337	4,652,084	0	4,652,084	202,000	4,450,084
2018	1,061,324	4,261,873	0	4,261,873	202,000	4,059,873
2019	1,022,751	3,644,500	0	3,644,500	202,000	3,442,500
2020	834,567	3,331,796	0	3,331,796	202,000	3,129,796
2021	747,226	2,638,334	0	2,638,334	202,000	2,436,334
2022	593,085	2,112,349	0	2,112,349	202,000	1,910,349
2023	366,227	1,477,060	0	1,477,060	202,000	1,275,060
2024	348,579	705,837	0	705,837	202,000	503,837
2025	175,183	202,000	0	202,000	202,000	0
2026	108,210	202,000	0	202,000	202,000	0
2027	52,575	202,000	0	202,000	202,000	0
2028	26,594	202,000	0	202,000	202,000	0
2029	16,753	202,000	0	202,000	202,000	0
2030	5,830	202,000	0	202,000	202,000	0
2031	2,087	202,000	0	202,000	202,000	0
2032	0	0	0	0	0	0
2033	0	0	0	0	0	0
2034	0	0	0	0	0	0
2035	0	0	0	0	0	0
2036	0	0	0	0	0	0
2037	0	0	0	0	0	0
2038	0	0	0	0	0	0
2039	0	0	0	0	0	0
2040	0	0	0	0	0	0
2041	0	0	0	0	0	0
2042	0	0	0	0	0	0

**Total** **40,367,840**

**Total Present Value** **28,848,043**

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company

May 29, 2012



**City of Lake Worth Police Officers' Retirement System**  
**Table 4b: 30-Year Projection of Market Value of Assets**  
**Aggregate Funding Method - Scenario 4**

<b>Fiscal Year Ending</b>	<b>MV of Assets at BOY</b>	<b>Employer Contribs</b>	<b>State Contribs</b>	<b>Member Contribs</b>	<b>Investment Earnings</b>	<b>Benefit Payments</b>	<b>Admin Expenses</b>	<b>MV of Assets at EOY</b>
2012	20,814,465	1,244,058	202,000	109,689	1,565,523	4,202,841	86,867	19,646,027
2013	19,646,027	1,869,189	202,000	105,729	1,496,300	3,498,494	89,473	19,731,278
2014	19,731,278	3,961,103	202,000	105,329	1,554,764	3,515,894	92,157	21,946,423
2015	21,946,423	4,705,995	202,000	101,123	1,752,425	3,583,159	94,922	25,029,885
2016	25,029,885	4,785,721	202,000	91,570	1,992,929	3,610,876	97,770	28,393,460
2017	28,393,460	4,450,084	202,000	85,309	2,237,073	3,692,700	100,703	31,574,522
2018	31,574,522	4,059,873	202,000	74,929	2,467,335	3,708,963	103,724	34,565,972
2019	34,565,972	3,442,500	202,000	72,206	2,671,020	3,812,256	106,836	37,034,606
2020	37,034,606	3,129,796	202,000	58,920	2,847,589	3,863,710	110,041	39,299,159
2021	39,299,159	2,436,334	202,000	52,754	2,992,926	3,939,264	113,342	40,930,567
2022	40,930,567	1,910,349	202,000	41,872	3,096,242	3,995,591	116,742	42,068,698
2023	42,068,698	1,275,060	202,000	25,856	3,159,970	3,972,461	120,244	42,638,879
2024	42,638,879	503,837	202,000	24,610	3,169,994	4,078,051	123,851	42,337,417
2025	42,337,417	0	202,000	12,368	3,126,252	4,084,161	127,567	41,466,309
2026	41,466,309	0	202,000	7,640	3,058,670	4,077,453	131,394	40,525,772
2027	40,525,772	0	202,000	3,712	2,986,921	4,040,093	135,336	39,542,976
2028	39,542,976	0	202,000	1,878	2,912,456	3,990,268	139,396	38,529,646
2029	38,529,646	0	202,000	1,183	2,835,848	3,935,718	143,578	37,489,381
2030	37,489,381	0	202,000	412	2,757,422	3,874,008	147,885	36,427,322
2031	36,427,322	0	202,000	147	2,677,574	3,805,792	152,322	35,348,929
2032	35,348,929	0	0	0	2,589,110	3,729,804	152,322	34,055,913
2033	34,055,913	0	0	0	2,491,815	3,654,602	152,322	32,740,804
2034	32,740,804	0	0	0	2,393,033	3,573,597	152,322	31,407,918
2035	31,407,918	0	0	0	2,292,959	3,490,372	152,322	30,058,183
2036	30,058,183	0	0	0	2,191,715	3,403,652	152,322	28,693,924
2037	28,693,924	0	0	0	2,089,469	3,313,734	152,322	27,317,337
2038	27,317,337	0	0	0	1,986,385	3,220,806	152,322	25,930,594
2039	25,930,594	0	0	0	1,882,641	3,124,589	152,322	24,536,324
2040	24,536,324	0	0	0	1,778,432	3,025,301	152,322	23,137,133
2041	23,137,133	0	0	0	1,673,967	2,922,788	152,322	21,735,990

**Assumptions**

No future non-investment gains or losses

8.05% investment return for FYE September 30, 2011, 7.90% for FYE September 30, 2012, and 7.75% thereafter

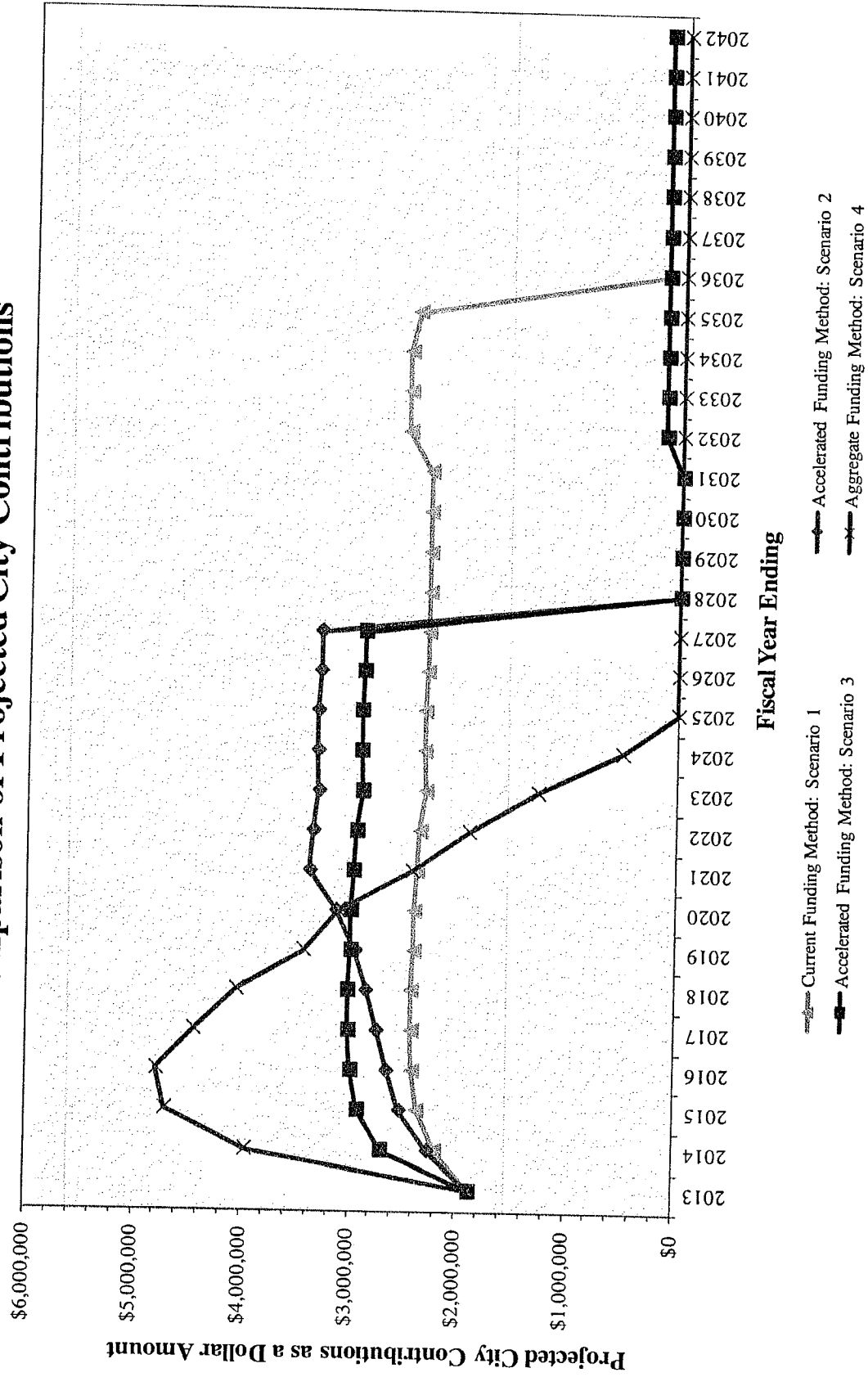
Normal Cost amounts shown above are net of employees' contributions and includes projected administrative cost

The minimum employer contribution is equal to the employer normal cost

Prepared by Gabriel, Roeder, Smith and Company

May 29, 2012

# City of Lake Worth Police Officers' Retirement System Comparison of Projected City Contributions





Gabriel Roeder Smith & Company  
Consultants & Actuaries

One East Broward Blvd.  
Suite 505  
Ft. Lauderdale, FL 33301-1827

954.527.1616 phone  
954.525.0083 fax  
www.gabrielroeder.com

February 21, 2012

Mr. J. Scott Baur  
The Pension Resource Center, LLC  
4360 Northlake Blvd. Suite 206  
Palm Beach Gardens, FL 33410

RECEIVED

FEB 22 2012

Re: City of Lake Worth Police Officers Retirement System

Dear Scott:

As discussed and requested during the pension board meeting on January 25, 2012, we have prepared a list of possible actions the board could take to improve the System's funded status:

- OPTION 1: Reduce the remaining amortization period by two years each year, beginning with the October 1, 2012 actuarial valuation. As of October 1, 2011, there are 23 years remaining (for all but one amortization base). As of October 1, 2012, this period would be reduced to 21 years instead of 22 years. This would increase the required contribution for the fiscal year ending September 30, 2014 by approximately \$34,000. Please note that the contribution requirements in subsequent years would be further increased as the amortization period gets smaller. For instance, the contribution would be projected to increase by an additional \$43,000 for the fiscal year ending September 30, 2015 (a cumulative increase of \$77,000). The contribution increase will get higher each year.
- OPTION 2: Reduce the amortization period to the expected number of years until there are no active participants remaining in the System, in order to target a 100% funded ratio by the time all active employees have retired. This is approximately 14 to 15 years from now and would involve changing the remaining amortization period from 22 years to 14 years as of October 1, 2012. This would increase the required contribution for the fiscal year ending September 30, 2014 by approximately \$431,000.
- OPTION 3: Change the funding method to the aggregate funding method, which targets a fully funded status by the time all members have retired as a level percentage of payroll. Adoption of this method as of October 1, 2011 would have increased the required contribution for the fiscal year ending September 30, 2013 by approximately \$1,234,000.

We welcome your questions and comments.

Sincerely yours,

J. Stephen Palmquist, ASA  
Senior Consultant and Actuary

Peter N. Strong, ASA  
Consultant and Actuary

JSP/ps

Cc: Ken Harrison