



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

October 1, 2013 Actuarial Report

**For the Fiscal and Plan Year
October 1, 2014 through
September 30, 2015**

Prepared by:

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

February 18, 2014

February 18, 2014

(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, 2013 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, 2013, for the fiscal year beginning October 1, 2014.

The report includes:

- Gain/Loss Analysis for the period October 1, 2012 through September 30, 2013;
- Cost Calculation Results;
- Asset Summary;
- Hypothetical Asset Allocation and Separate Police and Fire Costs;
- Minimum Percentage Contribution Schedule.

The dollar-weighted net rate of return on market value of assets for the year ending September 30, 2013 was 13.7%; the rate of return on actuarial asset value was 8.0%. As of October 1, 2013 the Actuarial Asset Value was 94% of market value, as compared to 99% at October 1, 2012. The average net market rate of return has been 8.5% for the past 37 years.

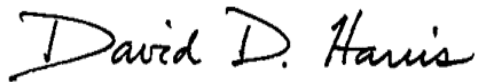
Board of Trustees
Pompano Beach Police and Firefighters' Retirement System
c/o Glenda Rowley, CEBS
Executive Director
February 18, 2014
Page Two

This report reflects the benefit provisions in effect on the October 1, 2013 actuarial valuation date.


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

Respectfully Submitted,

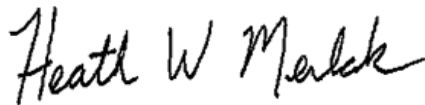
THE NYHART COMPANY, INC.



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Enclosures (30)

Electronic File (1)

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

OCTOBER 1, 2013 ACTUARIAL REPORT

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

Comparative Summary of Principal Valuation Results

	Actuarial Valuation	
	Prepared as of	
	<u>10/01/2013</u>	<u>10/01/2012</u>
A. <u>Participant Data</u> (Ex. 6)		
Active Members	165	182
Total Annual Payroll	\$12,948,557	\$14,432,987
DROP Members	49	46
Retired Members and Beneficiaries	308	301
Total Annualized Benefits (including DROP)	\$17,199,481	\$16,278,238
Disabled Members	26	25
Total Annualized Benefits	\$1,321,407	\$1,207,631
Terminated Vested Members	1	1
Total Annualized Benefits	\$32,917	\$32,917
B. <u>Assets</u>	-\$-	-\$-
Actuarial Value (Ex. 3)	186,095,219	179,509,950
Market Value (Ex. 2B)	198,441,898	181,762,044
C. <u>Liabilities</u> (Ex. 1A)		
Present Value of Projected Benefits		
Active Members - Retirement	75,458,946	85,116,174
Turnover	1,355,872	2,611,199
Disability	5,099,382	12,252,420
Death	<u>1,999,926</u>	<u>2,862,612</u>
Total	83,914,126	102,842,405
Inactive Members - Retired and Beneficiaries	205,211,781	197,717,568
Disabled	14,413,898	14,993,353
Terminated Vested	<u>211,774</u>	<u>483,951</u>
Total	219,837,453	213,194,872
Total	<u>303,751,579</u>	<u>316,037,277</u>
Actuarial Accrued Liability	271,582,153	271,407,516
Unfunded Actuarial Accrued Liability	85,486,934	91,897,566

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

Comparative Summary of Principal Valuation Results

(Continued)

	Actuarial Valuation	
	<u>Prepared as of</u>	
	<u>10/01/2013</u>	<u>10/01/2012</u>
D. <u>Actuarial Present Value of Accrued Benefits</u> (Exhibit 4)	-\$-	-\$-
Vested Accrued Benefits		
Inactive Members and Beneficiaries	219,837,453	213,194,872
Active Members	<u>34,690,363</u>	<u>47,890,782</u>
Total	254,527,816	261,085,654
Non-Vested Accrued Benefits	<u>7,859,023</u>	<u>2,095,991</u>
Total	<u>262,386,839</u>	<u>263,181,645</u>
E. <u>Pension Cost</u> (Exhibit 1A)		
Normal Cost (Net of Expected Employee Contributions)	2,133,598	3,002,232
Payment to Amortize Unfunded Liability	6,344,397	6,851,539
Expected Sponsor Contributions	8,116,767	9,717,677
As % of Payroll	61.48%	66.01%
Expected Member Contribution	1,512,350	1,701,308
As % of Payroll	11.46%	11.56%
F. <u>Past Contributions</u>	Year Ending <u>9/30/2013</u>	Year Ending <u>9/30/2012</u>
	-\$-	-\$-
Required Plan Sponsor and State Contributions	9,818,759	7,126,164
Required Member Contributions	1,434,802	1,500,717
Actual Contributions		
Plan Sponsor and State	9,818,759	7,126,164
Members	1,434,802	1,500,717
G. <u>Net Actuarial (Gain)/Loss</u>	(551,767)	8,569,785
H. <u>Other Disclosures</u>		
Active Members:		
Present Value Future Salaries (at attained age)	114,846,471	136,449,738
Present Value Future Member Contributions (at attained age)	11,726,217	13,845,837
Present Value Future Contributions (Other Sources)	105,930,143	122,681,490

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

REVIEW OF COSTS

Summary Discussion

This is the October 1, 2013 actuarial report for the Pompano Beach Police and Firefighters' Retirement System for the fiscal year beginning October 1, 2014. This report is intended to reflect the provisions and requirements of all ordinances through October 1, 2013. This is the second 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:

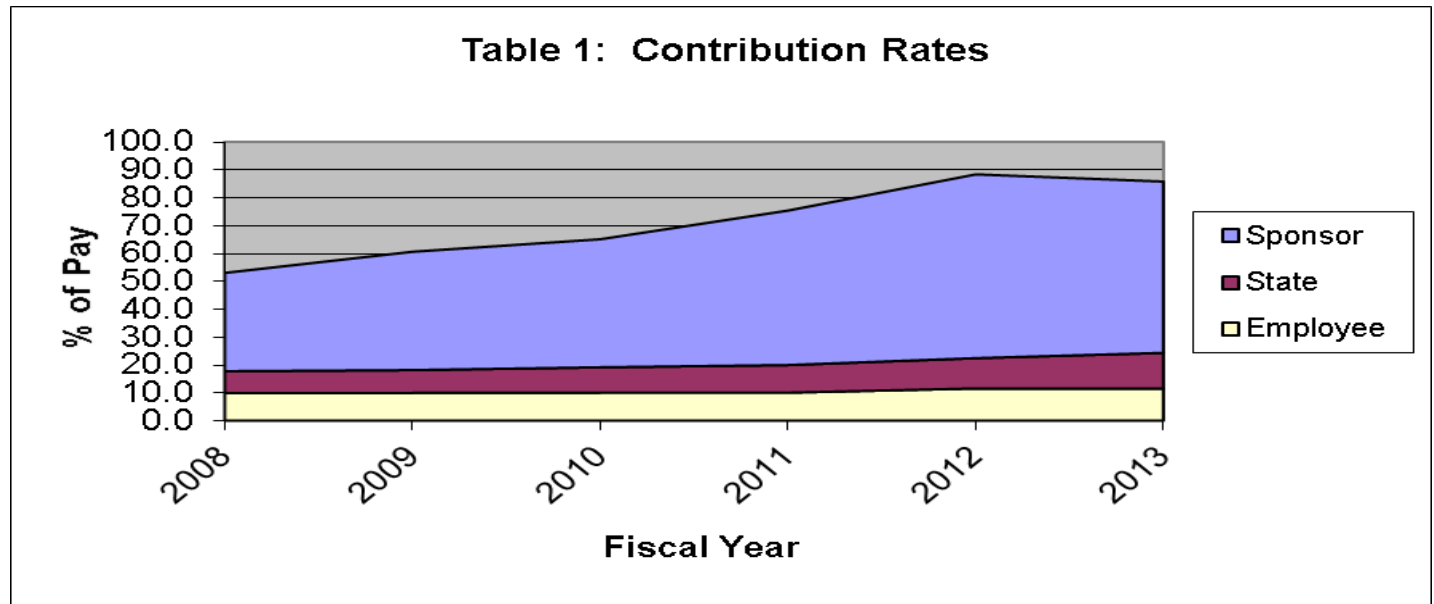
	Police		Fire	
	2014/2015	2013/2014	2014/2015	2013/2014
	-\$-	-\$-	-\$-	-\$-
Past Service Cost	4,005,287	4,288,264	2,339,110	2,563,275
Normal Cost	310,597	465,864	1,823,001	2,536,368
Admin. Expenses	277,576	284,645	304,508	296,969
Interest & Salary Increases	419,578	468,918	334,428	411,933
Total (Sponsor & State)	5,013,038	5,507,691	4,801,047	5,808,545
State (Expected)	876,088	777,329	821,230	821,230
Net Sponsor Contribution (Lump Sum) ⁽¹⁾	4,136,950	4,730,362	3,979,817	4,987,315
Net Sponsor Contribution (Installments) ⁽²⁾	4,273,713	4,884,505	4,110,796	5,149,875

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 Police State contribution for existing benefits from \$777,329 to \$876,088, with a similar reduction in the City Contribution. The expected Firefighters' State contribution 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.

As may be noted, the 2014/2015 sponsor deposit amount of \$8,116,767 is less than the \$9,717,677 for the prior year. The details of the reasons for this change are discussed under "Analysis of Cost Changes."



Analysis of Cost Changes

Quantifications of the reasons for the changes are as follows:

Table 2 – Gain/Loss Analysis from October 1, 2012 to October 1, 2013

	Unfunded Actuarial Accrued <u>Liability</u>	City <u>Required Contribution</u>	
	-\$-	-\$-	-%-
2012 Valuation	91,897,566	9,717,677	66.01
2013 Expected (for continuing Participants)	91,594,571	9,371,397	65.77
<u>Element of Experience</u>			
Contribution Variance	257,408	24,379	0.17
Retirement	1,299,332	123,064	0.87
Mortality	670,356	63,492	0.45
Disability	(411,399)	(38,965)	(0.28)
Turnover	(90,458)	(8,568)	(0.06)
Salaries	(2,846,697)	(389,138)	0.81
New Members, Rehires	0	0	0.00
Assets	1,242,289	117,660	0.87
Other, Data, Expenses, Premiums	<u>(672,598)</u>	<u>(111,524)</u>	<u>(0.82)</u>
Total Experience	(551,767)	(219,600)	2.01
Interest Rate Assumption	5,699,295	619,851	4.59
Experience Study Assumptions	(11,255,165)	(1,654,881)	(10.89)
2013 Valuation	85,486,934	8,116,767	61.48

Following is a discussion of some of the elements of experience:

Investment Return – The dollar-weighted net rate of return for the year ending September 30, 2013 was 13.7% on market value, as shown in Exhibit 2C (8.0% on actuarial asset value, Exhibit 3). The expected rate of return on the actuarial value of assets is 7.7%. However, the overall growth of the DROP account, which is used as an offset, produces a loss from plan assets of \$1,242,289, which increased the required sponsor contribution by \$117,660 or 0.87% of pay. Since 1977, the rate of return on market value has averaged 8.5% annually and the rate of return on actuarial asset value has averaged 7.4%.

Salary Increases - During the period October 1, 2012 through September 30, 2013, covered payroll for the continuing actives increased less than expected, resulting in a decrease of \$2,846,697 in the Unfunded Liability and a decrease of \$389,138 in the required sponsor contribution. Covered payroll for continuing active participants at September 30, 2013 increased approximately 1.4% compared to an expected 7.0% increase.

Mortality - For active members, there were no deaths; for inactive members there were 2 deaths (none with beneficiaries) as compared to 6.12 expected. The Unfunded Liability increased by \$670,356 and the required sponsor contribution increased by \$63,492 or 0.45% of pay.

Disability - During the past year, there were no disabilities, as compared to 1.27 expected. The Unfunded Liability decreased by \$411,399, and the required sponsor contribution decreased by \$38,965 or 0.28% of pay.

Turnover - From October 1, 2012 to September 30, 2013, there were 3 employee terminations, as compared to 3.42 predicted by the actuarial assumptions. The Unfunded Liability decreased by \$90,458, and the required sponsor Contribution decreased by \$8,569 or 0.06% of pay.

Retirement - There were 14 retirements during the period, as compared to 5.65 expected. The Unfunded Liability increased by \$1,299,332 and the required sponsor contribution increased by \$123,064 or 0.87% of pay.

Interest Rate Change – The interest rate used to determine System liabilities and costs was lowered to 7.5% for the October 1, 2013 actuarial valuation of the plan, continuing with the Board's decision to lower the interest rate 0.2% per year until a rate of 7.5% is used as of October 1, 2013. The Unfunded Liability increased by \$5,699,295 and the required sponsor contribution increased by \$619,851 or 4.59% of pay.

Experience Study Assumption Changes – Economic and decrement assumptions were changed based on the 2006-2013 Experience Study. The Unfunded Liability decreased by \$11,255,165 and the required sponsor contribution decreased by \$1,654,881 or 10.89% of pay.

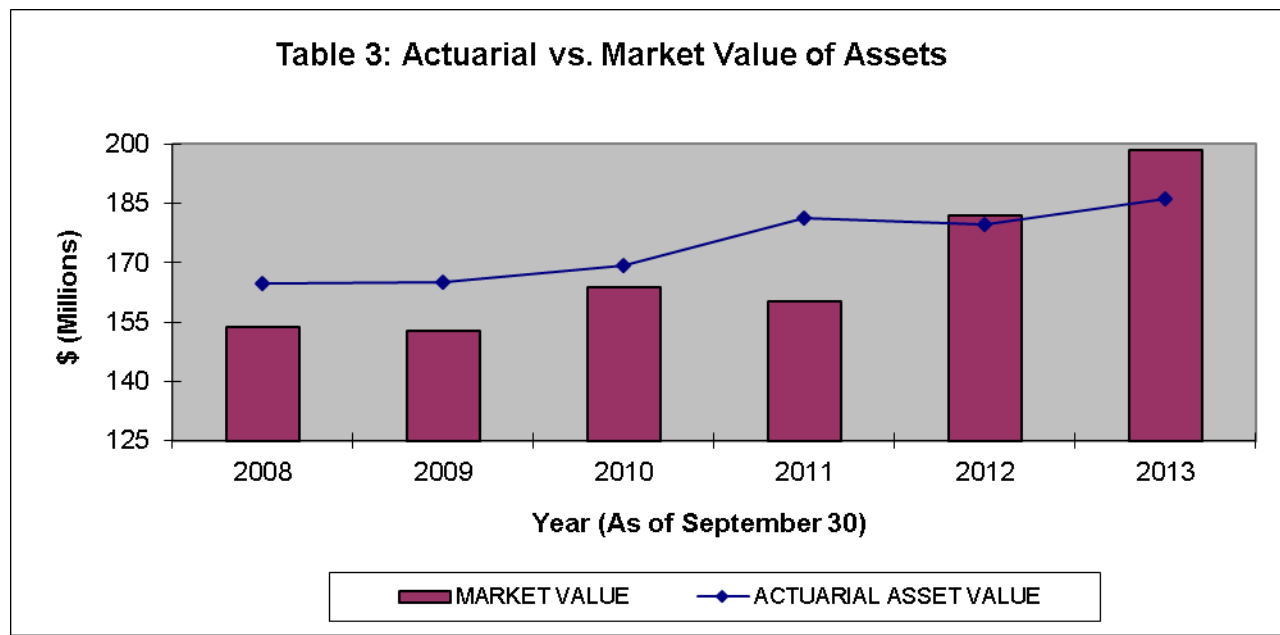
Contribution Variance – Contributions made to the System did not fully cover the normal cost and amortization of the Unfunded Liability. The variance is treated as an experience loss, increasing the Unfunded Liability by \$257,408 and the required sponsor contribution by \$24,379 or 0.17% of pay.

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, 2013 was 13.7%.

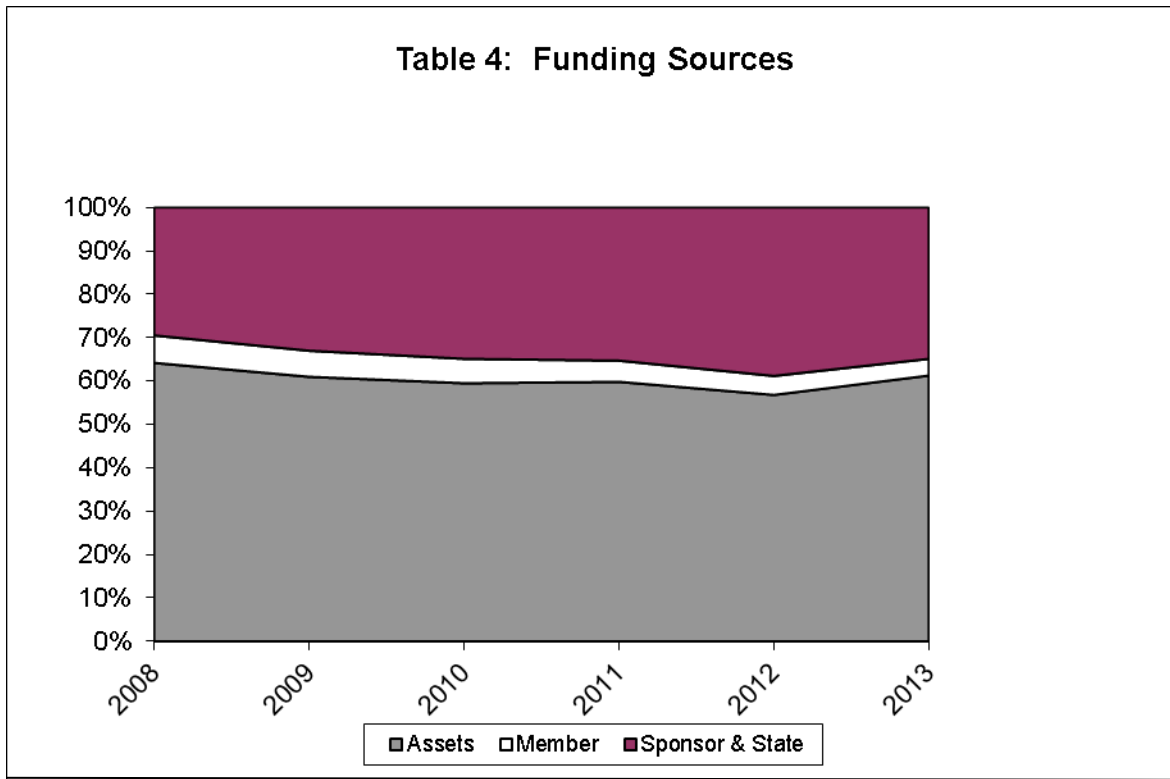
The actuarial asset valuation method (Exhibit 3) is the 20% Phase-In Method. Under this method the difference between the expected investment earnings and actual investment earnings is phased in at the rate of 20% per year. The result cannot be greater than 120% of market value or less than 80% of market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

As of September 30, 2013, the use of the Phase-In Method resulted in a return of 8.0% and in an actuarial asset value that is 94% 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.

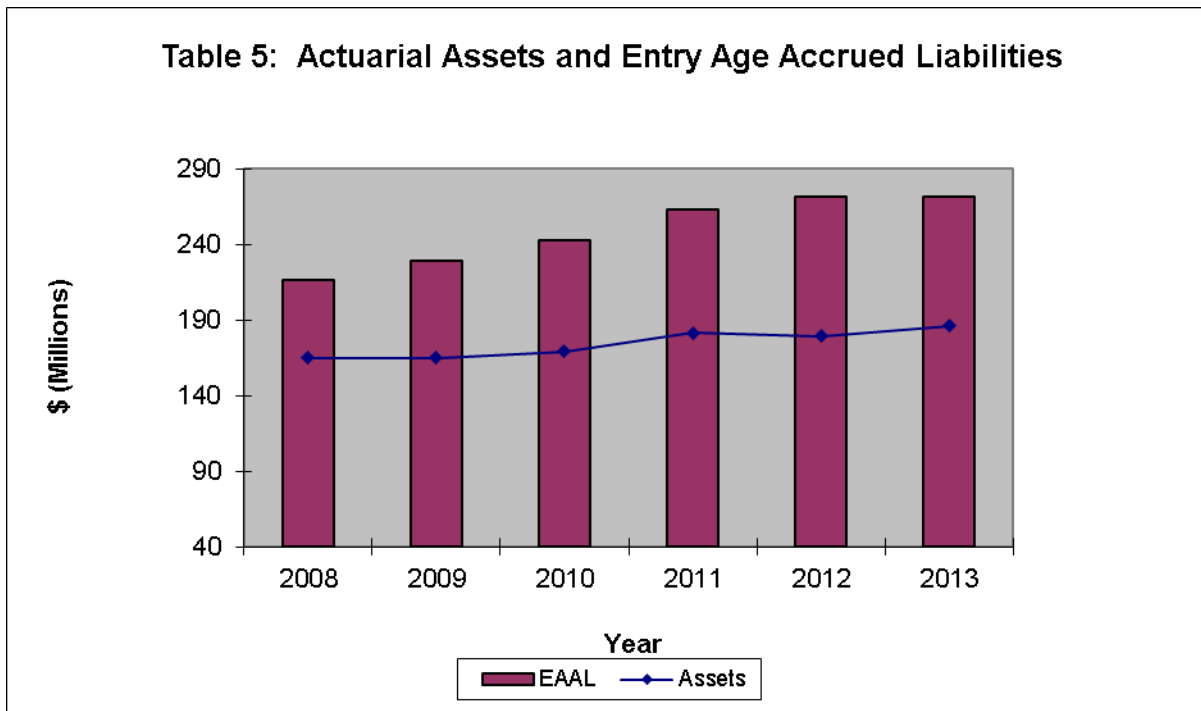


As of October 1, 2013, the actuarial value of assets equals 61% of the present value of projected benefits, the present value of employee contributions equals 4%, and the present value of City and State contributions equal 35%.

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, 2013 the actuarial value of assets of \$186,095,219 was 69% of the \$271,582,153 actuarial accrued liability. This compares to a ratio of 66% as of October 1, 2012. A ratio around 80% 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”).

Statement No. 67 is effective for the 2013/2014 fiscal year; Statement No. 68 is effective one year later.

In general, the new statements mandate:

- blended discount rates to determine the actuarial liability;
- use of the entry age normal cost method;
- assets at market values;
- balance sheet recognition of the unfunded accrued liability;
- immediate recognition of unfunded liability changes due to benefit changes for retirees
- recognition of benefit changes for active members over future working lifetime.

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.

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, 2013.

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.

David D. Harris

February 18, 2014

Signature

Date

Enrolled Actuary No. 11-5609

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>10/01/2013</u> Revised Assumptions <u>7.5%</u> -\$-	<u>10/01/2013</u> Prior Assumptions <u>7.7%</u> -\$-	<u>10/01/2012</u> <u>7.7%</u> -\$-
A. Present Value of Benefits			
Active Members			
- Retirement	75,458,946	77,203,890	85,116,174
- Disability	5,099,382	11,538,988	12,252,420
- Death	1,999,926	2,686,431	2,862,612
- Turnover	<u>1,355,872</u>	<u>2,279,975</u>	<u>2,611,199</u>
- Total	83,914,126	93,709,284	102,842,405
Inactive Members			
- Retired and Beneficiaries	205,211,781	208,240,450	197,717,568
- Disabled	14,413,898	15,923,243	14,993,353
- Terminated Vested	<u>211,774</u>	<u>198,796</u>	<u>483,951</u>
- Total	219,837,453	224,362,489	213,194,872
Total Present Value of Benefits	303,751,579	318,071,773	316,037,277
B. Entry Age Accrued Liability			
Active Members			
- Retirement	48,934,511	48,405,576	53,582,936
- Disability	1,697,247	3,280,541	3,381,413
- Death	535,908	864,357	900,212
- Turnover	<u>577,034</u>	<u>225,060</u>	<u>348,083</u>
- Total	51,744,700	52,775,534	58,212,644
Inactive Members	<u>219,837,453</u>	<u>224,362,489</u>	<u>213,194,872</u>
Total Entry Age Accrued Liability	271,582,153	277,138,023	271,407,516
C. Actuarial Value of Assets	<u>186,095,219</u>	<u>186,095,219</u>	<u>179,509,950</u>
D. Unfunded Actuarial Accrued Liability	85,486,934	91,042,804	91,897,566

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

Contribution Requirements (Total)
(Continued)

	<u>10/01/2013</u> Revised Assumptions <u>7.5%</u> -\$-	<u>10/1/2013</u> Prior Assumptions <u>7.7%</u> -\$-	<u>10/01/2012</u> <u>7.7%</u> -\$-
E. Entry Age Normal Cost			
- Retirement	2,992,251	3,005,809	3,297,088
- Disability	396,727	879,339	917,189
- Death	176,614	201,416	211,835
- Turnover	<u>80,356</u>	<u>240,339</u>	<u>277,428</u>
- Total	3,645,948	4,326,903	4,703,540
F. Contribution			
Total Normal Cost at Valuation Date	3,645,948	4,326,903	4,703,540
Expected Member Contribution	<u>1,512,350</u>	<u>1,599,769</u>	<u>1,701,308</u>
Net Normal Cost	2,133,598	2,727,134	3,002,232
Expected Salary Increases	58,674	91,359	100,574
Amortization Payments	6,344,397	6,689,301	6,851,539
Expected Expenses	582,084	582,084	581,614
Interest to End of Year	519,486	559,896	572,353
Adjustment for 12/31/2014 Payment	<u>175,846</u>	<u>199,341</u>	<u>207,924</u>
Total (City/BSO + State)	9,814,085	10,849,115	11,316,236
Expected State Contribution	<u>1,697,318</u>	<u>1,697,318</u>	<u>1,598,559</u>
Expected City/BSO Contribution	8,116,767	9,151,797	9,717,677
Assumed Payroll for Contribution Year	13,202,376	13,501,536	14,722,198
Contribution (% of Payroll)	61.48%	67.78%	66.01%

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

Contribution Requirements (Police)

	<u>10/01/2013</u> Revised Assumptions <u>7.5%</u> -\$-	<u>10/01/2013</u> Prior Assumptions <u>7.7%</u> -\$-	<u>10/01/2012</u> <u>7.7%</u> -\$-
A. Present Value of Benefits			
Active Members			
- Retirement	14,575,316	13,967,072	21,005,552
- Disability	374,921	401,224	588,079
- Death	130,139	137,408	215,645
- Turnover	<u>95,107</u>	<u>506,006</u>	<u>739,323</u>
- Total	15,175,483	15,011,710	22,548,599
Inactive Members			
- Retired and Beneficiaries	118,967,665	120,489,791	111,809,619
- Disabled	8,250,938	8,936,288	8,735,807
- Terminated Vested	<u>211,774</u>	<u>198,796</u>	<u>483,951</u>
- Total	127,430,377	129,624,875	121,029,377
Total Present Value of Benefits	142,605,860	144,636,585	143,577,976
B. Entry Age Accrued Liability			
Active Members			
- Retirement	12,979,315	12,601,579	18,971,231
- Disability	197,246	198,757	299,673
- Death	58,320	73,512	120,412
- Turnover	<u>55,154</u>	<u>236,135</u>	<u>344,164</u>
- Total	13,290,035	13,109,983	19,735,480
Inactive Members	<u>127,430,377</u>	<u>129,624,875</u>	<u>121,029,377</u>
Total Entry Age Accrued Liability	140,720,412	142,734,858	140,764,857
C. Actuarial Value of Assets (Exhibit 13)	<u>90,378,190</u>	<u>90,378,190</u>	<u>89,050,746</u>
D. Unfunded Actuarial Accrued Liability	50,342,222	52,356,668	51,714,111

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

Contribution Requirements (Police)
(Continued)

	<u>10/01/2013</u> Revised Assumptions 7.5% -\$-	<u>10/01/2013</u> Prior Assumptions 7.7% -\$-	<u>10/01/2012</u> 7.7% -\$-
E. Entry Age Normal Cost			
- Retirement	417,382	367,643	553,788
- Disability	46,542	54,921	76,770
- Death	19,847	18,483	26,998
- Turnover	<u>10,385</u>	<u>71,422</u>	<u>106,910</u>
- Total	494,156	512,469	764,466
F. Contribution			
Total Normal Cost at Valuation Date	494,156	512,469	764,466
Expected Member Contribution	<u>183,559</u>	<u>201,958</u>	<u>298,602</u>
Net Normal Cost	310,597	310,511	465,864
Expected Salary Increases	8,541	10,402	15,606
Amortization Payments	4,005,287	4,232,936	4,288,264
Expected Expenses	277,576	277,576	284,645
Interest to End of Year	321,215	347,309	352,114
Adjustment for 12/31/2013 Payment	<u>89,822</u>	<u>96,935</u>	<u>101,198</u>
Total (City/BSO + State)	5,013,038	5,275,669	5,507,691
Expected State Contribution	<u>876,088</u>	<u>876,088</u>	<u>777,329</u>
Expected City/BSO Contribution	4,136,950	4,399,581	4,730,362
Assumed Payroll for Contribution Year	1,680,232	1,684,752	2,492,528
Contribution (% of Payroll)	246.21%	261.14%	189.78%

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

Contribution Requirements (Fire)

	<u>10/01/2013</u> Revised Assumptions <u>7.5%</u> -\$-	<u>10/01/2013</u> Prior Assumptions <u>7.7%</u> -\$-	<u>10/01/2012</u> <u>7.7%</u> -\$-
A. Present Value of Benefits			
Active Members			
- Retirement	60,883,630	63,236,818	64,110,622
- Disability	4,724,461	11,137,764	11,664,341
- Death	1,869,787	2,549,023	2,646,967
- Turnover	<u>1,260,765</u>	<u>1,773,969</u>	<u>1,871,876</u>
- Total	68,738,643	78,697,574	80,293,806
Inactive Members			
- Retired and Beneficiaries	86,244,116	87,750,659	85,907,949
- Disabled	6,162,960	6,986,955	6,257,546
- Terminated Vested	<u>0</u>	<u>0</u>	<u>0</u>
- Total	92,407,076	94,737,614	92,165,495
Total Present Value of Benefits	161,145,719	173,435,188	172,459,301
B. Entry Age Accrued Liability			
Active Members			
- Retirement	35,955,196	35,803,997	34,611,705
- Disability	1,500,001	3,081,784	3,081,740
- Death	477,588	790,845	779,800
- Turnover	<u>521,880</u>	<u>(11,075)</u>	<u>3,919</u>
- Total	38,454,665	39,665,551	38,477,164
Inactive Members	<u>92,407,076</u>	<u>94,737,614</u>	<u>92,165,495</u>
Total Entry Age Accrued Liability	130,861,741	134,403,165	130,642,659
C. Actuarial Value of Assets (Exhibit 13)	<u>95,717,029</u>	<u>95,717,029</u>	<u>90,459,204</u>
D. Unfunded Actuarial Accrued Liability	35,144,712	38,686,136	40,183,455

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

Contribution Requirements (Fire)
(Continued)

	<u>10/01/2013</u> Revised Assumptions <u>7.5%</u> -\$-	<u>10/01/2013</u> Prior Assumptions <u>7.7%</u> -\$-	<u>10/01/2012</u> <u>7.7%</u> -\$-
E. Entry Age Normal Cost			
- Retirement	2,574,869	2,638,166	2,743,300
- Disability	350,185	824,418	840,419
- Death	156,767	182,933	184,837
- Turnover	<u>69,971</u>	<u>168,917</u>	<u>170,518</u>
- Total	3,151,792	3,814,434	3,939,074
F. Contribution			
Total Normal Cost at Valuation Date	3,151,792	3,814,434	3,939,074
Expected Member Contribution	<u>1,328,791</u>	<u>1,397,811</u>	<u>1,402,706</u>
Net Normal Cost	1,823,001	2,416,623	2,536,368
Expected Salary Increases	50,133	80,957	84,968
Amortization Payments	2,339,110	2,456,365	2,563,275
Expected Expenses	304,508	304,508	296,969
Interest to End of Year	198,271	212,587	220,239
Adjustment for 12/31/2013 Payment	<u>86,024</u>	<u>102,406</u>	<u>106,726</u>
Total (City/BSO + State)	4,801,047	5,573,446	5,808,545
Expected State Contribution	<u>821,230</u>	<u>821,230</u>	<u>821,230</u>
Expected City/BSO Contribution	3,979,817	4,752,216	4,987,315
Assumed Payroll for Contribution Year	11,522,144	11,816,784	12,229,670
Contribution (% of Payroll)	34.54%	40.22%	40.78%

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

Reconciliation of Unfunded Actuarial Accrued Liability

	-\$-
A. Unfunded Actuarial Accrued Liability as of October 1, 2012	91,897,566
B. Normal Cost and Expenses	3,720,660
C. Interest on (A) and (B) for full year at 7.7%	7,362,605
D. City and State Contributions, net of Administrative Expenses	(9,249,967)
E. Interest on (D) for half year at 7.7%	(356,124)
F. Adjustment for 1-year lag	(1,780,169)
G. Expected Unfunded Actuarial Accrued Liability As of September 30, 2013	91,594,571
H. 2012/2013 (Gain) Loss	(551,767)
I. Unfunded Actuarial Accrued Liability As of September 30, 2013	91,042,804
J. Plan Amendments	N/A
K. Change in Assumptions and Methods	(5,555,870)
L. Change in Applicable Laws	N/A
M. Unfunded Actuarial Accrued Liability As of October 1, 2013	<hr/> 85,486,934

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

Schedule of Unfunded Liabilities

(As of October 1, 2013)

Amortization Payment (Police)*

<u>Date</u>	<u>Description</u>	<u>Original Amount</u>	<u>10/01/2013 Remaining Balance</u>	<u>Remaining Amortization Balance</u>	<u>Annual Payment</u>
		-\$-	-\$-		-\$-
10/1/1984	Assumption Change	(982,524)	(125,202)	1	(125,202)
10/1/1984	Actuarial Loss (Gain)	387,726	44,309	1	44,309
10/1/1985	Plan Amendment	38,875	7,861	2	4,073
10/1/1985	Actuarial Loss (Gain)	(417,177)	(94,067)	2	(48,734)
10/1/1986	Assumption Change	378,260	106,021	3	37,925
10/1/1986	Actuarial Loss (Gain)	(1,104,307)	(345,141)	3	(123,460)
10/1/1987	Method Change	670,685	237,947	4	66,087
10/1/1987	Actuarial Loss (Gain)	(592,770)	(234,505)	4	(65,131)
10/1/1988	Actuarial Loss (Gain)	260,282	110,489	5	25,404
10/1/1989	Actuarial Loss (Gain)	67,725	32,271	6	6,396
10/1/1990	Actuarial Loss (Gain)	(173,266)	(101,603)	7	(17,844)
10/1/1991	Assumption Change	(4,082)	(2,738)	8	(435)
10/1/1991	Actuarial Loss (Gain)	(298,306)	(200,060)	8	(31,773)
10/1/1992	Assumption Change	(3,250)	(2,322)	9	(339)
10/1/1992	Actuarial Loss (Gain)	(721,063)	(514,820)	9	(75,076)
10/1/1993	Assumption Change	(53,335)	(40,637)	10	(5,507)
10/1/1993	Actuarial Loss (Gain)	(301,531)	(229,736)	10	(31,134)
10/1/1994	Assumption Change	768,410	562,138	11	71,482
10/1/1994	Actuarial Loss (Gain)	422,754	309,266	11	39,326
10/1/1995	Assumption Change	(311,136)	(269,362)	12	(32,393)
10/1/1995	Actuarial Loss (Gain)	(271,042)	(234,649)	12	(28,219)
10/1/1996	Assumption Change	(374,561)	(350,050)	13	(40,073)
10/1/1996	Actuarial Loss (Gain)	(276,460)	(258,369)	13	(29,578)
10/1/1997	Assumption Change	1,345,971	1,305,306	14	143,034
10/1/1997	Actuarial Loss (Gain)	(3,074,778)	(3,324,998)	14	(364,350)

*Information for bases established prior to 10/1/2012 based on October 1, 2011 Gabriel Roeder Smith report.

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

Schedule of Unfunded Liabilities
(As of October 1, 2013)

Amortization Payment (Police)*

<u>Date</u>	<u>Description</u>	<u>Original Amount</u> -\$-	<u>10/01/2013 Remaining Balance</u> -\$-	<u>Remaining Amortization Balance</u>	<u>Annual Payment</u> -\$-
10/1/1998	Plan Amendment	(337,295)	(367,477)	15	(38,726)
10/1/1998	Actuarial Loss (Gain)	(3,155,507)	(3,437,856)	15	(362,293)
10/1/1999	Actuarial Loss (Gain)	(2,565,536)	(2,814,878)	16	(286,440)
10/1/2000	Assumption Change	(18,775,480)	(19,933,425)	17	(1,965,529)
10/1/2000	Plan Amendment	11,651,128	12,369,692	17	1,219,709
10/1/2000	Actuarial Loss (Gain)	3,153,187	3,347,654	17	330,094
10/1/2001	Variable COLA	484,615	517,571	18	49,604
10/1/2001	Plan Amendment	377,521	403,196	18	38,643
10/1/2001	Actuarial Loss (Gain)	5,917,320	6,319,727	18	605,688
10/1/2002	Actuarial Loss (Gain)	13,547,635	15,542,645	19	1,451,768
10/1/2003	Actuarial Loss (Gain)	8,453,577	8,569,180	20	781,925
10/1/2004	Actuarial Loss (Gain)	7,733,735	7,592,438	21	678,230
10/1/2005	Plan Amendment	528,766	426,419	22	37,361
10/1/2005	Actuarial Loss (Gain)	1,811,918	1,752,158	22	153,517
10/1/2006	Actuarial Loss (Gain)	(2,245,390)	(2,182,684)	23	(187,884)
10/1/2007	Actuarial Loss (Gain)	(3,930,059)	(3,886,973)	24	(329,218)
10/1/2008	Assumption Change	(2,460,748)	(2,500,303)	25	(208,655)
10/1/2008	Actuarial Loss (Gain)	4,312,669	4,381,991	25	365,685
10/1/2009	Assumption Change	2,211,808	2,260,474	26	186,094
10/1/2009	Actuarial Loss (Gain)	4,953,816	5,062,817	26	416,798
10/1/2010	Assumption Change	2,351,731	2,381,962	27	193,664
10/1/2010	Actuarial Loss (Gain)	4,329,632	4,385,289	27	356,543
10/1/2011	Assumption Change	2,628,245	2,578,210	28	207,229
10/1/2011	Actuarial Loss (Gain)	2,882,428	2,827,554	28	227,270
10/1/2012	Valuation Software Change	(955,577)	(946,666)	29	(75,291)
10/1/2012	Assumption Change	2,734,348	2,708,849	29	215,443
10/1/2012	Actuarial Loss (Gain)	7,401,751	7,332,726	29	583,195
10/1/2013	Assumption Change	(2,014,446)	(2,014,446)	30	(158,666)
10/1/2013	Actuarial Loss (Gain)	1,279,029	<u>1,279,029</u>	30	<u>100,741</u>
			<u>50,342,222</u>		<u>4,005,287</u>

*Information for bases established prior to 10/1/2012 based on October 1, 2011 Gabriel Roeder Smith report.

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

Schedule of Unfunded Liabilities

(As of October 1, 2013)

Amortization Payment (Fire)*

<u>Date</u>	<u>Description</u>	<u>Original Amount</u>	<u>10/01/2013 Remaining Balance</u>	<u>Remaining Amortization Balance</u>	<u>Annual Payment</u>
		-\$-	-\$-		-\$-
10/1/1984	Assumption Change	(781,007)	(73,755)	1	(73,755)
10/1/1984	Actuarial Loss (Gain)	308,203	26,102	1	26,102
10/1/1985	Plan Amendment	30,901	4,858	2	2,484
10/1/1985	Actuarial Loss (Gain)	(331,614)	(58,117)	2	(29,715)
10/1/1986	Assumption Change	300,679	68,005	3	23,700
10/1/1986	Actuarial Loss (Gain)	(877,812)	(221,381)	3	(77,153)
10/1/1987	Method Change	533,126	157,396	4	42,055
10/1/1987	Actuarial Loss (Gain)	(471,191)	(155,118)	4	(41,447)
10/1/1988	Actuarial Loss (Gain)	206,898	75,006	5	16,387
10/1/1989	Actuarial Loss (Gain)	53,834	22,405	6	4,168
10/1/1990	Actuarial Loss (Gain)	(137,729)	(71,929)	7	(11,720)
10/1/1991	Assumption Change	(3,244)	(1,971)	8	(287)
10/1/1991	Actuarial Loss (Gain)	(237,123)	(144,096)	8	(20,986)
10/1/1992	Assumption Change	(2,583)	(1,697)	9	(224)
10/1/1992	Actuarial Loss (Gain)	(573,171)	(376,598)	9	(49,795)
10/1/1993	Assumption Change	(42,396)	(30,141)	10	(3,663)
10/1/1993	Actuarial Loss (Gain)	(239,687)	(170,415)	10	(20,710)
10/1/1994	Assumption Change	610,808	422,319	11	47,638
10/1/1994	Actuarial Loss (Gain)	336,046	232,340	11	26,208
10/1/1995	Assumption Change	(247,322)	(204,727)	12	(21,611)
10/1/1995	Actuarial Loss (Gain)	(215,450)	(178,345)	12	(18,826)
10/1/1996	Assumption Change	(297,737)	(268,919)	13	(26,745)
10/1/1996	Actuarial Loss (Gain)	(219,757)	(198,486)	13	(19,740)
10/1/1997	Assumption Change	1,069,910	1,012,736	14	95,446
10/1/1997	Actuarial Loss (Gain)	(2,444,135)	(2,579,734)	14	(243,129)

*Information for bases established prior to 10/1/2012 based on October 1, 2011 Gabriel Roeder Smith report.

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

Schedule of Unfunded Liabilities

(As of October 1, 2013)

Amortization Payment (Fire)*

<u>Date</u>	<u>Description</u>	<u>Original Amount</u> -\$-	<u>10/01/2013 Remaining Balance</u> -\$-	<u>Remaining Amortization Balance</u>	<u>Annual Payment</u> -\$-
10/1/1998	Plan Amendment	(268,116)	(287,741)	15	(25,826)
10/1/1998	Actuarial Loss (Gain)	(2,508,306)	(2,691,914)	15	(241,607)
10/1/1999	Plan Amendment	114,009	124,281	16	10,668
10/1/1999	Actuarial Loss (Gain)	(2,039,340)	(2,223,054)	16	(190,830)
10/1/2000	Assumption Change	(13,798,204)	(14,470,362)	17	(1,192,482)
10/1/2000	Plan Amendment	8,646,272	9,067,462	17	747,237
10/1/2000	Actuarial Loss (Gain)	676,828	709,799	17	58,494
10/1/2000	Plan Amendment	299,541	314,134	17	25,887
10/1/2001	Actuarial Loss (Gain)	7,539,001	7,912,976	18	628,090
10/1/2002	Actuarial Loss (Gain)	9,466,755	12,675,240	19	971,894
10/1/2003	Actuarial Loss (Gain)	7,616,087	9,305,404	20	691,054
10/1/2004	Actuarial Loss (Gain)	6,692,396	7,876,073	21	567,827
10/1/2005	Plan Amendment	4,413,733	5,057,618	22	354,730
10/1/2005	Actuarial Loss (Gain)	2,591,529	2,969,582	22	208,280
10/1/2006	Actuarial Loss (Gain)	(2,040,207)	(2,298,767)	23	(157,152)
10/1/2007	Actuarial Loss (Gain)	(868,128)	(972,092)	24	(64,887)
10/1/2008	Assumption Change	(2,812,893)	(3,121,305)	25	(203,749)
10/1/2008	Actuarial Loss (Gain)	3,519,341	3,905,212	25	254,920
10/1/2009	Assumption Change	2,293,100	2,509,839	26	160,450
10/1/2009	Plan Amendment	23,114	25,300	26	1,617
10/1/2009	Actuarial Loss (Gain)	3,014,143	3,299,033	26	210,902
10/1/2010	Assumption Change	2,377,230	2,547,920	27	159,731
10/1/2010	Actuarial Loss (Gain)	(904,732)	(969,693)	27	(60,791)
10/1/2011	Actuarial Loss (Gain)	(1,874,268)	(1,932,650)	28	(118,958)
10/1/2011	Assumption Change	2,629,741	2,711,659	28	166,908
10/1/2012	Valuation Software Change	(2,713,381)	(2,755,999)	29	(166,741)
10/1/2012	Assumption Change	2,714,228	2,756,859	29	166,793
10/1/2012	Actuarial Loss (Gain)	1,168,034	1,186,380	29	71,777
10/1/2013	Assumption Change	(3,541,424)	(3,541,424)	30	(210,821)
10/1/2013	Actuarial Loss (Gain)	(1,830,796)	<u>(1,830,796)</u>	30	<u>(108,987)</u>
			35,144,712		2,339,110

*Information for bases established prior to 10/1/2012 based on October 1, 2011 Gabriel Roeder Smith report.

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

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

I. Adjusted Base Amount at 10/1/2013

<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 2012/2013

	<u>Ch. 185 Police -\$-</u>	<u>Ch. 175 Fire -\$-</u>	<u>Suppl. Fire -\$-</u>	<u>Total -\$-</u>
A. Reserve Account at September 30, 2012	215,163	261,785	174,234	651,182
B. Share Plan Allocation paid out	0	(261,785)	(174,234)	(436,019)
C. Share Plan Allocation for Reserve*	0	317,063	138,139	455,202
D. Reserve Account at September 30, 2013 (A)+ (B) + (C)	<u>215,163</u>	<u>317,063</u>	<u>138,139</u>	<u>670,365</u>
E. City Contribution Receivable for State Premium Shortfall				
1. Premium Tax Distribution for 2012	876,088	1,109,570	166,862	2,152,520
2. Adjusted Base Amount	798,463	792,507	28,723	1,619,693
3. Shortfall of State Premium Tax Distribution	0	0	0	0

* Allocated to Share Plan January 1, 2014.

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

Actuarial Confirmation of the Use of State Moneys

Calculation of Additional Premium Tax Revenues (APTR)

	<u>Police</u> -\$-	<u>Fire</u> -\$-	<u>Fire Suppl.</u> -\$-	<u>Total</u> -\$-
2013 receipts	876,088	1,109,570	166,862	
1998 receipts	<u>(667,003)</u>	<u>(494,862)</u>	<u>(28,723)</u>	
APTR	209,085	614,708	138,139	961,932

Calculation of cost of a chapter minimum benefits plan

Normal cost		2,048,342
Administrative expenses		568,792
Amortization of UAL*		4,821,719
Less Employee contributions (5% min.)		<u>(1,434,802)</u>
Total		6,004,051
APTR, minus cost of chapter minimums		(5,042,119)

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 2013 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.

* 30-year amortization

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

Summary of Asset Transactions

	<u>2012/2013</u>	<u>2011/2012</u>
	-\$-	-\$-
A. Market Value as of October 1	199,558,893	178,258,967
B. Adjustment to Market Value	0	0
C. Additions During Year		
1. City Contributions	4,372,008	2,931,056
2. BSO Contributions	3,749,433	2,596,549
3. Member Contributions	1,434,802	1,500,717
4. State Contributions	2,152,520	2,034,578
5. Dividends and Interest	4,167,327	3,953,249
6. Miscellaneous	<u>10,245</u>	<u>98,521</u>
7. Total	15,886,335	13,114,670
D. Deductions During Year		
1. Benefit Payments	14,873,937	14,048,025
2. DROP Distributions	2,485,627	1,873,775
3. Contribution Refunds	148,497	250,631
4. Investment Expenses	1,216,503	1,194,139
5. Administrative Expenses	<u>568,792</u>	<u>595,374</u>
6. Total	19,293,356	17,961,944
E. Gains (Losses)	<u>22,613,699</u>	<u>26,147,200</u>
F. Market Value as of September 30 (A)+(B)+(C)-(D)+(E)	218,765,571	199,558,893

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

Summary of Asset Transactions
for Year Ending
September 30, 2013

	<u>Membership and Benefit Accounts</u>	<u>DROP Accounts</u>	<u>Total</u>
	-\$-	-\$-	-\$-
A. Market Value			
1. As of September 30, 2012	182,413,226	17,145,667	199,558,893
2. Adjustment to Market Value*	0	0	0
B. Income During Year			
1. City Contributions	4,372,008	0	4,372,008
2. BSO Contributions	3,749,433	0	3,749,433
3. Member Contributions	1,434,802	0	1,434,802
4. State Contributions	2,152,520	0	2,152,520
5. Dividends and Interest	4,167,327	0	4,167,327
6. Gains (Losses)	22,613,699	0	22,613,699
7. Income Allocation	(1,856,305)	1,856,305	0
8. Miscellaneous	<u>10,245</u>	<u>0</u>	<u>10,245</u>
9. Total	36,643,729	1,856,305	38,500,034
C. Deductions During Year			
1. Benefit/DROP Payments	18,010,900	(651,336)	17,359,564
2. Contribution Refunds	148,497	0	148,497
3. Investment Expenses	1,216,503	0	1,216,503
4. Administrative Expenses	<u>568,792</u>	<u>0</u>	<u>568,792</u>
5. Total	19,944,692	(651,336)	19,293,356
D. Market Value as of September 30, 2013 (A)+(B)-(C)	199,112,263	19,653,308	218,765,571
E. Detail of DROP Benefit Payments			
1. Distributions		2,485,627	
2. Additions		<u>3,136,963</u>	
3. Net Benefits Paid		(651,336)	

* Adjustment to match auditor's report

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

Distribution of Assets as of September 30, 2013

<u>Description</u>	<u>10/01/2013</u>	<u>10/01/2012</u>
	-\$-	-\$-
Short Term Investments	10,479,837	9,213,177
Equity Securities	127,914,791	115,180,277
Domestic Fixed Income	51,814,190	50,279,186
Real Estate	2,250,851	3,428,960
Property and Equipment	46,873	57,465
Hedge funds and private equity	31,977,060	28,394,476
A. Sub-Totals	224,483,602	206,553,541
B. Cash and Equivalents	407	5,472
Receivables:		
Prepaid Benefits	0	1,350
City Contributions	0	0
Accounts Receivable	98,013	373,556
State Contributions	0	0
Member Contributions	0	0
Accrued Interest and Dividends	384,945	460,997
Securities Proceeds	<u>1,266,933</u>	<u>3,631,382</u>
C. Sub-Total	1,749,891	4,467,285
Payables:		
Accounts Payable & Accrued Expenses	343,565	345,323
Payable for Securities Purchased	6,701,103	6,915,440
Advance Contribution from City	<u>423,661</u>	<u>4,206,642</u>
D. Sub-Total	<u>7,468,329</u>	<u>11,467,405</u>
Total (A+B+C-D)	218,765,571	199,558,893
Funding Adjustments:		
E. State Reserve Account (Ex. 1D)	(670,365)	(651,182)
F. DROP Accounts	(19,653,308)	(17,145,667)
Assets available for benefits	<u>198,441,898</u>	<u>181,762,044</u>

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

Investment Results

I. Yield on Market Value for 12-Month Period Ending 9/30/2013

Dollar-Weighted Net Return (per Graystone Consulting) 13.7%

II. History of Investment Yield Rates *

<u>Period Ending</u>	<u>Actuarial Asset Value</u>	<u>Market Value</u>
	-%-	-%-
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
9/30/87	9.4	12.3

**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>	<u>Market Value**</u>
	-%-	-%-
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	4.0	10.5
5 Years	4.0	8.7
10 Years	4.9	6.6
20 Years	5.4	7.0
All Years	7.4	8.5

* Net of investment expenses since 9/30/90

** Net of investment expenses since 9/30/05

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

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

Development of Actuarial Asset Value

I. Determination of Actuarial Asset Value as of September 30, 2013 - 20% Phase In Method

	<u>10/1/2013</u>	<u>10/1/2012</u>
	-\$-	-\$-
A. Actuarial Value of Assets at Beginning of Year	197,306,799	199,559,269
B. Market Value at End of Year	218,765,571	199,558,893
C. Market Value at Beginning of Year	199,558,893	178,258,967
D. Non-Investment/Administrative Net Cash Flow		
1. Contributions Net of Admin. Expenses	11,139,971	8,467,526
2. Benefits and Expenses	17,508,061	16,172,431
3. Net Cash Flow: 1-2	(6,368,090)	(7,704,905)
E. Investment Income		
1. Actual Market Total (B-C-D)	25,574,768	29,004,831
2. Assumed Rate of Return	7.70%	7.90%
3. Amount of Return	14,947,452	15,460,839
4. Amount Subject to Phase-In: 1-3	10,627,316	13,543,992
F. Phase-In Recognition of Investment Income		
1. Current Year: 0.20 X E4	2,125,463	2,708,798
2. First Prior Year	2,708,798	(2,379,679)
3. Second Prior Year	(2,379,679)	477,785
4. Third Prior Year	477,785	(2,399,636)
5. Fourth Prior Year	<u>(2,399,636)</u>	<u>(8,415,672)</u>
6. Total Phase-Ins	532,731	(10,008,404)
G. Actuarial Value of Assets at End of Year		
1. Preliminary Actuarial Value of Assets	206,418,892	197,306,799
2. Upper Corridor Limit: 120% of B	262,518,685	239,470,671
3. Lower Corridor Limit: 80% of B	175,012,457	159,647,115
4. Adjusted Actuarial Value of Assets	206,418,892	197,306,799
5. Less: DROP Account	19,653,308	17,145,667
6. Less: State Contribution Reserve	670,365	651,182
7. Final Actuarial Asset Value for Benefits	186,095,219	179,509,950
H. Difference between Market and Actuarial Value	12,346,679	2,252,094
I. Actuarial Value Rate of Return	8.0%	2.8%
J. Market Value Rate of Return	13.7%	16.8%
K. Ratio of Actuarial Asset Value to Market Value	94.4%	98.9%

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

Summary of Accounting Information

	<u>10/01/2013</u>	<u>10/01/2012</u>
I. <u>Present Value of Vested Accrued Benefits</u>	<u>7.5%</u>	<u>7.7%</u>
	-\$-	-\$-
A. Service Retirements and Beneficiaries	205,211,781	197,717,568
B. Disability Retirements	14,413,898	14,993,353
C. Vested Terminated Members	211,774	483,951
D. Active Members	<u>34,690,363</u>	<u>47,890,782</u>
E. Total	254,527,816	261,085,654
II. <u>Present Value of Non-Vested Accrued Benefits</u>	<u>7,859,023</u>	<u>2,095,991</u>
III. <u>Present Value of Accrued Benefits</u>	262,386,839	263,181,645
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		263,181,645
B. Increase (Decrease) During the Year Attributable to:		
1. Benefits Accumulated		3,278,250
2. Benefits Paid and Contributions Refunded		(17,508,061)
3. Assumption Changes		(6,155,921)
4. Plan Amendments		0
5. Increase Due to Decrease in Discount Period		<u>19,590,926</u>
6. Net Increase		(794,806)
C. Present Value of Accrued Benefits at Valuation Date		262,386,839

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

Funding Progress
(\$000)

	<u>10/01/2013</u>	<u>10/01/2012</u>	<u>10/01/2011*</u>
	-\$-	-\$-	-\$-
I. <u>Assets</u>			
A. Actuarial Value	186,095	179,510	181,340
B. Market Value	198,442	181,762	160,040
II. <u>Liabilities</u>			
A. Retired and Vested	219,838	213,195	193,918
B. Active			
Employee Contributions	14,765	15,326	16,336
Other Vested	19,925	32,565	38,524
Non-Vested Accrued	<u>7,859</u>	<u>2,096</u>	<u>4,782</u>
C. Total Accrued	262,387	263,182	253,560
III. <u>Ratios</u>	%	%	%
IA/IIC	70.9	68.2	71.5
IB/IIC	75.6	69.1	63.1

* Based on October 1, 2011 Gabriel Roeder Smith report.

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

Member Statistics

I. Active Members

	<u>Valuation Date</u>		
	<u>10/01/2013</u>	<u>10/01/2012</u>	<u>10/01/2011*</u>
<u>Number</u>	165	182	191
<u>Averages</u>			
Current Age	39.6	39.1	39.5
Past Service	11.9	11.8	12.5
Annual Earnings	\$78,476	\$79,302	\$81,225

II. Inactive Members

A. Retirees, Beneficiaries and DROP

Number (DROP)	49	46	45
Number (Retirees and Beneficiaries)	308	301	283
Average Annual Benefit	\$48,178	\$46,911	\$45,395
Average Age	61.6	61.2	60.9

B. Disabled

Number	26	25	26
Average Annual Benefit	\$50,823	\$48,305	\$47,465
Average Age	56.8	55.6	55.1

C. Vested Terminated

Number	1	1	3
Average Annual Benefit	\$32,917	\$32,917	\$78,587
Average Age	45.6	44.6	50.0

* Based on October 1, 2011 Gabriel Roeder Smith report.

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

Age-Service Distribution as of October 1, 2013

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	220,176	55,044
25-29	11	9	-	-	-	-	-	20	1,345,662	67,283
30-34	4	15	6	-	-	-	-	25	1,867,778	74,711
35-39	1	15	15	1	-	-	-	32	2,417,508	75,547
40-44	-	7	17	9	1	-	-	34	2,748,769	80,846
45-49	-	4	5	7	-	-	-	16	1,328,386	83,024
50-54	-	1	4	5	1	-	-	11	941,701	85,609
55-59	-	-	-	-	1	-	-	1	90,523	90,523
60-64	-	1	-	-	-	-	-	1	104,005	104,005
65+	-	-	-	-	-	-	-	-	-	-
TOTAL	20	52	47	22	3	-	-	144	11,064,508	76,837

Average Age: 38.6

Average Service: 10.6

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

Age-Service Distribution as of October 1, 2013

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	-	-	1	2	-	-	-	3	253,619	84,540
40-44	-	-	-	1	4	-	-	5	454,334	90,867
45-49	-	-	-	3	6	1	-	10	926,107	92,611
50-54	-	-	-	2	-	-	-	2	162,836	81,418
55-59	-	-	-	-	1	-	-	1	87,153	87,153
60-64	-	-	-	-	-	-	-	-	--	--
65+	-	-	-	-	-	-	-	-	--	--
TOTAL	-	-	1	8	11	1	-	21	1,884,049	89,717

Average Age: 45.9

Average Service: 20.6

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

Reconciliation of Participant Counts

Fire

	<u>Actives</u>	<u>Retirees & Beneficiaries</u>	<u>DROP</u>	<u>Disabled</u>	<u>Vested Terminated</u>
10/01/2012	151	108	41	10	0
Changes due to:					
Retirement					
Termination - Refund	-3				
Vested Termination					
Disability					
Death		-2			
DROP Entry	-4		+4		
DROP Exit		+1	-2	+1	
New Beneficiary					
New Hires					
Data Changes					
	—	—	—	—	—
10/01/2013	144	107	43	11	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>
10/01/2012	31	193	5	15	1
Changes due to:					
Retirement	-8	+8			
Termination - Refund					
Vested Termination					
Disability					
Death					
DROP Entry	-2		+2		
DROP Exit		+1	-1		
New Beneficiary					
New Hires					
Data Changes		-1			
	_____	_____	_____	_____	_____
10/01/2013	21	201	6	15	1

**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>
10/01/2012	182	301	46	25	1
Changes due to:					
Retirement	-8	+8			
Termination - Refund	-3				
Vested Termination					
Disability					
Death		-2			
DROP Entry	-6		+6		
DROP Exit		+2	-3	+1	
New Beneficiary					
New Hires					
Data Changes		-1			
	———	———	———	———	———
10/01/2013	165	308	49	26	1

**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 for compliance with Internal Revenue Code changes under Ordinance No. 2013-56, passed and adopted on May 14, 2013. 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)	The average of Earnings during the highest 3 years preceding termination; not including lump sum payments of unused leave.
Normal Retirement:	<p>Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:</p> <ol style="list-style-type: none">(1) age 47 with 20 years of Continuous Service, or(2) age 55 with 10 years of Continuous Service. <p>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.</p> <p>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.</p> <p>Normal Form of Benefit: 10 Years Certain and Life; other options are also available.</p> <p>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.</p>
Early Retirement:	<p>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.</p> <p>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.</p> <p>Normal Form of Benefit: 10 Years Certain and Life; other options are also available.</p> <p>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.</p>

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

Summary of Principal System Provisions
(Continued)

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 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.

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.

Non-Service
Connected Disability:

Eligibility: Any 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.

(C) 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 (C) 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:	<p>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.</p> <p>Benefit: Refund of the member's contributions with interest. Interest is currently credited at a rate of 3%.</p>
Member Contributions:	<p>Police: 8.6% of Earnings, paid by BSO. Firefighters: 11.6% of Earnings "picked up" by the City.</p>
Employer Contributions:	<p>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.</p>
Cost of Living Increases:	<p>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.</p>
Deferred Retirement Option Plan:	<p>Eligibility: Plan members are eligible for the DROP on the first day of the month coincident with or next following the earlier of:</p> <ul style="list-style-type: none">(1) age 47 with 20 years of Continuous Service, or(2) age 55 with 10 years of Continuous Service. <p>Members who meet eligibility must submit a written election to participate in the DROP.</p> <p>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.</p> <p>In addition, the members accumulated sick and annual leave pay will be credited to the member's DROP account in 5 equal annual installments on the member's DROP participation anniversary dates.</p>

**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: None.

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

Summary of Actuarial Basis

Valuation Date: October 1, 2013 for Fiscal Year beginning October 1, 2014.

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:

Merit and Seniority

<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>
0-1	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:	<p>The discount rate was reduced to 7.5% from 7.7%.</p> <p>The payroll growth assumption was reduced to 2.75% from 3.35%.</p> <p>Based upon an experience study, the following assumption changes were approved:</p> <ul style="list-style-type: none">• Inflation reduced to 2.5% (previously 3.5%)• Reduction to merit and seniority salary scales• Refinements to retirement rates• Refinements to turnover rates• Reduction in disability rates for firefighters• Healthy mortality changed to RP2000 combined mortality, set forward 5 years, with fully generational mortality improvement using Scale AA (previously 1983 Group Annuity Mortality)• Disabled mortality changed to RP2000 disabled mortality set forward 5 years, with fully generational mortality improvement using Scale AA (previously 1983 Group Disabled Mortality set forward 5 years)

**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>
	-%-	-%-	-%-	-%-	-%-	-%-
9/30/13	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>
	-\$-	-\$-
10/01/2013	85,486,934	6,344,397
10/01/2014	85,078,227	6,603,057
10/01/2015	84,452,136	6,743,914
10/01/2042	(761,288)	(761,288)

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

Disclosure Information Under GASB 25/27

I. Funding Status and Progress

Present Value of Accrued Benefits:

	<u>2013</u>	\$(Millions) <u>2012</u>	<u>2011*</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	219.84	213.19	193.92
Current employees - Accumulated employee contributions including interest	14.76	15.33	16.34
Employer - financed vested	19.93	32.56	38.52
Employer - financed nonvested	<u>7.86</u>	<u>2.10</u>	<u>4.78</u>
Total Present Value of Accrued Benefits	262.39	263.18	253.56
Net assets available for benefits (market value)	<u>198.44</u>	<u>181.76</u>	<u>160.04</u>
Unfunded Accrued Liability	<u>63.95</u>	<u>81.42</u>	<u>93.52</u>

The Accrued Benefit Liability was determined as part of an actuarial valuation at September 30, 2013. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, (b) projected salary increases of 2.5 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of approximately 3.0% percent per year, attributable to seniority/merit.

* Based on October 1, 2011 Gabriel Roeder Smith report.

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

Disclosure Information Under GASB 25/27 - (continued)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the entry age actuarial cost method. This cost method provides for an unfunded actuarial accrued liability. Details of this UAAL are shown in Exhibits 1B and 1C.

Contributions totaling \$11,253,561 (\$8,121,441 employer, \$1,697,318 State and \$1,434,802 employees) were made for the year ending September 30, 2013. These contributions consisted of (a) \$3,720,660 normal cost, (b) \$6,964,109 amortization of the unfunded actuarial accrued liability and adjustment to the Reserve Surplus Account, and (c) \$568,792 noninvestment expenses.

Significant actuarial assumptions used to compute contribution requirements for the year ending September 30, 2013 are the same as those used to compute the Entry Age Actuarial Accrued Liability as of the beginning of the preceding year.

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

Disclosure Information Under GASB 25/27 - (continued)

III. Analysis of Funding Progress for GASB 25/27 (\$000)

Actuarial Valuation Date	Actuarial Value of Assets (a) (\$)	Entry Age Actuarial Accrued Liability (AAL) (b) (\$)	Unfunded AAL (UAAL) (b)-(a) (\$)	Funded Ratio (a)/(b) (%)	Covered Payroll (c) (\$)	UAAL As % of Covered Payroll (b-a)/c (%)
10/1/2004	127,797,879	180,135,211	52,337,332	70.9	18,246,065	286.8
10/1/2005	132,791,429	191,641,964	58,850,535	69.3	18,639,317	315.7
10/1/2006	145,927,220	201,086,201	55,158,981	72.6	18,681,923	295.3
10/1/2007	159,560,878	209,618,138	50,057,260	76.1	19,202,844	260.7
10/1/2008	164,826,132	216,871,472	52,045,340	76.0	18,938,141	274.8
10/1/2009 (b)	165,046,163	225,029,280	59,983,117	73.3	17,755,227	337.8
10/1/2009 (a)	165,046,163	229,557,302	64,511,139	71.9	18,187,155	354.7
10/1/2010 (b)	169,136,485	237,733,591	68,597,106	71.1	16,804,153	408.2
10/1/2010 (a)	169,136,485	242,462,552	73,326,067	69.8	16,804,153	436.4
10/1/2011 (b)	181,340,214	257,679,603	76,339,389	70.4	15,514,029	492.1
10/1/2011 (a)	181,340,214	262,937,589	81,597,375	69.0	15,514,029	526.0
10/1/2012 (b)	179,509,950	265,958,940	86,448,990	67.5	14,432,987	599.0
10/1/2012 (a)	179,509,950	271,407,516	91,897,566	66.1	14,432,987	636.7
10/1/2013 (b)	186,095,219	277,138,023	91,042,804	67.1	13,137,295	693.0
10/1/2013 (a)	186,095,219	271,582,153	85,486,934	68.5	13,137,295	650.7

(b) – Before changes

(a) – After changes

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

Disclosure Information Under GASB 25/27 – (continued)

IV. 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>
2004	2,952,170		2,953,262	100.0		
2005	4,551,843		4,551,843	100.0	98.8	(913,259)
2006	6,092,213	6,146,831	6,092,213	100.0	99.1	(858,641)
2007	6,742,158	6,794,395	6,742,158	100.0	99.2	(806,404)
2008	6,541,199	6,592,613	6,541,199	100.0	99.2	(754,990)
2009	6,321,557	6,371,882	6,321,557	100.0	99.2	(704,665)
2010	6,828,542	6,859,098	6,828,542	100.0	99.6	(674,109)
2011	6,085,623	6,115,028	6,085,623	100.0	99.5	(644,704)
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)

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

Disclosure Information Under GASB 25/27 – (continued)

V. Net Pension Obligation

Employer FYE September 30	2013	2012	2011
Annual Required Contribution (ARC) ⁽¹⁾	8,121,441	5,527,605	6,085,623
Interest on Net Pension Obligation (NPO)	(47,706)	(50,932)	(54,603)
Adjustment to ARC	(36,084)	(76,081)	(84,008)
Annual Pension Cost (APC)	8,109,819	5,552,754	6,115,028
Contributions Made	8,121,441	5,527,605	6,085,623
Increase (decrease) in NPO	(11,622)	25,149	29,405
NPO at beginning of year	(619,555)	(644,704)	(674,109)
NPO at end of year	(631,177)	(619,555)	(644,704)

⁽¹⁾ Excludes expected State contribution.

**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 %
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
Average Increase Since 1998	5.2		6.0

Notes: * Based on October 1, 2011 Gabriel Roeder Smith report.

**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> -%-
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 10/1/12	94,138,425	103,168,374	197,306,799
Contribution by			
- Members	194,950	1,239,852	1,434,802
- City	-	4,372,008	4,372,008
- BSO	3,749,433	-	3,749,433
- State	<u>876,088</u>	<u>1,276,432</u>	<u>2,152,520</u>
- Total	4,820,471	6,888,292	11,708,763
Net Earnings Recognized	7,288,978	8,191,205	15,480,183
Disbursements			
- Benefit Payment	10,020,757	7,338,807	17,359,564
- Refunds	-	148,497	148,497
- Administrative Expenses	<u>267,821</u>	<u>300,971</u>	<u>568,792</u>
- Total	10,288,578	7,788,275	18,076,853
Actuarial Value at 10/1/13	95,959,296	110,459,596	206,418,892
DROP Account Balance	5,365,943	14,287,365	19,653,308
State Contribution Reserve	215,163	455,202	670,365
Adjusted Actuarial Value at 10/1/13	90,378,190	95,717,029	186,095,219