



**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

October 1, 2014 Actuarial Report

**For the Fiscal and Plan Year
October 1, 2015 through
September 30, 2016**

Prepared by:

**THE NYHART COMPANY, INC.
2000 RiverEdge Parkway / Suite 900
Atlanta, GA 30328
(770) 933-1933**

February 26, 2015

February 26, 2015

(Via Courier)

Board of Trustees
Pompano Beach Police and Firefighters' Retirement System
c/o Glenda Rowley, CEBS
Executive Director
2335 E. Atlantic Blvd., Suite 400
Pompano Beach, FL 33062

October 1, 2014 Actuarial Report

Dear Board Members:

It is a pleasure to enclose our report on the actuarial valuation of the Pompano Beach Police and Firefighters' Retirement System as of October 1, 2014, for the fiscal year beginning October 1, 2015.

The report includes:

- Gain/Loss Analysis for the period October 1, 2013 through September 30, 2014;
- Cost Calculation Results;
- Asset Summary;
- Hypothetical Asset Allocation and Separate Police and Fire Costs;

The dollar-weighted net rate of return on market value of assets for the year ending September 30, 2014 was 10.0%; the rate of return on actuarial asset value was 9.6%. As of October 1, 2014 the Actuarial Asset Value was 93% of market value, as compared to 94% at October 1, 2013. The average net market rate of return has been 8.6% for the past 38 years.

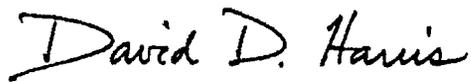
Board of Trustees
Pompano Beach Police and Firefighters' Retirement System
c/o Glenda Rowley, CEBS
Executive Director
February 26, 2015
Page Two

This report reflects the benefit provisions in effect on the October 1, 2014 actuarial valuation date.

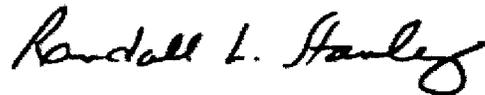
Please let us know if you have any questions or comments.

Respectfully Submitted,

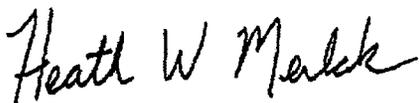
THE NYHART COMPANY, INC.



David D. Harris, ASA, FCA, MAAA, EA
Actuary



Randall L. Stanley, FSA, FCA, MAAA, EA
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Enclosures (30)

Electronic File (1)

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

OCTOBER 1, 2014 ACTUARIAL REPORT

Table of Contents

	-Page-
SUMMARY OF RESULTS	1-2
REVIEW OF COSTS	3-10
Summary Discussion	3
Comparison of Deposit Requirements	3
Experience Analysis.....	4
Table 1 – Gain/Loss Analysis	4
Table 2 – Gain/Loss Detail.....	4
Plan Assets	5
Table 3 – Actuarial Value vs. Market Value	5
Sources of Benefit Funding	6
Table 4 – Funding Sources	6
Funding Progress	7
Table 5 – Actuarial Assets and Entry Age Accrued Liabilities.....	7
Governmental Accounting Standards	8
Allocated Contribution Requirements	8
Enrolled Actuary's Statement	9
 EXHIBITS	
1A Sponsor Contribution Requirements	10
1B Reconciliation of Unfunded Actuarial Liability	16
1C Amortization Schedule for Unfunded Liabilities	17
1D Reserve Account Under 99-1	21
1E Actuarial Confirmation of the Use of State Moneys	22
2A Summary of Asset Transactions	23
2B Distribution of Assets	25
2C Investment Results.....	26
3 Development of Actuarial Asset Value	28
4 Summary of Accounting Information	29
5 Comparison of Funding Progress	32
6 Member Statistics	33
7 Summary of Principal System Provisions	39
8 Summary of Actuarial Basis	47
9 Information Under Florida Statutes	52
10 State Filing Requirements – SB 534 Reporting.....	53
11 History of Salary Increases.....	58
12 History of Premium Tax Refunds	59
13 Hypothetical Separate Police and Fire Contribution Requirements.....	60
14 Disclosure Information under GASB 27.....	61

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Comparative Summary of Principal Valuation Results

		Actuarial Valuation	
		<u>Prepared as of</u>	
		<u>10/01/2014</u>	<u>10/01/2013</u>
A.	<u>Participant Data</u> (Ex. 6)		
	Active Members	163	165
	Total Annual Payroll	\$13,065,752	\$12,948,557
	DROP Members	44	49
	Retired Members and Beneficiaries	319	308
	Total Annualized Benefits (including DROP)	\$17,909,187	\$17,199,481
	Disabled Members	30	26
	Total Annualized Benefits	\$1,596,533	\$1,321,407
	Terminated Vested Members	2	1
	Total Annualized Benefits	\$93,260	\$32,917
B.	<u>Assets</u>	-\$-	-\$-
	Actuarial Value (Ex. 3)	197,436,713	186,095,219
	Market Value (Ex. 2B)	212,436,735	198,441,898
C.	<u>Liabilities</u> (Ex. 1A)		
	Present Value of Future Benefits		
	Active Members - Retirement	74,530,414	75,458,946
	Disability	5,328,515	5,099,382
	Death	2,055,206	1,999,926
	Turnover	<u>1,446,935</u>	<u>1,355,872</u>
	Total	83,361,070	83,914,126
	Inactive Members - Retired and Beneficiaries	210,879,956	205,211,781
	Disabled	18,094,938	14,413,898
	Terminated Vested	<u>962,431</u>	<u>211,774</u>
	Total	229,937,325	219,837,453
	Total	<u><u>313,298,395</u></u>	<u><u>303,751,579</u></u>
	Actuarial Accrued Liability	279,277,722	271,582,153
	Unfunded Actuarial Accrued Liability	81,841,009	85,486,934

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Comparative Summary of Principal Valuation Results
(Continued)

	Actuarial Valuation	
	Prepared as of	
	<u>10/01/2014</u>	<u>10/01/2013</u>
D. <u>Actuarial Present Value of Accrued Benefits</u> (Exhibit 4)	-\$-	-\$-
Vested Accrued Benefits		
Inactive Members and Beneficiaries	229,937,325	219,837,453
Active Members	<u>32,484,545</u>	<u>34,690,363</u>
Total	262,421,870	254,527,816
Non-Vested Accrued Benefits	<u>6,118,154</u>	<u>7,859,023</u>
Total	268,540,024	262,386,839
E. <u>Pension Cost</u> (Exhibit 1A)		
Normal Cost (Net of Expected Employee Contributions)	2,168,613	2,133,598
Payment to Amortize Unfunded Liability	6,314,322	6,344,397
Expected Sponsor Contributions	8,062,894	8,116,767
As % of Payroll	60.64%	61.48%
Expected Member Contribution	1,532,219	1,512,350
As % of Payroll	11.52%	11.46%
F. <u>Past Contributions</u>	Year Ending <u>9/30/2014</u>	Year Ending <u>9/30/2013</u>
	-\$-	-\$-
Required Plan Sponsor and State Contributions	11,470,379	9,818,759
Required Member Contributions	1,422,685	1,434,802
Actual Contributions		
Plan Sponsor and State	11,470,379	9,818,759
Members	1,422,685	1,434,802
G. <u>Net Actuarial (Gain)/Loss</u>	(3,237,807)	(551,767)
H. <u>Other Disclosures</u>		
Active Members:		
Present Value Future Salaries (at attained age)	121,259,135	114,846,471
Present Value Future Member Contributions (at attained age)	12,483,634	11,726,217
Present Value Future Contributions (Other Sources)	103,378,048	105,930,143

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

REVIEW OF COSTS

Summary Discussion

This is the October 1, 2014 actuarial report for the Pompano Beach Police and Firefighters' Retirement System for the fiscal year beginning October 1, 2015. This report is intended to reflect the provisions and requirements of all ordinances through October 1, 2014. This is the third annual actuarial valuation report for this System prepared by The Nyhart Company, Inc.

Comparison of Deposit Requirements

The contribution compares to the prior year as follows:

	<u>Police</u>		<u>Fire</u>	
	<u>2015/2016</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2014/2015</u>
	-\$-	-\$-	-\$-	-\$-
Past Service Cost	3,956,990	4,005,287	2,357,332	2,339,110
Normal Cost	214,643	310,597	1,953,970	1,823,001
Admin. Expenses	268,084	277,576	307,196	304,508
Interest & Salary Increases	<u>409,674</u>	<u>419,578</u>	<u>342,463</u>	<u>334,428</u>
Total (Sponsor & State)	4,849,391	5,013,038	4,960,961	4,801,047
State (Expected)	<u>926,201</u>	<u>876,088</u>	<u>821,230</u>	<u>821,230</u>
Net Sponsor Contribution (Lump Sum) ⁽¹⁾	3,923,190	4,136,950	4,139,731	3,979,817
Net Sponsor Contribution (Installments) ⁽²⁾	4,055,488	4,273,713	4,275,073	4,110,796

The State Division of Retirement revised its interpretation of the allowable uses of Additional Premium Tax Revenues (APTR) and now allows cities to use only future APTR (up to the amount required to meet chapter minimum benefits) to offset its contribution requirements (Exhibit 1E). This has increased the expected State contribution for existing benefits for Police from \$876,088 to \$926,201, with a corresponding reduction in the City Contribution. The expected State contribution for Firefighters' has remained the same due to City ordinance §34.0604, which allows State contributions up to \$821,230 to be used to offset Firefighter required plan sponsor contributions.

⁽¹⁾ The contribution requirement for the fiscal year determined as a one-time, lump sum payment to be made December 31. The payment should be adjusted for interest if made on a different date.

⁽²⁾ The contribution requirement for the fiscal year determined as four equal installment payments (i.e. 25% of total) on December 31, March 31, June 30, and September 30. The payments should be adjusted for interest if made on different dates.

Experience Analysis

As may be noted, the 2015/2016 sponsor deposit amount of \$8,062,921 is less than the \$8,116,767 for the prior year. The details of the reasons for this change are discussed below.

Table 1 provides a summary of the changes in liabilities and costs.

<u>Table 1 – Gain/Loss Analysis</u>			
	<u>Unfunded Liability</u>	<u>City Contribution</u>	<u>% of Payroll</u>
10/1/2013 Valuation	85,486,934	8,116,767	61.48
10/1/2014 Expected	85,078,227	8,184,481	66.20
Effect of Variations from Expected			
Demographic Experience	2,885,648	511,023	(0.76)
Asset Experience	(6,123,455)	(625,095)	(4.74)
Plan Amendments	589	(7,487)	(.06)
10/1/2014 Valuation	81,841,009	8,062,921	60.64

Table 2 provides detail of the impact on liabilities of variances from the assumptions.

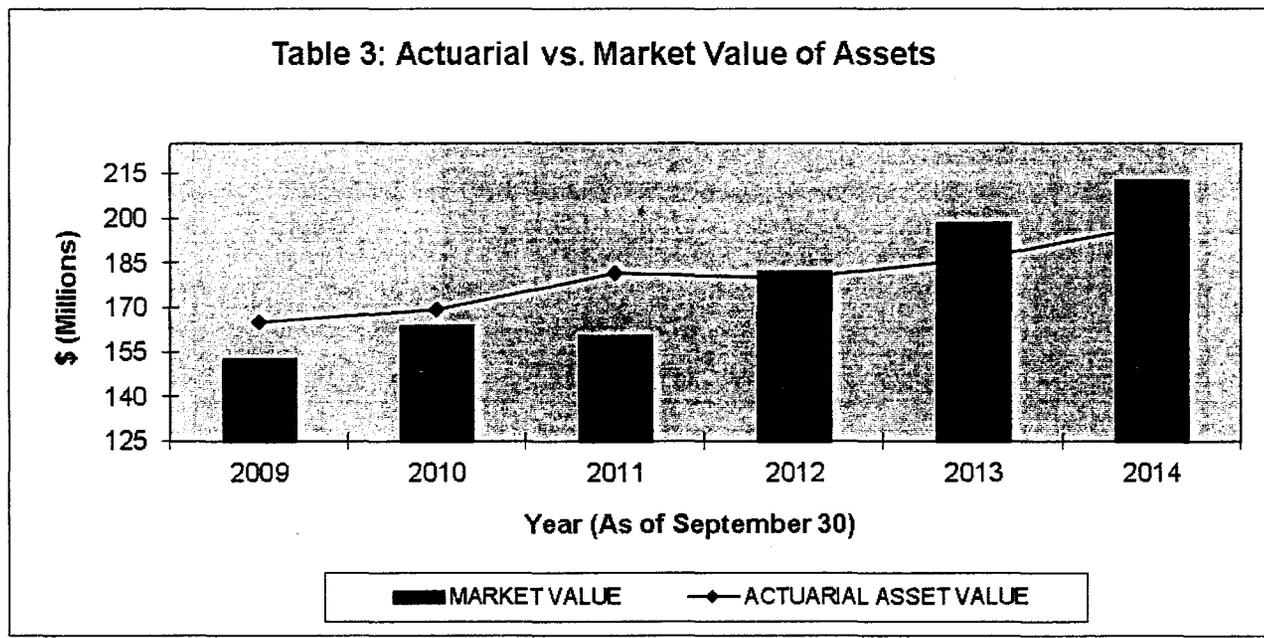
<u>Table 2 – Gain/Loss Detail</u>			
	<u>Expected</u>	<u>Actual</u>	<u>Impact on Unfunded Liability</u>
Demographics			
Retirements	3.20	12	874,570
Terminations	1.84	2	351,674
Disabilities	0.68	2	738,858
Deaths	9.26	6	765,700
New Entrants	N/A	14	0
Other (e.g. data changes)	N/A	N/A	(770,629)
Salary Increases	5.2%	5.5%	925,475
Sub-Total			2,885,648
Actuarial Value of Assets	7.5%	9.6%	(6,123,455)
Total			(3,237,807)

Plan Assets

Exhibits 2 and 3 show the asset transactions and investment results during the year. The dollar-weighted net return on assets for the period ending September 30, 2014 was 10.0%.

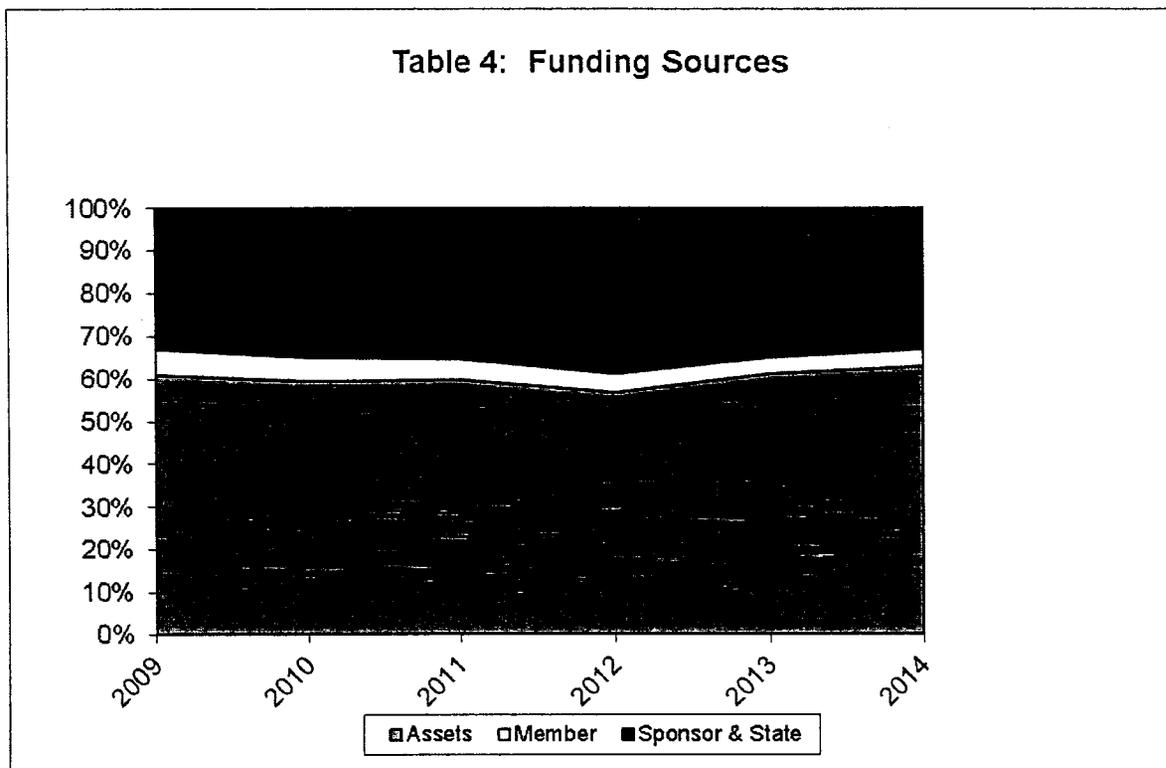
The actuarial asset valuation method (Exhibit 3) is the 20% Phase-In Method. Under this method the difference between the expected investment earnings and actual investment earnings is phased in at the rate of 20% per year. The result cannot be greater than 120% of market value or less than 80% of market value.

As of September 30, 2014, the use of the Phase-In Method resulted in a return of 9.6% and in an actuarial asset value that is 93% of market value.



Sources of Benefit Funding

Table 4 compares the sources of benefit funding for the past 6 years. The present value of benefits is equal to 100% in the Table. The present value of benefits is provided by 3 sources; the actuarial value of current assets, the present value of future member contributions, and the present value of future city and state contributions.

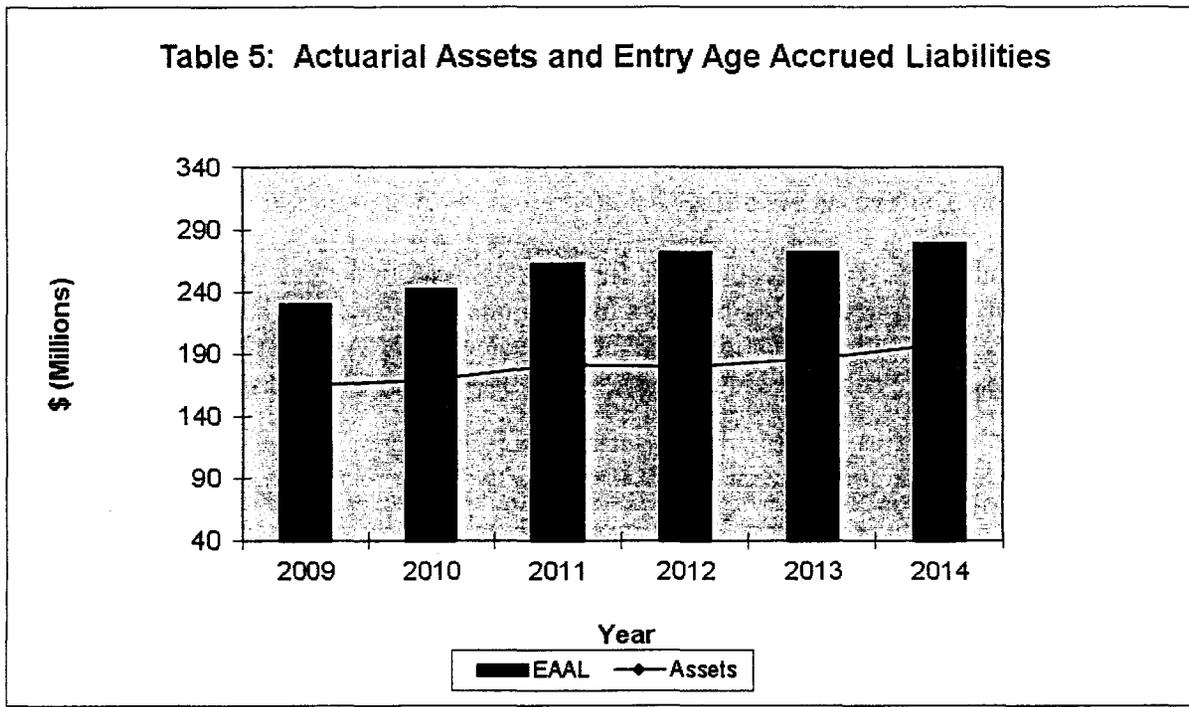


As of October 1, 2014, the actuarial value of assets equals 63% of the present value of projected benefits, the present value of employee contributions equals 4%, and the present value of City and State contributions equal 33%.

Funding Progress

The comparison of the actuarial accrued liability (entry age reserve) to System assets from one year to the next, or over a period of time, is a measure of interim funding progress.

This comparison of the entry age accrued liability to the actuarial value of assets is illustrated in Table 5. As of October 1, 2014 the actuarial value of assets of \$197,436,713 was 71% of the \$279,277,722 actuarial accrued liability. This compares to a ratio of 69% as of October 1, 2013. A ratio of 80% to 100% typically may be viewed to be a goal for a well-funded program.



Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued Statement No. 67 to replace GASB Statement No. 25 (“Financial Reporting for Pension Plans”) and Statement No. 68 to replace Statement No. 27 (“Financial Reporting for Pensions”).

A separate report, dated January 7, 2015, provides the necessary disclosures under GASB 67 for the Plan year ending September 30, 2014.

As was the case for GASB 25 and GASB 27, the new standards are not meant to be used as a funding basis.

Allocated Contribution Requirements (2014/2015)

The Division of Retirement is now requiring that plans covering both police and firefighters disclose the costs separately for the two groups. Since assets have not been separately maintained, this necessitates a hypothetical asset allocation. Exhibit 13 shows this allocation.

Florida SB 534 Disclosures

The State of Florida now requires that plans report their funded ratio, recommended contribution, and asset duration under a standard set of assumptions, using both the funding rate and a rate 200 basis points lower. The required mortality table is RP 2000 with generational projection using Scale AA. Exhibit 10 provides this information. For balance, we also have calculated and shown results using a rate 200 basis points higher than the current funding rate.

Enrolled Actuary's Statement

This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the Pompano Beach Police and Firefighters' Retirement System as of October 1, 2014.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the System.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

With respect to reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664 (1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

David D. Harris

David D. Harris
Enrolled Actuary No. 14-5609

February 26, 2015

Date

Copies of this Report are to be furnished to the Division of Retirement at the following addresses within 60 days of receipt from the actuary:

Ms. Sarah Carr
Benefits Administrator
Municipal Police Officers' &
Firefighters' Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith Brinkman
Bureau Chief
Local Retirement Systems
Division of Retirement
Post Office Box 9000
Tallahassee, FL 32315-9000

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Contribution Requirements (Total)

	<u>10/01/2014</u>	<u>10/01/2013</u>
	<u>7.5%</u>	<u>7.5%</u>
	-\$-	-\$-
A. Present Value of Future Benefits		
Active Members		
- Retirement	74,530,414	75,458,946
- Disability	5,328,515	5,099,382
- Death	2,055,206	1,999,926
- Turnover	<u>1,446,935</u>	<u>1,355,872</u>
- Total	83,361,070	83,914,126
Inactive Members		
- Retired and Beneficiaries	210,879,956	205,211,781
- Disabled	18,094,938	14,413,898
- Terminated Vested	<u>962,431</u>	<u>211,774</u>
- Total	229,937,325	219,837,453
Total Present Value of Future Benefits	313,298,395	303,751,579
B. Entry Age Accrued Liability		
Active Members		
- Retirement	46,486,124	48,934,511
- Disability	1,724,114	1,697,247
- Death	538,639	535,908
- Turnover	<u>591,520</u>	<u>577,034</u>
- Total	49,340,397	51,744,700
Inactive Members	<u>229,937,325</u>	<u>219,837,453</u>
Total Entry Age Accrued Liability	279,277,722	271,582,153
C. Actuarial Value of Assets	<u>197,436,713</u>	<u>186,095,219</u>
D. Unfunded Actuarial Accrued Liability	81,841,009	85,486,934

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Contribution Requirements (Total)
(Continued)

	<u>10/1/2014</u>	<u>10/01/2013</u>
	<u>7.5%</u>	<u>7.5%</u>
	-\$-	-\$-
E. Entry Age Normal Cost		
- Retirement	3,036,460	2,992,251
- Disability	404,197	396,727
- Death	177,109	176,614
- Turnover	<u>83,066</u>	<u>80,356</u>
- Total	3,700,832	3,645,948
F. Contribution		
Total Normal Cost at Valuation Date	3,700,832	3,645,948
Expected Member Contribution	<u>1,532,219</u>	<u>1,512,350</u>
Net Normal Cost	2,168,613	2,133,598
Expected Salary Increases	59,637	58,674
Amortization Payments	6,314,322	6,344,397
Expected Expenses	575,280	582,084
Interest to End of Year	516,721	519,486
Adjustment for 12/31/2014 Payment	<u>175,779</u>	<u>175,846</u>
Total (City/BSO + State)	9,810,352	9,814,085
Expected State Contribution	<u>1,747,431</u>	<u>1,697,318</u>
Expected City/BSO Contribution	8,062,921	8,116,767
Assumed Payroll for Contribution Year	13,296,423	13,202,376
Contribution (% of Payroll)	60.64%	61.48%

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Contribution Requirements (Police)

	<u>10/01/2014</u>	<u>10/01/2013</u>
	<u>7.5%</u>	<u>7.5%</u>
	-\$-	-\$-
A. Present Value of Future Benefits		
Active Members		
- Retirement	9,576,550	14,575,316
- Disability	254,271	374,921
- Death	83,818	130,139
- Turnover	<u>56,560</u>	<u>95,107</u>
- Total	9,971,199	15,175,483
Inactive Members		
- Retired and Beneficiaries	123,354,167	118,967,665
- Disabled	9,013,028	8,250,938
- Terminated Vested	<u>962,431</u>	<u>211,774</u>
- Total	133,329,626	127,430,377
Total Present Value of Future Benefits	143,300,825	142,605,860
B. Entry Age Accrued Liability		
Active Members		
- Retirement	8,533,384	12,979,315
- Disability	137,393	197,246
- Death	39,595	58,320
- Turnover	<u>31,425</u>	<u>55,154</u>
- Total	8,741,797	13,290,035
Inactive Members	<u>133,329,626</u>	<u>127,430,377</u>
Total Entry Age Accrued Liability	142,071,423	140,720,412
C. Actuarial Value of Assets (Exhibit 13)	<u>93,899,425</u>	<u>90,378,190</u>
D. Unfunded Actuarial Accrued Liability	48,171,998	50,342,222

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Contribution Requirements (Police)
(Continued)

	<u>10/01/2014</u>	<u>10/01/2013</u>
	7.5%	7.5%
	-\$-	-\$-
E. Entry Age Normal Cost		
- Retirement	285,963	417,382
- Disability	33,806	46,542
- Death	13,689	19,847
- Turnover	<u>6,803</u>	<u>10,385</u>
- Total	340,261	494,156
F. Contribution		
Total Normal Cost at Valuation Date	340,261	494,156
Expected Member Contribution	<u>125,618</u>	<u>183,559</u>
Net Normal Cost	214,643	310,597
Expected Salary Increases	5,903	8,541
Amortization Payments	3,956,990	4,005,287
Expected Expenses	268,084	277,576
Interest to End of Year	316,881	321,215
Adjustment for 12/31/2013 Payment	<u>86,890</u>	<u>89,822</u>
Total (City/BSO + State)	4,849,391	5,013,038
Expected State Contribution	<u>926,201</u>	<u>876,088</u>
Expected City/BSO Contribution	3,923,190	4,136,950
Assumed Payroll for Contribution Year	970,080	1,680,232
Contribution (% of Payroll)	404.42%	246.21%

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Contribution Requirements (Fire)

	<u>10/01/2014</u>	<u>10/01/2013</u>
	<u>7.5%</u>	<u>7.5%</u>
	-\$-	-\$-
A. Present Value of Future Benefits		
Active Members		
- Retirement	64,953,864	60,883,630
- Disability	5,074,244	4,724,461
- Death	1,971,388	1,869,787
- Turnover	<u>1,390,375</u>	<u>1,260,765</u>
- Total	73,389,871	68,738,643
Inactive Members		
- Retired and Beneficiaries	87,525,789	86,244,116
- Disabled	9,081,910	6,162,960
- Terminated Vested	<u>0</u>	<u>0</u>
- Total	96,607,699	92,407,076
Total Present Value of Future Benefits	169,997,570	161,145,719
B. Entry Age Accrued Liability		
Active Members		
- Retirement	37,952,740	35,955,196
- Disability	1,586,721	1,500,001
- Death	499,044	477,588
- Turnover	<u>560,095</u>	<u>521,880</u>
- Total	40,598,600	38,454,665
Inactive Members	<u>96,607,699</u>	<u>92,407,076</u>
Total Entry Age Accrued Liability	137,206,299	130,861,741
C. Actuarial Value of Assets (Exhibit 13)	<u>103,537,288</u>	<u>95,717,029</u>
D. Unfunded Actuarial Accrued Liability	33,669,011	35,144,712

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Contribution Requirements (Fire)
(Continued)

	<u>10/01/2014</u>	<u>10/01/2013</u>
	<u>7.5%</u>	<u>7.5%</u>
	<u>-\$-</u>	<u>-\$-</u>
E. Entry Age Normal Cost		
- Retirement	2,750,497	2,574,869
- Disability	370,391	350,185
- Death	163,420	156,767
- Turnover	<u>76,263</u>	<u>69,971</u>
- Total	3,360,571	3,151,792
F. Contribution		
Total Normal Cost at Valuation Date	3,360,571	3,151,792
Expected Member Contribution	<u>1,406,601</u>	<u>1,328,791</u>
Net Normal Cost	1,953,970	1,823,001
Expected Salary Increases	53,734	50,133
Amortization Payments	2,357,332	2,339,110
Expected Expenses	307,196	304,508
Interest to End of Year	199,840	198,271
Adjustment for 12/31/2013 Payment	<u>88,889</u>	<u>86,024</u>
Total (City/BSO + State)	4,960,961	4,801,047
Expected State Contribution	<u>821,230</u>	<u>821,230</u>
Expected City/BSO Contribution	4,139,731	3,979,817
Assumed Payroll for Contribution Year	12,326,343	11,522,144
Contribution (% of Payroll)	33.58%	34.54%

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Reconciliation of Unfunded Actuarial Accrued Liability

	-\$-
A. Unfunded Actuarial Accrued Liability as of October 1, 2013	85,486,934
B. Normal Cost and Expenses	3,583,846
C. Interest on (A) and (B) for full year at 7.5%	6,680,309
D. City and State Contributions, net of Administrative Expenses	(10,888,612)
E. Interest on (D) for half year at 7.5%	(408,323)
F. Adjustment for 1-year lag	624,073
G. Expected Unfunded Actuarial Accrued Liability As of September 30, 2014	85,078,227
H. 2013/2014 (Gain) Loss	(3,237,807)
I. Unfunded Actuarial Accrued Liability As of September 30, 2014	81,840,420
J. Plan Amendments	589
K. Change in Assumptions and Methods	N/A
L. Change in Applicable Laws	N/A
M. Unfunded Actuarial Accrued Liability As of October 1, 2014	81,841,009

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Schedule of Unfunded Liabilities
(As of October 1, 2014)

Amortization Payment (Police) ⁽¹⁾

<u>Date</u>	<u>Description</u>	<u>Original Amount</u>	<u>10/01/2014 Remaining Balance</u>	<u>Remaining Amortization Balance</u>	<u>Annual Payment</u>
		-\$-	-\$-		-\$-
10/1/1985	Plan Amendment	38,875	4,072	1	4,072
10/1/1985	Actuarial Loss (Gain)	(417,177)	(48,733)	1	(48,733)
10/1/1986	Assumption Change	378,260	73,203	2	37,924
10/1/1986	Actuarial Loss (Gain)	(1,104,307)	(238,307)	2	(123,460)
10/1/1987	Method Change	670,685	184,750	3	66,087
10/1/1987	Actuarial Loss (Gain)	(592,770)	(182,077)	3	(65,131)
10/1/1988	Actuarial Loss (Gain)	260,282	91,466	4	25,404
10/1/1989	Actuarial Loss (Gain)	67,725	27,816	5	6,395
10/1/1990	Actuarial Loss (Gain)	(173,266)	(90,041)	6	(17,844)
10/1/1991	Assumption Change	(4,082)	(2,476)	7	(435)
10/1/1991	Actuarial Loss (Gain)	(298,306)	(180,909)	7	(31,773)
10/1/1992	Assumption Change	(3,250)	(2,132)	8	(339)
10/1/1992	Actuarial Loss (Gain)	(721,063)	(472,725)	8	(75,076)
10/1/1993	Assumption Change	(53,335)	(37,765)	9	(5,507)
10/1/1993	Actuarial Loss (Gain)	(301,531)	(213,497)	9	(31,134)
10/1/1994	Assumption Change	768,410	527,455	10	71,482
10/1/1994	Actuarial Loss (Gain)	422,754	290,186	10	39,327
10/1/1995	Assumption Change	(311,136)	(254,742)	11	(32,393)
10/1/1995	Actuarial Loss (Gain)	(271,042)	(221,912)	11	(28,218)
10/1/1996	Assumption Change	(374,561)	(333,225)	12	(40,073)
10/1/1996	Actuarial Loss (Gain)	(276,460)	(245,950)	12	(29,578)
10/1/1997	Assumption Change	1,345,971	1,249,442	13	143,034
10/1/1997	Actuarial Loss (Gain)	(3,074,778)	(3,182,697)	13	(364,350)
10/1/1998	Plan Amendment	(337,295)	(353,407)	14	(38,726)
10/1/1998	Actuarial Loss (Gain)	(3,155,507)	(3,306,230)	14	(362,293)

⁽¹⁾ Information for bases established prior to 10/1/2012 based on October 1, 2011 actuarial report.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Schedule of Unfunded Liabilities
(As of October 1, 2014)

Amortization Payment (Police) ⁽¹⁾

<u>Date</u>	<u>Description</u>	<u>Original Amount</u> -\$-	<u>10/01/2014 Remaining Balance</u> -\$-	<u>Remaining Amortization Balance</u>	<u>Annual Payment</u> -\$-
10/1/1999	Actuarial Loss (Gain)	(2,565,536)	(2,718,071)	15	(286,440)
10/1/2000	Assumption Change	(18,775,480)	(19,315,488)	16	(1,965,529)
10/1/2000	Plan Amendment	11,651,128	11,986,232	16	1,219,710
10/1/2000	Actuarial Loss (Gain)	3,153,187	3,243,877	16	330,094
10/1/2001	Variable COLA	484,615	503,065	17	49,605
10/1/2001	Plan Amendment	377,521	391,894	17	38,643
10/1/2001	Actuarial Loss (Gain)	5,917,320	6,142,592	17	605,688
10/1/2002	Actuarial Loss (Gain)	13,547,635	15,147,693	18	1,451,768
10/1/2003	Actuarial Loss (Gain)	8,453,577	8,371,299	19	781,925
10/1/2004	Actuarial Loss (Gain)	7,733,735	7,432,774	20	678,230
10/1/2005	Plan Amendment	528,766	418,237	21	37,361
10/1/2005	Actuarial Loss (Gain)	1,811,918	1,718,539	21	153,516
10/1/2006	Actuarial Loss (Gain)	(2,245,390)	(2,144,410)	22	(187,884)
10/1/2007	Actuarial Loss (Gain)	(3,930,059)	(3,824,587)	23	(329,218)
10/1/2008	Assumption Change	(2,460,748)	(2,463,522)	24	(208,655)
10/1/2008	Actuarial Loss (Gain)	4,312,669	4,317,529	24	365,685
10/1/2009	Assumption Change	2,211,808	2,229,959	25	186,094
10/1/2009	Actuarial Loss (Gain)	4,953,816	4,994,470	25	416,797
10/1/2010	Assumption Change	2,351,731	2,352,420	26	193,663
10/1/2010	Actuarial Loss (Gain)	4,329,632	4,330,902	26	356,542
10/1/2011	Assumption Change	2,628,245	2,548,805	27	207,229
10/1/2011	Actuarial Loss (Gain)	2,882,428	2,795,305	27	227,270
10/1/2012	Valuation Software Change	(955,577)	(936,728)	28	(75,291)
10/1/2012	Assumption Change	2,734,348	2,680,411	28	215,443
10/1/2012	Actuarial Loss (Gain)	7,401,751	7,255,746	28	583,195
10/1/2013	Assumption Change	(2,014,446)	(1,994,964)	29	(158,666)
10/1/2013	Actuarial Loss (Gain)	1,279,029	1,266,661	29	100,742
10/1/2014	Actuarial Loss (Gain)	(1,640,207)	<u>(1,640,207)</u>	30	<u>(129,189)</u>
			48,171,998		3,956,990

⁽¹⁾ Information for bases established prior to 10/1/2012 based on October 1, 2011 actuarial report.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Schedule of Unfunded Liabilities
(As of October 1, 2014)

Amortization Payment (Fire) ⁽¹⁾

<u>Date</u>	<u>Description</u>	<u>Original Amount</u>	<u>10/01/2014 Remaining Balance</u>	<u>Remaining Amortization Balance</u>	<u>Annual Payment</u>
		<u>-\$-</u>	<u>-\$-</u>		<u>-\$-</u>
10/1/1985	Plan Amendment	30,901	2,552	1	2,552
10/1/1985	Actuarial Loss (Gain)	(331,614)	(30,532)	1	(30,532)
10/1/1986	Assumption Change	300,679	47,628	2	24,352
10/1/1986	Actuarial Loss (Gain)	(877,812)	(155,045)	2	(79,274)
10/1/1987	Method Change	533,126	123,992	3	43,212
10/1/1987	Actuarial Loss (Gain)	(471,191)	(122,196)	3	(42,586)
10/1/1988	Actuarial Loss (Gain)	206,898	63,015	4	16,837
10/1/1989	Actuarial Loss (Gain)	53,834	19,605	5	4,283
10/1/1990	Actuarial Loss (Gain)	(137,729)	(64,725)	6	(12,042)
10/1/1991	Assumption Change	(3,244)	(1,810)	7	(295)
10/1/1991	Actuarial Loss (Gain)	(237,123)	(132,343)	7	(21,563)
10/1/1992	Assumption Change	(2,583)	(1,583)	8	(231)
10/1/1992	Actuarial Loss (Gain)	(573,171)	(351,313)	8	(51,165)
10/1/1993	Assumption Change	(42,396)	(28,464)	9	(3,764)
10/1/1993	Actuarial Loss (Gain)	(239,687)	(160,933)	9	(21,279)
10/1/1994	Assumption Change	610,808	402,782	10	48,948
10/1/1994	Actuarial Loss (Gain)	336,046	221,592	10	26,929
10/1/1995	Assumption Change	(247,322)	(196,850)	11	(22,205)
10/1/1995	Actuarial Loss (Gain)	(215,450)	(171,483)	11	(19,344)
10/1/1996	Assumption Change	(297,737)	(260,337)	12	(27,481)
10/1/1996	Actuarial Loss (Gain)	(219,757)	(192,152)	12	(20,283)
10/1/1997	Assumption Change	1,069,910	986,087	13	98,071
10/1/1997	Actuarial Loss (Gain)	(2,444,135)	(2,511,850)	13	(249,815)
10/1/1998	Plan Amendment	(268,116)	(281,559)	14	(26,536)
10/1/1998	Actuarial Loss (Gain)	(2,508,306)	(2,634,080)	14	(248,251)

⁽¹⁾ Information for bases established prior to 10/1/2012 based on October 1, 2011 actuarial report.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Schedule of Unfunded Liabilities
(As of October 1, 2014)

Amortization Payment (Fire) ⁽¹⁾

<u>Date</u>	<u>Description</u>	<u>Original Amount</u>	<u>10/01/2014 Remaining Balance</u>	<u>Remaining Amortization Balance</u>	<u>Annual Payment</u>
		<u>-\$-</u>	<u>-\$-</u>		<u>-\$-</u>
10/1/1999	Plan Amendment	114,009	122,134	15	10,962
10/1/1999	Actuarial Loss (Gain)	(2,039,340)	(2,184,641)	15	(196,078)
10/1/2000	Assumption Change	(13,798,204)	(14,273,721)	16	(1,225,276)
10/1/2000	Plan Amendment	8,646,272	8,944,242	16	767,786
10/1/2000	Actuarial Loss (Gain)	676,828	700,153	16	60,102
10/1/2000	Plan Amendment	299,541	309,866	16	26,599
10/1/2001	Actuarial Loss (Gain)	7,539,001	7,831,252	17	645,363
10/1/2002	Actuarial Loss (Gain)	9,466,755	12,581,097	18	998,621
10/1/2003	Actuarial Loss (Gain)	7,616,087	9,260,426	19	710,058
10/1/2004	Actuarial Loss (Gain)	6,692,396	7,856,364	20	583,443
10/1/2005	Plan Amendment	4,413,733	5,055,605	21	364,485
10/1/2005	Actuarial Loss (Gain)	2,591,529	2,968,400	21	214,008
10/1/2006	Actuarial Loss (Gain)	(2,040,207)	(2,302,236)	22	(161,474)
10/1/2007	Actuarial Loss (Gain)	(868,128)	(975,245)	23	(66,671)
10/1/2008	Assumption Change	(2,812,893)	(3,136,373)	24	(209,352)
10/1/2008	Actuarial Loss (Gain)	3,519,341	3,924,064	24	261,930
10/1/2009	Assumption Change	2,293,100	2,525,593	25	164,863
10/1/2009	Plan Amendment	23,114	25,459	25	1,662
10/1/2009	Actuarial Loss (Gain)	3,014,143	3,319,741	25	216,702
10/1/2010	Assumption Change	2,377,230	2,567,303	26	164,124
10/1/2010	Actuarial Loss (Gain)	(904,732)	(977,070)	26	(62,463)
10/1/2011	Actuarial Loss (Gain)	(1,874,268)	(1,949,719)	27	(122,230)
10/1/2011	Assumption Change	2,629,741	2,735,607	27	171,498
10/1/2012	Valuation Software Change	(2,713,381)	(2,783,452)	28	(171,327)
10/1/2012	Assumption Change	2,714,228	2,784,321	28	171,380
10/1/2012	Actuarial Loss (Gain)	1,168,034	1,198,198	28	73,751
10/1/2013	Assumption Change	(3,541,424)	(3,580,398)	29	(216,618)
10/1/2013	Actuarial Loss (Gain)	(1,830,796)	(1,850,946)	29	(111,984)
10/1/2014	Actuarial Loss (Gain)	(1,597,600)	(1,597,600)	30	(95,105)
10/1/2014	Plan Amendments	589	589	30	35
			<u>33,669,011</u>		<u>2,357,332</u>

⁽¹⁾ Information for bases established prior to 10/1/2012 based on October 1, 2011 actuarial report.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Reserve Account For Future Benefit Improvements Under F.L. 99-1

1. Adjusted Base Amount at 10/1/2014

<u>Year Established</u>	<u>Description</u>	<u>Ch. 185 Police -\$-</u>	<u>Ch. 175 Fire -\$-</u>	<u>Suppl. Fire -\$-</u>	<u>Total -\$-</u>
	Adjusted Base Amount as of 10/1/10	798,463	704,031	28,723	1,531,217
2012	Ordinances 2012-30/31	0	88,476	0	88,476
	Adjusted Base Amount	<u>798,463</u>	<u>792,507</u>	<u>28,723</u>	<u>1,619,693</u>

II. Reserve Account for 2013/2014

	<u>Ch. 185 Police -\$-</u>	<u>Ch. 175 Fire -\$-</u>	<u>Suppl. Fire -\$-</u>	<u>Total -\$-</u>
A. Reserve Account at September 30, 2013	215,163	317,063	138,139	670,365
B. Share Plan Allocation paid out	0	(317,063)	(138,139)	(455,202)
C. Share Plan Allocation for Reserve ⁽¹⁾	0	297,213	174,893	472,106
D. Reserve Account at September 30, 2014 (A)+ (B) + (C)	<u>215,163</u>	<u>297,213</u>	<u>174,893</u>	<u>687,269</u>
E. City Contribution Receivable for State Premium Shortfall				
1. Premium Tax Distribution for 2013	926,201	1,089,720	203,616	2,219,537
2. Adjusted Base Amount	798,463	792,507	28,723	1,619,693
3. Shortfall of State Premium Tax Distribution	0	0	0	0

⁽¹⁾ Allocated to Share Plan January 1, 2015.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Actuarial Confirmation of the Use of State Moneys

Name of actuarial firm:	<u>The Nyhart Company, Inc.</u>
Date of valuation used to determine fiscal year 2014 contributions	<u>10/1/2013</u>
Does the plan meet all chapter minimum benefits and standards?	<u>Yes</u>
Actuary's name (printed)	<u>David D. Harris</u>

Actuary's signature



Date

2/11/2015

Calculation of Additional Premium Tax Revenues (APTR)

	<u>Police</u>	<u>Fire</u>	<u>Fire Suppl.</u>	<u>Total</u>
	-\$-	-\$-	-\$-	-\$-
2014 receipts	926,201	1,089,720	203,616	
1998 receipts	<u>(667,003)</u>	<u>(494,862)</u>	<u>(28,723)</u>	
APTR	259,198	594,858	174,893	1,028,949

Calculation of cost of a chapter minimum benefits plan

Normal cost	1,656,640
Administrative expenses	581,767
30-year Amortization of UAL	4,533,942
Less Employee contributions (5% min.)	<u>(1,422,685)</u>
Total	5,349,664
APTR, minus cost of chapter minimums	(4,320,715)

Conclusion

APTR is insufficient to fund the cost of compliance with all chapter minimum benefits and standards, but the plan meets all chapter minimum benefits and standards anyway; therefore, all premium tax receipts in 2014 are available to offset required plan sponsor contributions. No premium taxes are required to be set aside or expended for missing chapter minimum benefits or extra benefits.

Based on City ordinance §34.0604, State Premium Tax Revenues for firefighters up to \$821,230 will be used to offset required plan sponsor contributions on behalf of the firefighters. Amounts in excess of this amount are allocated to the Share Plan.

Accumulated APTR balance as of fiscal year end 2013	\$670,365
Add Current year additions	472,106
Less Current year use (Share Plan Allocation)	<u>455,202</u>
Accumulated APTR balance as of fiscal year end 2014	\$687,269

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Asset Transactions

	<u>2013/2014</u>	<u>2012/2013</u>
	-\$-	-\$-
A. Market Value as of October 1	218,765,571	199,558,893
B. Adjustment to Market Value	0	0
C. Additions During Year		
1. City Contributions	4,987,315	4,372,008
2. BSO Contributions	4,735,633	3,749,433
3. Member Contributions	1,422,685	1,434,802
4. State Contributions	2,219,537	2,152,520
5. Dividends and Interest	4,424,956	4,167,327
6. Miscellaneous	<u>17,738</u>	<u>10,245</u>
7. Total	17,807,864	15,886,335
D. Deductions During Year		
1. Benefit Payments	16,331,253	14,873,937
2. DROP Distributions	4,288,162	2,485,627
3. Contribution Refunds	59,422	148,497
4. Investment Expenses	1,348,254	1,216,503
5. Administrative Expenses	<u>581,767</u>	<u>568,792</u>
6. Total	22,608,858	19,293,356
E. Gains (Losses)	<u>19,073,035</u>	<u>22,613,699</u>
F. Market Value as of September 30 (A)+(B)+(C)-(D)+I	233,037,612	218,765,571

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Asset Transactions
for Year Ending
September 30, 2014

	<u>Membership and Benefit Accounts</u>	<u>DROP Accounts</u>	<u>Total</u>
	-\$-	-\$-	-\$-
A. Market Value			
1. As of September 30, 2013	199,112,263	19,653,308	218,765,571
2. Adjustment to Market Value ⁽¹⁾	0	0	0
B. Income During Year			
1. City Contributions	4,987,315	0	4,987,315
2. BSO Contributions	4,735,633	0	4,735,633
3. Member Contributions	1,422,685	0	1,422,685
4. State Contributions	2,219,537	0	2,219,537
5. Dividends and Interest	4,424,956	0	4,424,956
6. Gains (Losses)	19,073,035	0	19,073,035
7. Income Allocation	(1,567,872)	1,567,872	0
8. Miscellaneous	<u>17,738</u>	<u>0</u>	<u>17,738</u>
9. Total	35,313,027	1,567,872	36,880,899
C. Deductions During Year			
1. Benefit/DROP Payments	19,311,843	1,307,572	20,619,415
2. Contribution Refunds	59,422	0	59,422
3. Investment Expenses	1,348,254	0	1,348,254
4. Administrative Expenses	<u>581,767</u>	<u>0</u>	<u>581,767</u>
5. Total	21,301,286	1,307,572	22,608,858
D. Market Value as of September 30, 2014			
(A)+(B)-(C)	213,124,004	19,913,608	233,037,612
E. Detail of DROP Benefit Payments			
1. Distributions		4,288,162	
2. Additions		<u>2,980,590</u>	
3. Net Benefits Paid		1,307,572	

⁽¹⁾ Adjustment to match auditor's report

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Distribution of Assets as of September 30, 2014

<u>Description</u>	<u>10/01/2014</u>	<u>10/01/2013</u>
	-\$-	-\$-
Short Term Investments	11,668,781	10,479,837
Equity Securities	131,551,881	127,914,791
Domestic Fixed Income	52,186,379	51,814,190
Real Estate	2,651,127	2,250,851
Property and Equipment	42,240	46,873
Hedge funds and private equity	39,152,051	31,977,060
A. Sub-Totals	237,252,459	224,483,602
B. Cash and Equivalents	61,375	407
Receivables:		
Prepaid Benefits	0	0
City Contributions	0	0
Accounts Receivable	291,195	98,013
State Contributions	0	0
Member Contributions	0	0
Accrued Interest and Dividends	408,610	384,945
Securities Proceeds	<u>5,773,280</u>	<u>1,266,933</u>
C. Sub-Total	6,473,085	1,749,891
Payables:		
Accounts Payable & Accrued Expenses	290,609	343,565
Payable for Securities Purchased	10,458,698	6,701,103
Advance Contribution from City	<u>0</u>	<u>423,661</u>
D. Sub-Total	<u>10,749,307</u>	<u>7,468,329</u>
Total (A+B+C-D)	233,037,612	218,765,571
Funding Adjustments:		
E. State Reserve Account (Ex. 1D)	(687,269)	(670,365)
F. DROP Accounts	(19,913,608)	(19,653,308)
Assets available for benefits	<u>212,436,735</u>	<u>198,441,898</u>

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Investment Results

1. Yield on Market Value for 12-Month Period Ending 9/30/2014

Dollar-weighted Net Return (per Graystone Consulting) 10.0%

II. History of Investment Yield Rates

<u>Period Ending</u>	<u>Actuarial Asset Value</u>	<u>Market Value</u>
	-%-	-%-
9/30/14	9.6	10.0
9/30/13	8.0	13.7
9/30/12	2.8	16.8
9/30/11	1.2	1.7
9/30/10	5.6	10.4
9/30/09	2.3	1.8
9/30/08	3.6	(14.3)
9/30/07	10.0	12.8
9/30/06	10.5	6.2
9/30/05	5.9	10.5
9/30/04	(0.7)	9.6
9/30/03	(2.4)	17.6
9/30/02	(6.3)	(11.0)
9/30/01	(0.6)	(10.3)
9/30/00	12.9	12.7
9/30/99	11.8	12.7
9/30/98	13.3	6.8
9/30/97	13.6	22.1
9/30/96	8.6	12.4
9/30/95	7.5	20.2
9/30/94	2.9	(1.6)
9/30/93	8.9	6.6
9/30/92	11.0	11.4
9/30/91	9.8	19.1
9/30/90	9.0	5.5
9/30/89	10.2	14.7
9/30/88	8.2	2.0

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Investment Results

II. History of Investment Yield Rates (continued)

<u>Period Ending</u>	<u>Actuarial Asset Value</u> ⁽¹⁾	<u>Market Value</u> ⁽²⁾
	-%-	-%-
9/30/87	9.4	12.3
9/30/86	18.6	21.6
9/30/85	14.7	16.5
9/30/84	10.5	4.3
9/30/83	11.3	17.8
9/30/82	14.9	21.8
9/30/81	9.0	5.0
9/30/80	8.6	9.6
9/30/79	9.1	7.9
9/30/78	3.1	3.5
9/30/77	2.2	(0.3)

Compounded Averages

3 Years	6.8	13.5
5 Years	5.4	10.4
10 Years	5.9	6.6
20 Years	5.7	7.6
All Years	7.5	8.6

⁽¹⁾ Net of investment expenses since 9/30/90

⁽²⁾ Net of investment expenses since 9/30/05

NOTE: Information prior to 9/30/2012 based on October 1, 2011 actuarial report.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Development of Actuarial Asset Value

1. Determination of Actuarial Asset Value as of September 30, 2014 – 20% Phase In Method

	<u>10/1/2014</u>	<u>10/1/2013</u>
	-\$-	-\$-
A. Actuarial Value of Assets at Beginning of Year	206,418,892	197,306,799
B. Market Value at End of Year	233,037,612	218,765,571
C. Market Value at Beginning of Year	218,765,571	199,558,893
D. Non-Investment/Administrative Net Cash Flow		
1. Contributions Net of Admin. Expenses	12,783,403	11,139,971
2. Benefits and Expenses	20,678,837	17,508,061
3. Net Cash Flow: 1-2	(7,895,434)	(6,368,090)
E. Investment Income		
1. Actual Total Market Return (B-C-D)	22,167,475	25,574,768
2. Assumed Rate of Return	7.50%	7.70%
3. Expected Return on Actuarial Value	15,185,338	14,947,452
4. Amount Subject to Phase-In: 1-3	6,982,137	10,627,316
F. Phase-In Recognition of Investment Income		
1. Current Year: 0.20 X E4	1,396,427	2,125,463
2. First Prior Year	2,125,463	2,708,798
3. Second Prior Year	2,708,798	(2,379,679)
4. Third Prior Year	(2,379,679)	477,785
5. Fourth Prior Year	477,785	(2,399,636)
6. Total Phase-Ins	4,328,794	532,731
G. Actuarial Value of Assets at End of Year		
1. Preliminary Actuarial Value of Assets	218,037,590	206,418,892
2. Upper Corridor Limit: 120% of B	279,645,134	262,518,685
3. Lower Corridor Limit: 80% of B	186,430,090	175,012,457
4. Adjusted Actuarial Value of Assets	218,037,590	206,418,892
5. Less: DROP Account	19,913,608	19,653,308
6. Less: State Contribution Reserve	687,269	670,365
7. Final Actuarial Asset Value for Benefits	197,436,713	186,095,219
H. Difference between Market and Actuarial Value	15,000,022	12,346,679
I. Actuarial Value Rate of Return	9.6%	8.0%
J. Market Value Rate of Return	10.0%	13.7%
K. Ratio of Actuarial Asset Value to Market Value	93.6%	94.4%

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Accounting Information

	<u>10/01/2014</u>	<u>10/01/2013</u>
I. <u>Present Value of Vested Accrued Benefits</u>	<u>7.5%</u>	<u>7.5%</u>
	-\$-	-\$-
A. Service Retirements and Beneficiaries	210,879,956	205,211,781
B. Disability Retirements	18,094,938	14,413,898
C. Vested Terminated Members	962,431	211,774
D. Active Members	<u>32,484,545</u>	<u>34,690,363</u>
E. Total	262,421,870	254,527,816
II. <u>Present Value of Non-Vested Accrued Benefits</u>	<u>6,118,154</u>	<u>7,859,023</u>
III. <u>Present Value of Accrued Benefits</u>	268,540,024	262,386,839

IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and ASC 960 (formerly FASB Statement No. 35, Accounting and Reporting by Defined Benefit Pension Plans.)

V. Statement of Changes in Accrued Benefits

A: Present Value of Accrued Benefits at Beginning of Prior Year	262,386,839
B. Increase (Decrease) During the Year Attributable to:	
1. Benefits Accumulated	7,924,812
2. Benefits Paid and Contributions Refunded	(20,678,837)
3. Assumption Changes	0
4. Plan Amendments	3,653
5. Increase Due to Decrease in Discount Period	<u>18,903,557</u>
6. Net Increase	6,153,185
C. Present Value of Accrued Benefits at Valuation Date	268,540,024

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Accounting Information – Police

	<u>10/01/2014</u>	<u>10/01/2013</u>
I. <u>Present Value of Vested Accrued Benefits</u>	<u>7.5%</u>	<u>7.5%</u>
	-\$-	-\$-
A. Service Retirements and Beneficiaries	123,354,167	118,967,665
B. Disability Retirements	9,013,028	8,250,938
C. Vested Terminated Members	962,431	211,774
D. Active Members	<u>7,088,215</u>	<u>10,221,648</u>
E. Total	140,417,841	137,652,025
II. <u>Present Value of Non-Vested Accrued Benefits</u>	<u>1,166,130</u>	<u>2,672,518</u>
III. <u>Present Value of Accrued Benefits</u>	141,583,971	140,324,543
IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and ASC 960 (formerly FASB Statement No. 35, <u>Accounting and Reporting by Defined Benefit Pension Plans.</u>)		
V. <u>Statement of Changes in Accrued Benefits</u>		
A. Present Value of Accrued Benefits at Beginning of Prior Year		140,324,543
B. Increase (Decrease) During the Year Attributable to:		
1. Benefits Accumulated		1,798,530
2. Benefits Paid and Contributions Refunded		(10,663,559)
3. Assumption Changes		0
4. Plan Amendments		0
5. Increase Due to Decrease in Discount Period		<u>10,124,457</u>
6. Net Increase		1,259,428
C. Present Value of Accrued Benefits at Valuation Date		141,583,971

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Accounting Information – Fire

	<u>10/01/2014</u>	<u>10/01/2013</u>
I. <u>Present Value of Vested Accrued Benefits</u>	<u>7.5%</u>	<u>7.5%</u>
	<u>-\$-</u>	<u>-\$-</u>
A. Service Retirements and Beneficiaries	87,525,789	86,244,116
B. Disability Retirements	9,081,910	6,162,960
C. Vested Terminated Members	0	0
D. Active Members	<u>25,396,330</u>	<u>24,468,715</u>
E. Total	122,004,029	116,875,791
II. <u>Present Value of Non-Vested Accrued Benefits</u>	<u>4,952,024</u>	<u>5,186,505</u>
III. <u>Present Value of Accrued Benefits</u>	126,956,053	122,062,296
IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and ASC 960 (formerly FASB Statement No. 35, <u>Accounting and Reporting by Defined Benefit Pension Plans.</u>)		
V. <u>Statement of Changes in Accrued Benefits</u>		
A. Present Value of Accrued Benefits at Beginning of Prior Year		122,062,296
B. Increase (Decrease) During the Year Attributable to:		
1. Benefits Accumulated		6,126,282
2. Benefits Paid and Contributions Refunded		(10,015,278)
3. Assumption Changes		0
4. Plan Amendments		3,653
5. Increase Due to Decrease in Discount Period		<u>8,779,100</u>
6. Net Increase		4,893,757
C. Present Value of Accrued Benefits at Valuation Date		126,956,053

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Funding Progress
(\$000)

	<u>10/01/2014</u>	<u>10/01/2013</u>	<u>10/01/2012</u>
	-\$-	-\$-	-\$-
I. <u>Assets</u>			
A. Actuarial Value	197,437	186,095	179,510
B. Market Value	212,437	198,442	181,762
II. <u>Liabilities</u>			
A. Retired and Vested	229,937	219,838	213,195
B. Active			
Employee Contributions	14,198	14,765	15,326
Other Vested	18,287	19,925	32,565
Non-Vested Accrued	<u>6,118</u>	<u>7,859</u>	<u>2,096</u>
C. Total Accrued	268,540	262,387	263,182
III. <u>Ratios</u>	%	%	%
IA/IIC	73.5	70.9	68.2
IB/IIC	79.1	75.6	69.1

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Member Statistics

I. Active Members

	<u>Valuation Date</u>		
	<u>10/01/2014</u>	<u>10/01/2013</u>	<u>10/01/2012</u>
<u>Number</u>	163	165	182
<u>Averages</u>			
Current Age	38.9	39.6	39.1
Past Service	11.0	11.9	11.8
Annual Earnings	\$80,158	\$78,476	\$79,302

II. Inactive Members

A. Retirees, Beneficiaries and DROP

Number (DROP)	44	49	46
Number (Retirees and Beneficiaries)	319	308	301
Average Annual Benefit	\$49,336	\$48,178	\$46,911
Average Age	62.2	61.6	61.2

B. Disabled

Number	30	26	25
Average Annual Benefit	\$53,218	\$50,823	\$48,305
Average Age	56.0	56.8	55.6

C. Vested Terminated

Number	2	1	1
Average Annual Benefit	\$46,630	\$32,917	\$32,917
Average Age	45.7	45.6	44.6

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Age-Service Distribution as of October 1, 2014

Fire

<u>Age</u>	<u>Completed Years of Service</u>							<u>Total</u>	<u>Earnings</u>	
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>		<u>Total</u>	<u>Avg.</u>
									<u>-\$-</u>	<u>-\$-</u>
15-24	4	-	-	-	-	-	-	4	228,848	57,212
25-29	13	7	-	-	-	-	-	20	1,234,937	61,747
30-34	7	13	11	-	-	-	-	31	2,322,763	74,928
35-39	1	10	21	-	-	-	-	32	2,542,971	79,468
40-44	-	6	21	6	3	-	-	36	3,060,317	85,009
45-49	1	1	9	4	1	-	-	16	1,404,461	87,779
50-54	-	1	4	3	2	-	-	10	927,548	92,755
55-59	-	-	-	-	-	-	-	-	-	-
60-64	-	1	-	-	-	-	-	1	103,013	103,013
65+	-	-	-	-	-	-	-	-	-	-
TOTAL	26	39	66	13	6	-	-	150	11,824,858	78,832

Average Age: 38.2

Average Service: 10.2

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Age-Service Distribution as of October 1, 2014

Police

<u>Age</u>	<u>Completed Years of Service</u>							<u>Total</u>	<u>Earnings</u>	
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>		<u>Total</u>	<u>Avg.</u>
									<u>-\$-</u>	<u>-\$-</u>
15-24	-	-	-	-	-	-	-	-	--	--
25-29	-	-	-	-	-	-	-	-	--	--
30-34	-	-	-	-	-	-	-	-	--	--
35-39	-	-	-	2	-	-	-	2	189,458	94,729
40-44	-	-	-	1	2	-	-	3	346,043	115,348
45-49	-	-	-	2	3	1	-	6	540,635	90,106
50-54	-	-	-	2	-	-	-	2	164,758	82,379
55-59	-	-	-	-	-	-	-	-	--	--
60-64	-	-	-	-	-	-	-	-	--	--
65+	-	-	-	-	-	-	-	-	--	--
TOTAL	-	-	-	7	5	1	-	13	1,240,894	95,453

Average Age: 46.2

Average Service: 20.5

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Reconciliation of Participant Counts

	<u>Fire</u>				
	<u>Actives</u>	<u>Retirees & Beneficiaries</u>	<u>DROP</u>	<u>Disabled</u>	<u>Vested Terminated</u>
10/01/2013	144	107	43	11	0
Changes due to:					
Retirement	(2)	2			
Termination – Refund	(1)				
Vested Termination					
Disability	(1)	(3)		4	
Death		(1)		(1)	
DROP Entry	(4)		4		
DROP Exit		10	(10)		
New Beneficiary					
New Hires	14				
Data Changes					
	—	—	—	—	—
10/01/2014	150	115	37	14	0

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Reconciliation of Participant Counts

Police

	<u>Actives</u>	<u>Retirees & Beneficiaries</u>	<u>DROP</u>	<u>Disabled</u>	<u>Vested Terminated</u>
10/01/2013	21	201	6	15	1
Changes due to:					
Retirement	(4)	4			
Termination – Refund					
Vested Termination	(1)				1
Disability	(1)			1	
Death		(4)			
DROP Entry	(2)		2		
DROP Exit		1	(1)		
New Beneficiary		2			
New Hires					
Data Changes					
	_____	_____	_____	_____	_____
10/01/2014	13	204	7	16	2

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Reconciliation of Participant Counts

	<u>Total</u>				
	<u>Actives</u>	<u>Retirees & Beneficiaries</u>	<u>DROP</u>	<u>Disabled</u>	<u>Vested Terminated</u>
10/01/2013	165	308	49	26	1
Changes due to:					
Retirement	(6)	6			
Termination – Refund	(1)				
Vested Termination	(1)				1
Disability	(2)	(3)		5	
Death		(5)		(1)	
DROP Entry	(6)		6		
DROP Exit		11	(11)		
New Beneficiary		2			
New Hires	14				
Data Changes					
	_____	_____	_____	_____	_____
10/01/2014	163	319	44	30	2

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal System Provisions

Ordinances and Effective Date:	Plan established under the Code of Ordinances for the City of Pompano Beach, Florida, Sections 34.045-34.073 and was most recently amended under Ordinance No. 2014-61, passed and adopted on September 23, 2014. The Plan is also governed by certain provisions of Chapters 175 and 185, <u>Florida Statutes</u> , Part VII, Chapter 112, <u>Florida Statutes</u> (F.S.) and the Internal Revenue Code.
Effective Date:	August 15, 1972.
Plan Year:	October 1 through September 30.
Type of Plan:	Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.
Eligibility Requirements:	<ol style="list-style-type: none">(1) All Police Officers and Dispatchers who were participants of the prior Employees' Pension Plan and(2) Police Officers and Dispatchers who elected to remain in the Plan prior to the takeover of the police department by the Broward Sheriff's Office on 8/1/99.(3) All Firefighters who were participants in the prior Employees' Pension Plan; and(4) All regular, full time Firefighters (20 hours per week and 5 months per year) from age 18, upon date of employment.
Continuous Service:	Continuous Service is measured as the total number of years and completed months from the date of employment to the date of termination or retirement. No service is credited for any periods of employment for which a member received a refund of contributions.
Earnings:	Police Officers: Basic compensation and regular longevity pay, increased for temporary upgrade pay. Also includes up to 25 hours per year of overtime pay. Firefighters: Basic compensation and regular longevity pay, increased for temporary upgrade pay.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal System Provisions
(Continued)

Average Monthly
Earnings (AME)

For members hired before May 27, 2014:
The average of Earnings during the highest 3 years preceding
termination; not including lump sum payments of unused leave.

For members hired after May 27, 2014:

The average of Earnings during the highest 5 years preceding
termination; not including lump sum payments of unused leave.

Normal Retirement:

Eligibility:

A member hired before May 27, 2014 may retire on the first day of the
month coincident with or next following the earlier of:

- (1) age 47 with 20 years of Continuous Service, or
- (2) age 55 with 10 years of Continuous Service.

A Firefighter member hired on or after May 27, 2014 may retire on the
first day of the month coincident with or next following the earlier of:

- (1) age 50 with 20 years of Continuous Service, or
- (2) age 55 with 10 years of Continuous Service.

Police Benefit: 3.0% of AME multiplied by years of Continuous Service
up to a maximum of 25 years, plus 2.0% of AME multiplied by years of
Continuous Service in excess of 37.5.

Firefighter Benefit: 3.0% of AME multiplied by the first 10 years
Continuous Service, plus 4.0% of AME multiplied by the next 10 years,
plus 2.0% of AME multiplied by the next 5 years with a maximum
benefit equal to 80% of AME; plus 2% of AME multiplied by each year
of service in excess of 40.

Normal Form of Benefit: 10 Years Certain and Life; other options are
also available.

COLA: Beginning five years after benefit payments begin, retirees
receive an automatic annual increase of 2% on each October 1. An
additional annual increase of up to 1% is payable if certain conditions are
met.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal System Provisions
(Continued)

Early Retirement:

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon the completion of 20 years of Continuous Service or the attainment of age 50 with 10 years of Continuous Service.

Benefit: The member's accrued Normal Retirement Benefit based upon the member's AME and Continuous Service as of the date of termination. Benefit is actuarially reduced for each year by which the Early Retirement date precedes the member's Normal Retirement date. The Early Retirement reduction is 3% per year if early retirement occurs after age 50.

Normal Form of Benefit: 10 Years Certain and Life; other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

Delayed Retirement:

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

**Service Connected
Disability:**

Eligibility: Any active member who becomes totally and permanently disabled and unable to perform regular duties or any other duties available in the Department from an act occurring in the performance of duty for the City is eligible for a disability benefit.

Benefit:

75% of rate of Earnings in effect on the date of disability (for Firefighters, not to be less than the accrued benefit).

Normal Form of Benefit: Benefits begin on the first day of the month following the date the Board approves the disability and are payable until death or recovery from disability. If the member dies before receiving payments for 10 years, the member's designated beneficiary will receive the same monthly benefit for the remainder of the 10 year period. Other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal System Provisions
(Continued)

Non-Service

Connected Disability:

Eligibility: Any active member with 10 or more years of Continuous Service who becomes totally and permanently disabled and unable to perform regular duties or any other duties available in the Department from an act not directly caused by the performance of duty for the City is eligible for a disability benefit.

Benefit: 3.0% of AME multiplied by years of Continuous Service subject to a maximum of 60% of the rate of Earnings on the date of disability, plus 2.0% of AME multiplied by years of Continuous Service in excess of 25. Disability benefit is guaranteed to be no less than 25% of AME.

Normal Form of Benefit: Benefits begin on the first day of the month following the date the Board approves the disability and are payable until death or recovery from disability. If the member dies before receiving payments for 10 years, the member's designated beneficiary will receive the same monthly benefit for the remainder of the 10 year period. Other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal System Provisions

(Continued)

Death in the
Line of Duty:

Eligibility: Any member who dies as a direct result of an occurrence arising in the performance of service for the City is eligible for survivor benefits.

Benefit: (1) \$5,000 lump sum paid to the member's designated beneficiary;
plus
(2) Member's spouse will receive 75% of member's Earnings; plus
(3) Each unmarried child under age 18 (22 if full-time student) will receive 7 ½% of member's Earnings. If there is no spouse, benefits increase to 15% per child.

Maximum benefit to spouse and children is 90% of earnings; if no spouse, maximum for children is 50% of Earnings.

Normal Form of Benefit: Spouse's benefits are paid until death or remarriage; children's benefits are paid until the earlier of age 18 (22 if full-time student), marriage or death.

COLA: Beginning five years after benefit payments begin, beneficiaries receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

Other Pre-
Retirement Death:

Eligibility: Any member with 1 or more years of Continuous Service who dies while employed by the City is eligible for survivor benefits.

Benefit: (A) For members with less than 1 year of Continuous Service, no survivor benefits are payable.

(B) For members with 1 year, but less than 5 years, of Continuous Service, the designated beneficiary will be paid a \$5,000 lump sum.

I For members with 5 years, but less than 10 years, of Continuous Service:

(1) \$5,000 lump sum paid to the member's designated beneficiary;
plus
(2) Member's spouse will receive 65% of member's accrued pension as of the date of death subject to a minimum of 20% of AME; plus
(3) Each unmarried child under age 18 (22 if full-time student) will receive 7 ½% of member's Earnings. If there is no spouse, benefits increase to 15% of member's Earnings per child.

Maximum benefit to spouse and children is 50% of earnings.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal System Provisions

(D) For members with 10 or more years of Continuous Service, the designated beneficiary can elect to receive benefits described under subsection I above or the member's accrued benefit as of the date of death. Benefits are payable at the member's Normal or Early Retirement date and will be reduced for Early Retirement, when applicable.

Normal Form of Benefit: Spouse's benefits are paid until death or remarriage; children's benefits are paid until the earlier of age 18 (22 if full-time student), marriage or death.

COLA: Beginning five years after benefit payments begin, beneficiaries receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.

Post Retirement Death: Benefit determined by the form of benefit elected upon retirement.

Optional Forms: In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity option or the 50%, 66 2/3%, 75% or 100% Joint and survivor options.

Vested Termination: Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service (See vesting table below).

Years of Credited Service	% of Normal Retirement Benefits
Less Than 10	0%
10 or more	100%

Benefit: The member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the member's Normal Retirement date. Alternatively, members may elect to receive an actuarially reduced Early Retirement Benefit.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2%. An additional annual increase of up to 1% is payable if certain conditions are met.

Plan members with less than 10 years of Credited Service will receive a refund of accumulated contributions with interest.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal System Provisions
(Continued)

- Refunds:** Eligibility: All members terminating employment with less than 10 years of Credited Service are eligible. Optionally, vested members (those with 10 or more years of credited service) may elect a refund in lieu of the vested benefits otherwise due.
- Benefit: Refund of the member's contributions with interest. Interest is currently credited at a rate of 3%.
- Member Contributions:** Police: 8.6% of Earnings, paid by BSO.
Firefighters: 11.6% of Earnings "picked up" by the City, reduced to 0.5% after 25 years of service and reaching maximum benefit of 80%, reverting back to 11.6% if member does not enter DROP.
- Employer Contributions:** Chapters 175 and 185 Premium Tax Refunds and any additional amount determined by the actuary needed to fund the plan properly according to State laws.
- Cost of Living Increases:** Beginning five years after benefit payments begin, retirees and their beneficiaries receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met.
- Deferred Retirement Option Plan:** Eligibility: Plan members hired before May 27, 2014 are eligible for the DROP on the first day of the month coincident with or next following the earlier of:
- (1) age 47 with 20 years of Continuous Service, or
 - (2) age 55 with 10 years of Continuous Service.
- Plan members hired after May 27, 2014 are eligible for the DROP on the first day of the month coincident with or next following the earlier of:
- (1) age 50 with 20 years of continuous service, or
 - (2) age 55 with 10 years of continuous service.
- Members who meet eligibility must submit a written election to participate in the DROP.
- Benefit: The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.
- In addition, the members accumulated sick and annual leave pay will be paid in 5 equal annual installments on the member's DROP participation anniversary dates.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Principal System Provisions
(Continued)

Maximum DROP Period: 60 months for Police, 96 months for Firefighters.

Interest Credited: The member's DROP account is credited or debited quarterly at a rate equal to one of the following as elected by the member:

- (1) the actual net rate of investment return realized by the Plan for that quarter, or
- (2) a rate set quarterly by the Board of Trustees, or
- (3) the actual net rate of investment return realized by a separate investment account made available by the Board of Trustees but the investment proportions designated by the member.

Normal Form of Benefit: The member's DROP account is paid out under one of the following options as elected by the member:

- (1) a full single lump sum payment, or
- (2) annual installments in amounts as requested by the member by June 30th of each year, or
- (3) equal monthly installments as requested by the member by June 30th of each year, or
- (4) a single lump sum of the remaining balance after any annual or monthly installments have been made under options (2) or (3) above.

COLA: Beginning five years after benefit payments begin, retirees receive an automatic annual increase of 2% on each October 1. An additional annual increase of up to 1% is payable if certain conditions are met. For Firefighters, if participant leaves the DROP after five years, the COLA begins when participant leaves the DROP.

Other Ancillary Benefits: There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Pompano Beach Police Officers' and Firefighters' Retirement Plan liability if continued beyond the availability of funding by the current funding source.

Changes from
Previous Valuation:

For members hired after May 27, 2014: Retirement and DROP eligibility is changed to the earlier of the following:

- (1) age 50 with 20 years of continuous service, or
- (2) age 55 with 10 years of continuous service;

and Average Monthly Earnings (AME) shall be based on the highest 5 years preceding termination.

For firefighters, the service connected disability benefits will not be less than the accrued benefit.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis

Valuation Date: October 1, 2014 for Fiscal Year beginning October 1, 2015.

Valuation Method: Individual Entry Age Normal Cost Method; Closed Group; All new bases are to be amortized over 30 years from the date established.

Asset Valuation Method: 20% Phase-In Method: Actuarial value of assets is equal to expected value phase in the difference between the expected investment earnings and actual investment earnings at the rate of 20% per year. The result cannot be greater than 120% of market value or less than 80% of market value.

Actuarial Assumptions:

Investment Discount/
Investment Return: 7.5%, compounded annually, net of investment expenses.

Salary Increases: 2.5%, compounded annually for inflation plus a seniority/merit scale using the following representative rates:

<u>Merit and Seniority</u>	
<u>Years of Service</u>	
1	8.5%
2	7.5%
3	7.0%
4	6.0%
5	4.5%
6	4.5%
7	3.5%
8-20	1.5%
21 and Higher	0.5%

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis

Mortality: RP-2000 Combined Mortality table for males and females set forward 5 years, with fully generational Scale AA mortality improvements:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.0376%	.0207%
30	.0773%	.0475%
40	.1508%	.1124%
50	.3624%	.2717%
60	1.2737%	.9706%
70	3.7834%	2.8106%

Disabled Mortality: RP-2000 Disabled Mortality table for males and females, set forward 5 years, with fully generational Scale AA mortality improvements.

Retirement: Service based rates as follows:

<u>After First Eligibility for Normal Retirement</u>	<u>Police %</u>	<u>Fire %</u>
0	80	35
1	50	30
2	75	30
3	100	30
4		30
5+		100

DROP Participation: No distinction is made between retirement and DROP entry.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis
(Continued)

Turnover:

Specimen rates are shown below:

<u>Years of Service</u>	<u>% of Active Members Separating Within Next Year</u>
1-49	5.0%
1-2	5.0
2-3	4.0
3-4	4.0
4-5	4.0
5-6	2.0
6-7	2.0
7-8	2.0
8-9	0.5
9-10	0.5

(For greater than 10 years service)

<u>Ages</u>	<u>% of Active Members Separating Within Next Year</u>
25-29	0.5%
30-34	0.5
35-39	0.5
40-44	0.5
45-49	0.5

Disability:

Specimen rates for all groups are shown below:

<u>Sample Ages</u>	<u>% Becoming Disabled Within Next Year</u>
25	0.15%
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00
55	1.59

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis
(Continued)

Type of Disability:	75% of the disabilities are expected to be service-connected disabilities, and 25% are expected to be non-service connected.
Recovery:	No probabilities of recovery are used.
Disability Offsets:	Disability benefits for service-incurred disabilities of active members are assumed to be offset by 50% of Workers' compensation benefits; benefits valued for disability retirees are net of all current offsets.
Workers' Compensation:	Current offsets are assumed to continue.
Type of Death:	75% of the assumed deaths are expected to be service-connected deaths and 25% are assumed to be non-service-connected.
DROP Participation:	No distinction is made between retirement and DROP entry.
Spouses' Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	100% of employees are assumed to be married.
State Contributions:	Premium tax refunds under Chapters 175 and 185 are assumed to be the same as in the prior year.
Administrative Expenses:	One year term cost method, assumed to be equal to the average of the prior two years' expenses.
Withdrawal of Employee Contributions:	It is assumed that employees withdraw their contribution balances upon employment termination, if not vested. If vested, employees are assumed to not withdraw contributions, with monthly benefit deferred to age 52.
Military Buyback:	None.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Summary of Actuarial Basis
(Continued)

Adjustments from Valuation Date:	Expected interest and salary increases are added for one year from the valuation date.
Sources of Data:	Asset statements were provided by auditor; membership data was furnished by Plan Administrator.
Changes Since Prior Valuation:	None.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Information Under Florida Statutes

History of Economic Results

<u>Year Ending</u>	<u>Salary Increases</u>		<u>Investment Returns</u>		<u>Payroll Growth</u>	
	<u>Actual</u>	<u>Assumed</u>	<u>Actual</u> ⁽¹⁾	<u>Assumed</u>	<u>Actual</u>	<u>Assumed</u>
	-%-	-%-	-%-	-%-	-%-	-%-
9/30/14	5.5	5.2	10.0	7.5	0.9	N.A.
9/30/13	1.4	7.0	13.7	7.7	(9.0)	N.A.
9/30/12	1.6	6.9	16.8	7.9	(7.0)	N.A.
9/30/11	(1.5)	6.4	1.7	8.1	(7.7)	N.A.
9/30/10	5.0	6.5	10.4	8.3	(7.6)	N.A.
9/30/09	3.0	7.0	1.8	8.5	(4.0)	N.A.
9/30/08	7.4	7.0	(14.3)	8.5	(1.4)	N.A.
9/30/07	6.2	6.0	12.8	8.5	2.8	N.A.
9/30/06	4.3	6.0	6.2	8.5	0.2	N.A.
9/30/05	6.8	6.0	10.5	8.5	2.2	N.A.
9/30/04	6.8	6.0	9.6	8.5	1.2	N.A.
9/30/03	6.3	6.0	17.6	8.5	9.7	N.A.
9/30/02	5.7	6.0	(11.0)	8.5	3.1	N.A.
9/30/01	7.0	6.0	(10.3)	8.5	1.1	N.A.
9/30/00	10.5	6.0	12.7	8.0	11.4	N.A.
9/30/99	5.1	6.0	12.7	8.0	(11.6)	N.A.
9/30/98	5.8	6.3	6.8	8.0	0.2	N.A.
9/30/97	3.5	6.3	22.1	8.3	(2.7)	N.A.
9/30/96	6.0	7.0	12.4	8.3	(10.6)	N.A.
9/30/95	5.0	7.0	20.2	8.3	3.3	N.A.
9/30/94	5.7	7.0	(1.6)	8.5	4.5	N.A.
9/30/93	6.8	7.0	6.6	8.5	5.1	N.A.
9/30/92	5.6	7.0	11.4	8.5	4.1	N.A.
9/30/91	6.2	7.0	19.1	8.5	3.6	N.A.
9/30/90	4.7	7.0	5.5	8.5	8.3	N.A.
9/30/89	7.5	7.0	14.7	8.5	14.0	N.A.
9/30/88	8.6	7.0	2.0	8.5	9.8	N.A.

⁽¹⁾ Based on mean market asset values for periods ending 9/30. After 9/30/05, returns are net of investment expenses.

Amortization of Unfunded Liability

<u>Valuation Date</u>	<u>Unfunded Liability</u>	<u>Amortization</u>
	- \$-	- \$-
10/01/2014	81,841,009	6,314,322
10/01/2015	81,191,195	6,452,564
10/01/2016	80,344,027	6,663,482
10/01/2043	(337,982)	(337,982)

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Information to Comply with Florida SB 534 (as interpreted)

	Valuation ⁽¹⁾ 7.50%	200 bp ⁽²⁾ 5.50%	Funding Rate ⁽²⁾ 7.50%	+ 200 bp ⁽²⁾ 9.50%
I. Total Pension Liability				
a. Service Cost	3,645,948	3,645,948	3,645,948	3,645,948
b. Interest	21,340,649	21,340,649	21,340,649	21,340,649
c. Benefit changes	0	0	0	0
d. Difference between expected and actuarial experience	(1,213,699)	(1,213,699)	(1,213,699)	(1,213,699)
e. Changes in assumptions	0	110,807,968	30,665,676	(24,652,298)
f. Benefit payments	(20,619,415)	(20,619,415)	(20,619,415)	(20,619,415)
g. Contribution refunds	(59,422)	(59,422)	(59,422)	(59,422)
h. Net change in pension liability	3,094,061	113,902,029	33,759,737	(21,558,237)
i. Total pension liability – beginning of year	291,235,461	291,235,461	291,235,461	291,235,461
j. Total pension liability – end of year	294,329,522	405,137,490	324,995,198	269,677,224
II. Plan fiduciary net position				
a. Contributions – Employer	9,722,948	9,722,948	9,722,948	9,722,948
b. Contributions – State	1,422,685	1,422,685	1,422,685	1,422,685
c. Contributions – Member	2,219,537	2,219,537	2,219,537	2,219,537
d. Net investment income	22,149,737	22,149,737	22,149,737	22,149,737
e. Benefit payments	(20,619,415)	(20,619,415)	(20,619,415)	(20,619,415)
f. Contribution refunds	(59,422)	(59,422)	(59,422)	(59,422)
g. Administrative expense	(581,767)	(581,767)	(581,767)	(581,767)
h. Other	17,738	17,738	17,738	17,738
i. Net change in plan fiduciary net position	14,272,041	14,272,041	14,272,041	14,272,041
j. Plan fiduciary net position – beginning of year	218,765,571	218,765,571	218,765,571	218,765,571
k. Plan fiduciary net position – end of year	233,037,612	233,037,612	233,037,612	233,037,612
III. Net pension liability/(asset) [1;-2k]	61,291,910	172,009,878	91,957,586	36,639,612
IV. Funded Ratio	79.18%	57.52%	71.70%	86.41%
V. Years that Assets support expected benefit payments	13	12	14	16
VI. Recommended Contribution				
- Annual Dollar Value	8,062,921	15,730,085	10,191,957	5,446,988
- Percentage of Payroll	60.64%	118.30%	76.65%	40.97%

(1) This information is based on the assumptions noted in Exhibit 8.

(2) This information is based on the assumptions noted in Exhibit 8 except for the interest rate as noted above and the mortality table of RP 2000 with generational projection using Scale AA.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Sustainment of Expected Benefit Payments

Mortality: Valuation
Interest: 7.50%

<u>Year</u>	<u>Market Value of Assets</u>	<u>Investment Return</u>	<u>Benefit Payments</u>
	-\$-	-\$-	-\$-
1	212,436,735 ⁽¹⁾	14,473,407	39,632,444 ⁽¹⁾
2	187,277,698	13,307,018	20,064,315
3	180,520,401	12,783,614	20,515,299
4	172,788,716	12,181,880	21,108,907
5	163,861,689	11,498,604	21,482,293
6	153,878,000	10,740,747	21,728,892
7	142,889,855	9,893,682	22,352,281
8	130,431,256	8,939,428	22,891,593
9	116,479,091	7,869,380	23,533,487
10	100,814,984	6,676,054	24,036,396
11	83,454,642	5,351,033	24,660,894
12	64,144,781	3,877,343	25,352,064
13	42,670,060	2,248,540	25,846,313
14	19,072,287		26,306,211

⁽¹⁾ Assets and benefit payments include the DROP balance at 9/30/2014.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Sustainment of Expected Benefit Payments

Mortality: SB534
Interest: 5.50%

<u>Year</u>	<u>Market Value of Assets</u>	<u>Investment Return</u>	<u>Benefit Payments</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>
1	212,436,735 ⁽¹⁾	10,607,673	39,670,874 ⁽¹⁾
2	183,373,534	9,537,505	20,199,047
3	172,711,992	8,935,996	20,756,494
4	160,891,494	8,266,461	21,471,807
5	147,686,148	7,526,404	21,979,042
6	133,233,510	6,720,935	22,368,790
7	117,585,655	5,839,231	23,145,432
8	100,279,454	4,868,267	23,850,247
9	81,297,474	3,801,985	24,671,152
10	60,428,307	2,635,449	25,361,558
11	37,702,198	1,363,060	26,189,109
12	12,876,149		27,096,348

⁽¹⁾ Assets and benefit payments include the DROP balance at 9/30/2014.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Sustainment of Expected Benefit Payments

Mortality: SB534
Interest: 7.50%

<u>Year</u>	<u>Market Value of Assets</u> -\$-	<u>Investment Return</u> -\$-	<u>Benefit Payments</u> -\$-
1	212,436,735 ⁽¹⁾	14,471,992	39,670,874 ⁽¹⁾
2	187,237,853	13,299,068	20,199,047
3	180,337,874	12,761,044	20,756,494
4	172,342,424	12,135,045	21,471,807
5	163,005,662	11,416,111	21,979,042
6	152,442,731	10,609,540	22,368,790
7	140,683,481	9,698,998	23,145,432
8	127,237,047	8,664,563	23,850,247
9	112,051,363	7,495,409	24,671,152
10	94,875,620	6,181,806	25,361,558
11	75,695,868	4,712,853	26,189,109
12	54,219,612	3,068,727	27,096,348
13	30,191,991	1,240,139	27,816,481
14	3,615,649		28,513,943

⁽¹⁾ Assets and benefit payments include the DROP balance at 9/30/2014.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Sustainment of Expected Benefit Payments

Mortality: SB534
Interest: 9.50%

<u>Year</u>	<u>Market Value of Assets</u>	<u>Investment Return</u>	<u>Benefit Payments</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>
1	212,436,735 ⁽¹⁾	18,339,870	39,670,874 ⁽¹⁾
2	191,105,731	17,217,355	20,199,047
3	188,124,039	16,908,216	20,756,494
4	184,275,761	16,509,423	21,471,807
5	179,313,377	16,014,449	21,979,042
6	173,348,784	15,429,720	22,368,790
7	166,409,714	14,734,455	23,145,432
8	157,998,737	13,902,692	23,850,247
9	148,051,182	12,919,566	24,671,152
10	136,299,596	11,771,115	25,361,558
11	122,709,153	10,441,606	26,189,109
12	106,961,650	8,903,477	27,096,348
13	88,768,779	7,141,724	27,816,481
14	68,094,022	5,145,244	28,513,943
15	44,725,323	2,894,210	29,181,895
16	18,437,638		29,845,157

⁽¹⁾ Assets and benefit payments include the DROP balance at 9/30/2014.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

History of Salary Increases for
Participants Continuing from Prior
Valuation Who are Under Assumed Retirement Age

Plan Year Ending	Average Salary Increase	
	Police %	Fire %
2014	3.7	5.7
2013	(0.8)	1.8
2012	0.5	1.9
2011	(1.7)	(1.5)
2010	10.2	3.0
2009	4.7	2.2
2008	4.7	8.9
2007	4.4	7.3
2006	3.9	4.5
2005	4.4	8.8
2004	5.5	8.1
2003	5.3	7.3
2002	7.4	4.1
2001	2.0	12.7
2000	12.7	7.7
1999	4.9	5.5
1998		5.8
1997		3.5
1996		6.0
1995		5.0
1994		5.7
1993		6.8
1992		5.6
1991		6.2
1990		4.7
1989		7.5
1988		8.6
1987		8.1
1986		8.2
1985	5.1	6.6
1984	7.9	10.0
1983	7.2	8.8
1982	10.7	12.3
1981	11.1	11.8

Notes: Information prior to 2012 from prior actuary.

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

History of Premium Tax Refunds
(175 and 185 Combined)

<u>Year</u>	<u>Amount</u> -\$-	<u>Increase (Decrease) Over</u> <u>Previous Year</u> -%-
2014	2,219,537	3.1
2013	2,152,520	5.8
2012	2,034,578	(0.9)
2011	2,052,947	9.0
2010	1,884,143	(21.8)
2009	2,408,197	5.8
2008	2,276,364	23.9
2007	1,837,189	4.3
2006	1,762,094	5.3
2005	1,672,927	0.0
2004	1,673,071	6.8
2003	1,567,239	5.8
2002	1,481,280	(0.2)
2001	1,484,938	20.0
2000	1,237,362	3.4
1999	1,197,163	(0.3)
1998	1,201,010	9.2
1997	1,099,822	7.4
1996	1,023,764	11.7
1995	916,244	2.0
1994	898,599	18.3
1993	759,379	1.6
1992	747,284	(4.7)
1991	783,811	(1.1)
1990	792,414	2.5
1989	772,806	3.0
1988	750,608	11.2
1987	674,924	14.5
1986	589,432	31.5
1985	448,273	9.1
1984	410,800	5.9
1983	387,786	9.2
1982	355,199	8.8
1981	326,419	9.3
1980	298,540	5.4
1979	283,243	13.8
1978	248,946	12.0
1977	222,228	21.1
1976	183,470	13.5
1975	161,588	14.5
1974	71,441	(1.0)
1973	71,948	40.0
1972	51,574	(9.0)
1971	56,680	23.0
1970	46,131	34.0
1969	34,542	9.0
1968	31,722	7.0
1967	29,553	6.0
1966	27,812	12.0
1965	24,906	3.0
1964	24,196	7.0
1963	22,626	15.0
1962	19,754	(14.0)
1961	23,089	16.0
1956-60	84,097	--
1951-55	36,833	--
1946-50	18,565	--
1940-45	9,840	--

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Asset Allocation

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Actuarial Value at 10/1/13	95,959,296	110,459,596	206,418,892
Contribution by			
- Members	135,811	1,286,874	1,422,685
- City	-	4,987,315	4,987,315
- BSO	4,735,633	-	4,735,633
- State	<u>926,201</u>	<u>1,293,336</u>	<u>2,219,537</u>
- Total	5,797,645	7,567,525	13,365,170
Net Earnings Recognized	9,001,119	10,513,013	19,514,132
Disbursements			
- Benefit Payment	10,663,559	9,955,856	20,619,415
- Refunds	-	59,422	59,422
- Administrative Expenses	<u>268,347</u>	<u>313,420</u>	<u>581,767</u>
- Total	10,931,906	10,328,698	21,260,604
Actuarial Value at 10/1/14	99,826,154	118,211,436	218,037,590
DROP Account Balance	5,711,566	14,202,042	19,913,608
State Contribution Reserve	215,163	472,106	687,269
Adjusted Actuarial Value at 10/1/14	93,899,425	103,537,288	197,436,713

**POMPANO BEACH
POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

Disclosure Information under GASB 27

Net Pension Obligation

Employer FYE September 30	2014	2013	2012
Annual Required Contribution (ARC) ⁽¹⁾	9,722,948	8,121,441	5,527,605
Interest on Net Pension Obligation (NPO)	(47,338)	(47,706)	(50,932)
Adjustment to ARC	(40,486)	(36,084)	(76,081)
Annual Pension Cost (APC)	9,716,096	8,109,819	5,552,754
Contributions Made	9,722,948	8,121,441	5,527,605
Increase (decrease) in NPO	(6,852)	(11,622)	25,149
NPO at beginning of year	(631,177)	(619,555)	(644,704)
NPO at end of year	(638,029)	(631,177)	(619,555)

⁽¹⁾ Excludes expected State contribution.

Schedule of Employer Contributions

<u>Year Ended September 30</u>	<u>Annual Required Contribution (ARC) (\$)</u>	<u>Annual Pension Cost (APC) (\$)</u>	<u>Actual Contribution (\$)</u>	<u>Percentage of ARC Contributed (%)</u>	<u>Percentage of APC Contributed (%)</u>	<u>Net Pension Obligation (NPO) (\$)</u>
2012	5,527,605	5,552,754	5,527,605	100.0	99.5	(619,555)
2013	8,121,441	8,109,819	8,121,441	100.0	100.1	(631,177)
2014	9,722,948	9,716,096	9,722,948	100.0	100.1	(638,029)

