



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

A PENSION TRUST FUND OF THE CITY OF POMPANO BEACH, FLORIDA

FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

TABLE OF CONTENTS

Public Pension Standard Award (Unaudited)	1
Independent Auditors' Report	2-4
Management's Discussion and Analysis (Required Supplementary Information)	5-10
Financial Statements	
Statement of Fiduciary Net Position	11
Statement of Changes in Fiduciary Net Position.....	12
Notes to Financial Statements	13-31
Required Supplementary Information	
Schedule of Changes in the Employer Net Pension Liability and Related Ratios	32-33
Schedule of Employer and Other Contributing Entity Contributions	34
Notes to the Schedule of Employer and Other Contributing Entity Contributions.....	35
Schedule of Investment Returns	36
Supplementary Information	
Schedules of Administrative and Investment Expenses	37
Reporting Section	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	38-39



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2025***

Presented to

***Pompano Beach Police and Firefighters'
Retirement System***

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script, reading 'Robert A. Wylie'.

Robert A. Wylie
Program Administrator

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Trustees and Executive Director
Pompano Beach Police and Firefighters' Retirement System

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Pompano Beach Police and Firefighters' Retirement System (the "System"), which comprise of the statement of fiduciary net position as of September 30, 2025 and the related statement of changes in fiduciary net position and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of September 30, 2025, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the employer net pension liability and related ratios, schedule of employer and other contributing entity contributions, and schedule of investment returns on pages 5-10 and 32-36 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's financial statements. The schedules of administrative and Investment expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of administrative and investment expenses are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Matter - Report on Summarized Comparative Information

We have previously audited the Plan's 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 21, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2026 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Fort Lauderdale, FL

January 22, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial activities of the Pompano Beach Police and Firefighters' Retirement System (the System or the Plan) provides an overview of the financial statements by focusing on the System's financial performance during the years ended September 30, 2025 and 2024 and identifying significant changes in the financial position. Please read it in conjunction with the financial statements and notes to the financial statements which follow this discussion.

The System is responsible for administering a defined benefit public employee retirement system. It provides services to approximately 151 active firefighters, 4 vested inactive firefighters and 449 benefit recipients as of September 30, 2025.

Overview of Financial Statements

Financial Statements

The System presents financial statements as of and for the year ended September 30, 2025 with comparative totals for 2024. The financial statements are prepared using the accrual basis of accounting in accordance with the Governmental Accounting Standards Board (GASB) pronouncements. The two financial statements are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The Statement of Fiduciary Net Position presents information on all of the System's assets and deferred outflows, and liabilities and deferred inflows, with the difference between them reported as net position restricted for pension benefits. This represents the value of net position held in trust to pay pension benefits. The System did not have any deferred outflows or inflows as of September 30, 2025 or 2024.

By contrast, the Statement of Changes in Fiduciary Net Position presents information showing how the System's net position changed, on a comparative basis, with additions (revenues) and deductions (expenses) for the year.

Notes to Financial Statements

The Notes to Financial Statements are an integral part of the financial statements and provide additional information and schedules that are essential for a full understanding of the financial statements. Among other things, information in the notes discloses the method used to value investments, a general description of the Plan, recent Plan amendments, contribution information and investment information.

Required Supplementary Information

Because of the long-term nature of a defined benefit plan, the System provides two required schedules of historical trends based on the actuarial valuations performed by the System's actuary and an analysis of investment returns by the System's investment advisor.

Other Supplementary Information

The other schedules provided are the Schedules of Administrative and Investment Expenses (supplementary information). The schedules provide a detail of the composition of such expenses.

Financial Highlights

Fiscal Year 2025

- Net position increased by \$33.5 million from \$279.8 million at September 30, 2024 to \$313.3 million at September 30, 2025, or 12.0%, primarily due to positive investment returns that exceeded the assumed rate of return.
- The gain on the time-weighted rate of return on investments was 11.85%, net of fees, on a market value basis. The dollar-weighted net return is shown in Note 3 and the Required Supplementary Information.
- At September 30, 2025, the System's fiduciary net position as a percent of the total pension liability was 59.63%, representing an increase of 2.1% from the prior year. This is primarily due to the continued strong asset performance and contributions, but these gains were somewhat offset on the liability side by updates to the actuarial assumptions resulting from a 2024 experience study.
- The Pension Liability at September 30, 2025 was calculated using a 7.00% assumed rate of investment return.
- The System received approximately \$1.9 million in member contributions, \$23.6 million in employer contributions and \$4.2 million in revenue from the State of Florida during 2025.
- At September 30, 2025, the net pension liability of the employer(s) was approximately \$212.1 million.

Fiscal Year 2024

- Net position increased by \$44.4 million from \$235.4 million at September 30, 2023 to \$279.8 million at September 30, 2024, or 18.9%, primarily due to positive investment returns that exceeded the assumed rate of return.
- The gain on the time-weighted rate of return on investments was 20.17%, net of fees, on a market value basis. The dollar-weighted net return is shown in Note 3 and the Required Supplementary Information.
- At September 30, 2024, the System's fiduciary net position as a percent of the total pension liability was 57.52%, representing an increase of 3.7% from the prior year. This is primarily due to the strong asset performance, but the market gains were offset on the liability side by the change in the discount rate to 7.00% from 7.10%, and the experience loss on salaries and Deferred Retirement Option Plan (DROP) retirements.
- The assumed rate of investment return is on a schedule to be lowered from 7.5% to 7.0% in increments of 0.10% per year over the course of a five-year phase-in commencing on the October 1, 2018 actuarial valuation. The rate was maintained at 7.3% for one additional year in light of the unique Covid pandemic circumstances as explained by the City of Pompano Beach, and as recommended as reasonable by the actuary. Total Pension Liability at September 30, 2024 was calculated using a 7.00% assumed rate of investment return.
- The System received approximately \$2.0 million in member contributions, \$20.2 million in employer contributions and \$3.8 million in revenue from the State of Florida during 2024.
- At September 30, 2024, the net pension liability of the employer(s) was approximately \$206.6 million.

Financial Analysis

Fiduciary Net Position

The System's funding objective is to accumulate sufficient assets over time to meet long-term benefit obligations. To accumulate the funds needed to pay pension benefits, the System relies on contributions to the plan and investment earnings.

SUMMARY OF FIDUCIARY NET POSITION AS OF SEPTEMBER 30, 2025 AND 2024

	2025	2024	Increase (Decrease)	
			2025 to 2024	
			Amount	Percent
Assets other than investments:	\$ 3,762,140	\$ 3,732,925	\$ 29,215	0.8%
Investments	310,595,509	277,206,259	33,389,250	12.0%
Total Assets	314,357,649	280,939,184	33,418,465	11.9%
Liabilities	1,068,111	1,153,294	85,183	-7.4%
Net Position	<u>\$ 313,289,538</u>	<u>\$ 279,785,890</u>	<u>\$ 33,503,648</u>	12.0%

Net position restricted for pension benefits totaled \$313.3 million at September 30, 2025 compared to \$279.8 million at September 30, 2024, an increase of 12.0%. Current and other assets, reflecting cash, due from brokers, prepaid benefits and expenses, receivables, intangible right to use leased asset and property and equipment at September 30, 2025 were \$3.8 million, an increase of 0.8% compared to September 30, 2024. Investments totaled \$310.6 million, which is an increase of \$33.4 million, or 12.0% from 2024. The investment increase is due to strong market experience during the year which exceeded the assumed investment rate of return.

The largest portion of the System's assets is invested in equities. At September 30, 2025, the System held \$182.7 million in equities, \$22.4 million in fixed income securities, \$98.4 million in hedge fund of funds, private equity, core and private real estate, infrastructure and private credit funds, and \$7.1 million in money market funds. Total liabilities at September 30, 2025 were \$1.1 million, which included the amount due to brokers for pending trades of \$466,945, accounts payable and accrued expenses of \$275,902, the current portion of long-term liabilities of \$40,244 and long-term liabilities of \$285,020. Overall decrease in liabilities was the result of a decrease in due to brokers amount in 2025.

Revenues – Additions to Net Position Restricted for Pension Benefits

Additions to the Plan Net Position are used to finance current and future retirement benefits. The primary sources of revenue include contributions from active members, employers, premium tax revenue from the State of Florida and net investment income.

ADDITIONS TO NET POSITION
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024	Increase (Decrease) 2025 to 2024	
			Amount	Percent
Employer contributions	\$ 23,604,213	\$ 20,155,147	\$ 3,449,066	17.1%
Member contributions	1,940,335	1,979,268	(38,933)	-2.0%
State of Florida contributions	4,208,640	3,832,801	375,839	9.8%
Net investment income	<u>32,207,391</u>	<u>44,875,989</u>	<u>(12,668,598)</u>	-28.2%
Total Additions	<u><u>\$ 61,960,579</u></u>	<u><u>\$ 70,843,205</u></u>	<u><u>\$ (8,882,626)</u></u>	-12.5%

Contributions and net investment gain totaled \$62.0 million in 2025, a decrease of \$8.9 million from 2024. Employer contributions increased \$3.5 million in 2025 compared to 2024 primarily as a result of significant plan amendments passed in 2022 which increased the City of Pompano Beach's employer contribution. Member contributions decreased by \$38,933 in 2025 compared to the previous year primarily due to benefit plan changes that accelerated DROP retirements. The State of Florida premium tax revenue increased \$375,839 compared to 2024.

The System incurred a positive return on the fair value of its investments in 2025. Net investment gain of \$32.2 million was recognized in 2025, compared with net investment gain of \$44.9 million in 2024, a decrease of 28.2%. The net appreciation in the fair value of investments was \$29.3 million for 2025 compared to a net appreciation of \$42.0 million in 2024. Interest, dividends, and other investment income generated income of \$4.9 million for 2025 compared to \$4.7 million for 2024.

Investment management fees increased \$119,717 from 2024 as a result of new alternative investment managers added to the portfolio. Investment expenses are deducted from total investment income to determine the net investment income.

Expenses – Deductions from Net Position Restricted for Pension Benefits

The primary expenses for the System include benefit payments to retirees and beneficiaries plus cost-of-living adjustments, DROP and Share Plan distributions. They also include refunds of contributions paid to members who terminated employment during the year and administrative expenses.

DEDUCTIONS FROM NET POSITION
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024	Increase (Decrease) 2025 to 2024	
			Amount	Percent
Benefit payments	\$ 27,587,655	\$ 25,497,078	\$ 2,090,577	8.2%
Refund of contributions	19,074	192,726	(173,652)	-90.1%
Administrative expenses	<u>850,202</u>	<u>771,977</u>	<u>78,225</u>	10.1%
Total Deductions	<u><u>\$ 28,456,931</u></u>	<u><u>\$ 26,461,781</u></u>	<u><u>\$ 1,995,150</u></u>	7.5%

The largest expense was for benefits paid to retirees and beneficiaries. Benefit payments totaled approximately \$27.6 million for fiscal year 2025, an increase of \$2.1 million, or 8.2% from 2024, primarily due to higher DROP distributions than the prior year. There were two refunds of contributions to terminating members in 2025, compared to two the previous year. The significant decrease in the amount of refunds was the result of two vested members with larger contributions refunding in 2024 compared to two unvested members in 2025. Administrative expense totaled \$850,202 for fiscal year 2025, an increase of \$78,225, or 10.1%. Total administrative expense (not including investment management fees) was 0.27% of the System's net position.

Further analysis of benefit payments follows:

BENEFIT PAYMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024	Increase (Decrease)	
			2025 to 2024	
			Amount	Percent
Normal retirement payments	\$ 19,510,711	\$ 19,416,874	\$ 93,837	0.5%
Disability pension payments	2,588,992	2,418,551	170,441	7.0%
Beneficiary payments	1,321,381	1,242,395	78,986	6.4%
Share plan payments	437,200	349,307	87,893	25.2%
DROP account withdrawals	<u>3,729,371</u>	<u>2,069,951</u>	<u>1,659,420</u>	80.2%
Total Benefit Payments	<u>\$ 27,587,655</u>	<u>\$ 25,497,078</u>	<u>\$ 2,090,577</u>	8.2%

Funding

An actuarial valuation of the System's assets and benefit obligations is performed annually. The latest actuarial valuation dated October 1, 2024, showed the System had a ratio of actuarially determined pension asset-to-liabilities or funded ratio of 53.1%, down 1.9% from 55.0% on October 1, 2023. The funded ratio decreased as a result of the smoothed asset return being less than assumed and the adoption of updated assumptions as a result of an experience study. At October 1, 2024, the System's actuarial accrued liability exceeded the actuarial value of assets by \$226.0 million.

Investment Activity

The Board of Trustees oversees the System's investments, performance and investment managers. Long-term asset growth is essential to the System's current and continued financial stability; therefore, the Board of Trustees has the fiduciary responsibility to act with prudence when making investment decisions. The foundation of all investment decisions is a realistic investment policy statement. The System's investment policy is continually monitored and revised to match the goals and risk tolerance of the System and provide enhanced criteria for measuring the performance of the investment managers. The current investment policy utilizes traditional asset classes such as Large Capitalization Value, Large Capitalization Growth, Mid Capitalization Value, Small/Mid Capitalization Growth, International Value, International Growth, Fixed Income, as well as alternative asset classes including Public and Private Real Estate, Funds of Hedge Funds, Private Equity, Infrastructure and Private Credit in an effort to enhance the expected return of the System's

portfolio while reducing risk. Periodic rebalancing of the total portfolio to the targets is done to ensure diversification among the various asset classes, which is the key to reaching long-term goals. In addition, the Board constantly monitors the performance of all the managers and replaces those that have long-term underperformance (or other appropriate reasons as determined by the Board of Trustees) with managers believed to provide a better opportunity for the System to meet its investment objectives.

The assumed rate of investment return is 7.0%

Requests for Information

This financial report is designed to provide Plan participants, employers and other interested parties a general overview of the System's finances and to show the System's accountability for the funding it receives. Questions concerning information in this report or requests for additional financial information should be addressed to the Pompano Beach Police and Firefighters' Retirement System, 50 NE 26th Ave, Suite 302, Pompano Beach, Florida 33062.

FINANCIAL STATEMENTS

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2025
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2024)

	2025	2024
Assets		
Cash	\$ 29,218	\$ 46,497
Due from brokers	24,365	437,514
Receivables:		
Accrued interest and dividends	260,574	276,802
DROP loans	765,591	427,387
Other receivables	378,097	361,398
Total Receivables	<u>1,404,262</u>	<u>1,065,587</u>
Investments		
Money market funds	7,119,380	7,934,309
U. S. Government agency obligations	6,025,494	9,299,888
Mortgage backed securities	7,381,191	11,217,047
Municipal obligations	158,121	169,593
Corporate obligations	8,853,821	10,628,209
Equity securities	182,628,248	158,045,303
Hedge funds, private equity and credit, core real estate, infrastructure	98,429,254	79,911,910
Total Investments	<u>310,595,509</u>	<u>277,206,259</u>
Prepayments	2,002,949	1,967,814
Intangible right to use leased assets, net of amortization	297,804	210,341
Property and equipment, net of accumulated depreciation	3,542	5,172
Total Assets	<u>314,357,649</u>	<u>280,939,184</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	275,902	271,909
Current portion of long-term liabilities	40,244	41,015
Due to brokers	466,945	657,614
Long-Term Liabilities		
Due in more than one year	285,020	182,756
Total Liabilities	<u>1,068,111</u>	<u>1,153,294</u>
Net Position Restricted for Pension Benefits	<u>\$ 313,289,538</u>	<u>\$ 279,785,890</u>

The accompanying notes are an integral part of these financial statements.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2024)

	2025	2024
Additions to Net Position		
Restricted for Pension Benefits		
Contributions:		
City of Pompano Beach	\$ 18,238,131	\$ 15,264,166
Broward Sheriff's Office	5,366,082	4,890,981
Members	1,940,335	1,979,268
State of Florida	<u>4,208,640</u>	<u>3,832,801</u>
Total Contributions	<u>29,753,188</u>	<u>25,967,216</u>
Investment Income		
Net appreciation in fair value of investments	29,321,620	42,022,184
Interest and dividends	4,861,297	4,722,523
Miscellaneous investment income	<u>28,161</u>	<u>15,252</u>
	34,211,078	46,759,959
Less: investment expenses	<u>(2,003,687)</u>	<u>(1,883,970)</u>
Net Investment Income	<u>32,207,391</u>	<u>44,875,989</u>
Total Additions	<u>61,960,579</u>	<u>70,843,205</u>
Deductions		
Benefit payments	27,587,655	25,497,078
Refund of participant contributions	19,074	192,726
Administrative expenses	<u>850,202</u>	<u>771,977</u>
Total Deductions	<u>28,456,931</u>	<u>26,461,781</u>
Net Increase	33,503,648	44,381,424
Net Position Restricted for Pension Benefits		
Beginning of year	<u>279,785,890</u>	<u>235,404,466</u>
End of year	<u>\$ 313,289,538</u>	<u>\$ 279,785,890</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements of the Pompano Beach Police and Firefighters' Retirement System (the "System" or the "Plan") are prepared using the accrual basis of accounting. Contributions from the Plan's members are recognized as revenue in the period in which the contributions are due. Employer contributions from the City of Pompano Beach (the "City") and the Broward Sheriff's Department ("BSO"), as calculated by the System's actuary, are recognized as revenue when due and when the entities have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

METHOD USED TO VALUE INVESTMENTS AND INVESTMENT INCOME RECOGNITION

Investments are reported at fair value except for the money market funds which are reported at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net appreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Interest and dividends are recorded as earned. Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. For more details regarding the methods used to measure the fair value of investments refer to the fair value hierarchy in Note 3.

CAPITAL ASSETS

Capital assets, which include property and equipment are stated at cost and depreciated using the straight-line method over the estimated lives of the assets:

Building Improvements	15 years
Equipment	3 to 5 years

Intangible right of use lease assets are amortized on a straight-line basis over the shorter of its estimated useful life or the lease contract term.

LONG TERM LIABILITIES

Lease-related liability amounts are recognized at the inception of the lease. The initial lease liability amounts are recorded at the present value of all of the lease payments. The lease liability is amortized over the lease term.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

COMPARATIVE INFORMATION

The financial statements include certain prior-year comparative information. Such summarized information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the System’s financial statements for the year ended September 30, 2024, from which the information was derived.

NOTE 2 – PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

PLAN DESCRIPTION

The following brief description of the System is provided for general information purposes only. Participants should refer to City ordinances for more complete information.

The System was established by ordinance of the City to account for the financial activities of the System. The System is administered by a nine-member Board of Trustees comprised of three members appointed by the City Commission, three members elected by/from the Firefighter members, and three members elected by/from the Police members. The System is included as a pension trust fund in the City's financial statements.

The System is a defined benefit pension plan that covers all of the City's employees that are full-time sworn police officers and firefighters. In August 1999, BSO was contracted to provide policing services to the City. As a result, all of the City's police officers are employed by BSO. Participating police officers were given the option to either remain in the System or switch to BSO's retirement plan and the System was closed to new police officers.

The System provides retirement, death and disability benefits for its members. Benefit provisions are established and may be amended by the City, in conjunction with the members' collective bargaining units. A member may retire with normal benefits after reaching age 47 and accumulating 20 or more years of credited service or age 55 and accumulating 10 or more

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 – PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

years of credited service. Pursuant to Ordinance 2023-10, effective October 1, 2022, firefighters may retire with normal benefits at any age and accumulation of 20 years of credited service or age 47 and accumulation of 7 or more years of credited service. Normal retirement benefits are stipulated in Section 34.055 of the City's Code of Ordinances and are contingent upon a member's employment classification, separation date, length of service and average monthly earnings. In general, normal retirement benefits are the member's average monthly earnings times the number of years of service multiplied by a factor ranging from 3.0% to 4.0%. Police members with 20 or more years of service may receive an early retirement benefit at age 47 or an immediate benefit at a reduced amount. Police members who have attained age 50 and have completed 10 years of service are also eligible for an early retirement benefit. Police members may delay retirement between normal retirement with benefits that are computed in the same manner as normal retirement.

Each October 1st, an automatic cost of living adjustment ("COLA") of 2% is provided to those retirees who have been retired at least 5 years. An additional increase of up to 1% may be paid to those same retirees under certain circumstances. Effective October 1, 2024, firefighter retirees who were employed on or after October 1, 2022, will receive an automatic COLA of 3% after a one-year delay.

Disability benefits for service-related disabilities are paid to the member for at least 10 years or until recovery. Benefits are calculated as 75% of the member's final earnings in effect at the date the benefit is approved.

Disability benefits for non-service-related disabilities for police officer members with 10 or more years of credited service, or firefighter members with 7 or more years of credited service are paid to a member for at least 10 years or until recovery. Benefits are calculated as 3% of the member's average monthly earnings times the number of credited service years, up to a maximum of 60% of the member's salary, plus 2% of average monthly earnings times the number of credited service years in excess of 25 years.

Pre-retirement death benefits for service-related deaths are payable to the member's surviving spouse until death or remarriage (for life if the member was killed in the line of duty). Benefits are calculated as a \$5,000 lump sum payment plus 75% of the member's final earnings. In addition, eligible children each receive 7.5% of the member's final earnings. If no eligible surviving spouse exists, eligible children each receive 15% of the member's final earnings not to exceed 50%.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 – PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Pre-retirement death benefits for non-service-related deaths of police officer members with more than 10 years of credited service, or firefighter members with more than 7 years of credited service, are payable to a designated beneficiary. The designated beneficiary may elect to receive a return of the member's contribution plus interest or an accrued benefit payable at normal retirement or early retirement. In addition, the designated beneficiary may elect the pre-retirement death benefit for non-service-related deaths of police officer members with 5 to 10, or firefighter members with 5 to 7 years of credited service. Pre-retirement death benefits for non-service-related deaths of police officer members with 5 to 10 years, or firefighter members with 5 to 7 of credited service are paid to the member's surviving spouse for life. Benefits are computed as a \$5,000 lump sum plus 65% of the member's accrued benefits at the date of death, subject to a minimum of 20% of the member's average monthly salary. In addition, eligible children each receive 7.5% of the member's final earnings. If no eligible surviving spouse exists, eligible children each receive 15% of the member's final earnings. The pre-retirement death benefit for members with 1 to 5 years of credited service is a \$5,000 lump sum payment to the member's designated beneficiary.

Post retirement death benefits are payable to the member's beneficiary in accordance with the terms of the payment method selected.

A police officer member with less than 10 years of credited service, or a firefighter member with less than 7 years of credited service, who terminates employment is refunded his or her contributions, plus interest of 3%. A vested member who terminates employment may receive his or her accrued benefit payable at normal retirement date or early retirement date or a refund of contributions plus 3% interest.

Membership consisted of the following as of October 1, 2024, the date of the latest actuarial valuation:

Inactive plan members and beneficiaries currently receiving benefits	448
Inactive plan members entitled but not yet receiving benefits	3
Active plan members	<u>153</u>
Total Members	<u>604</u>

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 – PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

DROP PROGRAM

Any member who is eligible to receive a normal retirement pension may elect to participate in a deferred retirement option program (“DROP”) while continuing his or her active employment as a police officer or firefighter. The maximum DROP participation period is five years for police officers and eight years for firefighters. A police officer member with 25 years of credited service who is not yet eligible for normal retirement may elect to participate in the DROP upon reaching normal retirement. Upon participation in the DROP, the member becomes a retiree for all Plan purposes so that he or she ceases to accrue any further benefits under the pension Plan. Normal retirement payments that would have been payable to the member are accumulated and invested in the DROP program to be distributed to the member upon his or her termination of employment.

At September 30, 2025, there were 95 DROP participants.

The balance in the DROP account at September 30, 2025 was \$26,956,889. This amount is included in the total investment balance presented on the accompanying Statement of Fiduciary Net Position.

DROP LOAN PROGRAM

The Plan allows participants to borrow from their DROP account. The loan limit is up to 50% of the participant's account balance, subject to a minimum of \$5,000 and a maximum of \$50,000. The interest rate charged is the “prime rate” in effect on the day of loan application; repayment schedule and maturity date are not to exceed five years. On September 30, 2025, the balance of DROP loans outstanding was \$765,591.

SHARE PLANS

A Supplemental Retirement Benefit Plan (Share Plan) was established for firefighter members who were employed on October 1, 2010. Firefighters who were actively employed on that date were given a share, based on completed months of service, of the existing Chapter 175 reserves. Annually thereafter, Chapter 175 contributions exceeding \$821,230 are also allocated to members who are employed at the end of each fiscal year. In addition, earnings are posted to the Share Plan accounts each January 1. Firefighters become vested in their accounts at the rate of 50% after 10 years of service, 75% after 15 years of service and 100% after 20 years of service.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 – PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

On September 30, 2022, the Share Plan for Firefighters established by Ordinance 2011-68 was terminated and repealed as a result of the City and the union's mutual agreement that all Chapter 175 premium tax revenues each year be used to offset City pension contributions. The members' Share Plan account balances became 100% vested and were distributed throughout the fiscal year. As of September 30, 2025, there remains an unclaimed residual balance in the firefighters' Share Plan account of \$55,738. This amount is included in the total investment balance presented on the Statement of Fiduciary Net Position.

Effective October 1, 2022, a defined contribution component, the Firefighters' Share Plan was established as required by Florida Statute. No premium tax revenues will be allocated to the plan unless mutually agreed upon between the City and the union.

Effective February 28, 2017, a Share Plan for police officer members was established in accordance with Chapter 185, Florida statutes. Under this Plan, a portion of monies received from the Chapter 185 contributions is set aside to provide special benefits to eligible police officer members. Annually, Chapter 185 contributions exceeding \$876,088 are allocated 50% to a police officers' Share Plan and 50% to reduce the unfunded actuarial liability of the Plan. In accordance with a policy adopted on July 10, 2018, police officer members who were vested with a minimum of ten years of service as of February 28, 2017 were each given a share. The Share Plan funds are allocated to all eligible police members at the end of each fiscal year and distributed to retired police officers annually on December 1. Share Plan funds are held in an account with posted earnings for the remaining active police members until retirement pay status is attained. As of September 30, 2025, the balance in the police officers' Share Plan account was \$575,858. This amount is included in the total investment balance presented on the accompanying Statement of Fiduciary Net Position.

CONTRIBUTIONS

Police officers are required to contribute 8.6% and firefighters 11.6% of their annual covered salary. Pursuant to Chapters 175 and 185 of the Florida Statutes, a premium tax on certain property and casualty insurance contracts written on Pompano Beach properties is collected by the State and is remitted to the System. The City and BSO are required to contribute the remaining amounts necessary to fund the benefits through periodic contributions at actuarially determined rates. Administrative costs are funded through investment earnings.

In accordance with Florida Statutes, and in the absence of mutual consent, additional premium tax revenues in excess of a base amount are reserved 50%, to fund minimum benefits or benefits in excess of minimums, and 50% to fund a Share Plan.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 – PLAN DESCRIPTION AND CONTRIBUTION INFORMATION (CONTINUED)

CONTRIBUTIONS (CONTINUED)

As of the October 1, 2024 actuarial valuation, the cumulative balance of additional premium tax revenues used to provide Share Plan benefits to police officer members (Chapter 185 funds) totaled \$461,543. Chapter 185 premium tax funds in excess of the minimum received in 2025 totaled \$1,093,505 of which \$546,753 was allocated to reduce the unfunded actuarial liability of the Plan and \$546,752 was allocated to the police officers' Share Plan accounts on September 30, 2025.

NOTE 3 – INVESTMENTS

Investment authorization – The System's investment practices are governed by Chapters 175 (Firefighter Pensions), 185 (Municipal Police Pensions), 280 (Florida Security for Public Deposits Act) and 112 (Local Retirement Plan Investment Policies), Florida Statutes, City Code of Ordinances and the System's adopted investment policy. In addition to complying with System policy, the System applies the "Prudent Person Rule" when executing investment strategies. Investments are made with judgment and care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income derived.

Types of investments – Florida Statutes and Plan policy authorize the Board of Trustees to invest in marketable debt securities issued or guaranteed by either the United States Government or its agencies, domestic corporations (including industrial and utilities), Israeli bonds, asset backed and commercial mortgage-backed securities, domestic banks and other financial institutions, exchange traded funds, equity securities listed on the New York, American and principal regional and foreign (for foreign securities) exchanges, over the counter securities for which there is an active market maker regulated by National Association of Securities Dealers, American Depositary Receipts, and real estate investment trusts (REIT) listed on the New York, American, and principal regional and foreign exchanges, Funds of Hedge Funds (FOHF), private credit, and private real estate through institution vehicles or direct ownership.

The Plan's investment policy establishes asset classes and stipulates the following maximum portfolio percentages:

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 3 – INVESTMENTS (CONTINUED)

Authorized Investments	Effective August 15, 2024	
	Allowable Range %	Target %
Fixed income securities and cash	5% - 55%	25.0%
Equity securities	25% - 65%	55.00%
Real estate	0% - 25%	10.00%
FOHF	0% - 15%	5.00%
Infrastructure	0% - 15%	5.00%
Private equity	0% - 15%	0.00%
Private credit	0% - 15%	0.00%

RATE OF RETURN

For the year ended September 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.97%. The money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

INTEREST RATE RISK

As of September 30, 2025, the System had the following investments subject to interest rate risk in its portfolio:

	Remaining Maturity				
	Fair Value	Less Than 1 Year	1 - 5 Years	6-10 Years	Greater Than 10 Years
U.S. government agency obligations	\$ 6,025,494	\$ --	\$ 3,253,577	\$ 730,754	\$ 2,041,163
Mortgage backed securities	4,810,044	--	182,419	56,605	4,571,020
Collateralized mortgage obligations	2,571,147	--	348,790	377,210	1,845,147
Total mortgage backed securities	<u>7,381,191</u>	<u>--</u>	<u>531,209</u>	<u>433,815</u>	<u>6,416,167</u>
Municipal obligations	158,121	--	--	105,777	52,344
Foreign obligations	539,441	--	117,291	307,739	114,411
Corporate obligations	<u>8,314,380</u>	<u>210,525</u>	<u>2,835,398</u>	<u>2,958,171</u>	<u>2,310,286</u>
Total corporate obligations	<u>8,853,821</u>	<u>210,525</u>	<u>2,952,689</u>	<u>3,265,910</u>	<u>2,424,697</u>
Totals	<u>\$ 22,418,627</u>	<u>\$ 210,525</u>	<u>\$ 6,737,475</u>	<u>\$ 4,536,256</u>	<u>\$ 10,934,371</u>

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 3 – INVESTMENTS (CONTINUED)

INTEREST RATE RISK (CONTINUED)

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. As a means of limiting its exposure to fair value losses, the investment guidelines look to control impacts from interest rate risk in both rising and declining interest rate environments considering such factors as credit quality and duration for losses in rising rate environments, and credit quality in declining rate environments. The benchmarks are monitored and changed when warranted by the investment market environment. Debt portfolios are structured and managed to produce returns based on risks inherent in the selected benchmarks.

CREDIT RISK

This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The System's investment policy requires all fixed income investments to hold a credit rating in one of the four highest classifications by a major rating service. Commercial paper, if used, must be of only the highest quality (rating of A-1 or P-1).

Investments in fixed income securities with a rating of Baa3 are limited to 15% of the fixed income portfolio. The fixed income investments credit ratings for the year ended September 30, 2025 ranged between Aaa and Ba1 and below ratings. Positions rated below Ba1 by Moody's may hold a BBB equivalent rating by S&P or Fitch. All of the fixed income investments for the year ended September 30, 2025 met the ratings requirements of the investment policy or an approved exception thereto.

Credit Rating by Moody's Rating	Fair Value	Corporate	CMO	Foreign Bonds and Notes	Municipal	U.S. Government
U.S. Government guaranteed*	\$ 10,835,538	\$ --	\$ --	\$ --	\$ --	\$ 10,835,538
Credit risk debt securities:						
Aaa	1,427,807	119,457	1,308,350	--	--	--
Aa1	--	--	--	--	--	--
Aa2	185,610	34,007	99,259	--	52,344	--
Aa3	139,589	73,101	14,012	--	52,476	--
A1	574,668	550,393	--	24,275	--	--
A2	557,219	470,518	33,400	--	53,301	--
A3	1,259,502	1,155,323	45,321	58,858	--	--
Ba1 and Below	6,155,068	5,711,259	34,804	409,005	--	--
Not Rated	1,283,626	200,322	1,036,001	47,303	--	--
Total credit risk debt securities	11,583,089	8,314,380	2,571,147	539,441	158,121	--
Total Fixed Income Securities	\$ 22,418,627	\$ 8,314,380	\$ 2,571,147	\$ 539,441	\$ 158,121	\$ 10,835,538

*Obligations are backed by the full faith and credit of the U.S. Government.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 3 – INVESTMENTS (CONTINUED)

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. Investments in any one issuer that represent 5% or more of Plan net position require disclosure, excluding investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds. The System utilizes limitations on securities of a single issuer to manage this risk. The System's investment policy limits investments in the fixed income portion of the portfolio to 15% of a given issuer and limits equity investments in any one company to 5% of the equity portion of each portfolio manager (at market value).

As of September 30, 2025, the Cohen & Steers Global Infrastructure Fund, Inc. Class A investment was approximately 5.3% of the System's net position restricted for pension benefits.

CUSTODIAL CREDIT RISK

This is the risk that in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are held by the counterparty. The System has third-party custodial arrangements with financial institutions to accept securities on a delivery versus payment basis for direct purchase agreements. All securities purchased by the System are designated as an asset of the System in the System's name and are held in safekeeping by the System's custodial bank or a third-party custodial institution.

RISKS AND UNCERTAINTIES

The System invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position. The System, through its investment advisor, monitors the System's investment and the risks associated therewith on a regular basis, which the System believes minimizes these risks.

System contributions are made and the net pension liability of the Employer is reported based on certain assumptions pertaining to investment returns, interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 3 – INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY

The Plan categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Investments' fair values based on prices quoted in active markets for identical assets.

Level 2 – Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 – Investments' fair values based upon unobservable inputs.

The following is a description of the fair value techniques for the Plan's investments:

Level 1 and 2 prices are obtained from various pricing sources by the Plan's custodian.

Money market funds are reported at amortized cost.

Equity securities traded on national or international exchanges are valued at the last reported sales price or current exchange rates (Level 1). This includes common stock, American Depository Receipts, foreign stock, mutual fund equities and REITs.

Debt securities are valued using pricing inputs that reflect the assumptions market participants would use to price an asset or liability and are developed based on market data obtained from sources independent of the reporting entity (Level 2). This includes U.S. Treasury bonds and notes, inflation-indexed bonds, U.S. federal agencies, mortgage backed and collateralized securities, municipal bonds, mutual bond funds and corporate obligations, foreign bonds and notes, and private placements.

The Plan has investments in alternative asset classes including funds of hedge funds, private equity fund of funds, infrastructure fund, private credit and a core real estate fund which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value based on their proportionate share of the value of the investments as determined by the fund managers and are valued according to methodologies which include pricing models, discounted cash flow models and similar techniques.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	9/30/2025			
Investments by fair value level				
Debt securities				
US government agency obligations	\$ 6,025,494	\$ 260,102	\$ 5,765,392	\$ -
Mortgage backed securities	7,381,191	-	7,381,191	-
Municipal obligations	158,121	-	158,121	-
Corporate obligations	8,853,821	-	8,853,821	-
Total debt securities	22,418,627	260,102	22,158,525	-
Equity securities				
Common stock	98,040,646	98,040,646	-	-
ADR's and Foreign Stock	42,183,199	28,505,890	13,677,309	-
Mutual fund equities	42,404,403	42,404,403	-	-
Total equity securities	182,628,248	168,950,939	13,677,309	-
Total Investments by fair value level	205,046,875	\$169,211,041	\$35,835,834	\$ -
Investments measured at the net asset value (NAV)				
Hedge FOF and Non-Traditional Fixed Income	35,871,300			
Real estate fund	15,856,375			
Infrastructure fund	16,678,052			
Private equity fund of funds	11,171,932			
Private credit fund	18,851,595			
Total investments measured at NAV	98,429,254			
Money market funds (exempt)	7,119,380			
Total investments	\$310,595,509			

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 3 – INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions.

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fund of Hedge Funds - Multi Strategy ¹	\$ 13,928,839	\$ -	Semi-Annual	95 Days
Core Real Estate Fund ²	12,534,395	-	Quarterly	45 Days
Private Equity Fund of Funds ³	2,483,070	1,725,000	N/A	N/A
Private Equity Fund of Funds ³	1,476,727	870,000	N/A	N/A
Private Equity Fund of Funds ³	1,774,179	3,500,000	N/A	N/A
Private Equity Fund of Funds ⁴	56,076	325,092	N/A	N/A
Private Equity Fund of Funds ⁴	3,256,228	2,525,000	N/A	N/A
Private Equity Fund of Funds ⁵	286,108	326,513	N/A	N/A
Private Equity Fund of Funds ⁵	1,839,544	3,475,000	N/A	N/A
Global Listed Infrastructure Fund ⁶	16,678,052	-	N/A	N/A
Non-Traditional Fixed Income ⁷	6,498,714	-	Quarterly	90 Days
Non-Traditional Fixed Income ⁷	10,380,707	-	Quarterly	90 Days
Private Credit Fund ⁸	4,353,706	2,975,372	N/A	N/A
Private Credit Fund ⁸	6,618,412	862,673	N/A	N/A
Private Credit Fund ⁹	7,879,477	-	N/A	N/A
Closed-End Private Real Estate Fund ¹⁰	3,321,980	1,700,000	N/A	N/A
Ultra Short Duration Fund ¹¹	5,063,040	-	Monthly	40 Days
Total	<u>\$ 98,429,254</u>	<u>\$ 18,284,650</u>		

¹ *Multi-strategy fund of hedge fund.* Aims to pursue varying strategies in order to diversify risks and reduce volatility. This fund is a diversified portfolio of relative value, equity market neutral and low net equity, event driven and distressed and credit securities.

² *Core real estate fund.* This fund is an open-end core real estate fund with a diversified portfolio of income producing institutional properties throughout the US.

³ *Private equity fund of funds.* These two funds are globally diversified private equity programs that invest in large, mid and small-cap buyouts, venture and growth capital, and special situations.

⁴ *Private equity fund of funds.* This fund seeks to find undervalued opportunities in a differentiated platform of private equity, real estate, credit, hedge fund solutions and secondary solutions.

⁵ *Private equity fund of funds.* The fund seeks to acquire and structure private equity portfolios of private equity partnerships and underlying portfolio companies across leveraged buyout, credit, distressed, growth capital, real assets and venture capital strategies.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 3 – INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

- 6 *Global listed infrastructure fund.* The fund seeks to achieve total return through investments in the US and non-US equity securities issued by infrastructure companies. Investments may include utilities, pipelines, toll roads, airports, railroads, marine ports and telecommunication companies.
- 7 *Non-traditional fixed income fund.* The fund seeks to provide returns above the fixed-income benchmarks through security selection, modest leverage, and strict risk controls.
- 8 *Private credit fund.* The fund seeks absolute returns through opportunistic loans made to private companies that are senior and mezzanine in the capital stack.
- 9 *Private credit fund.* The fund seeks absolute returns through opportunistic loans made to private companies that are senior in the capital stack.
10. *Closed end private real estate fund.* The funds seeks to invest in a diversified portfolio of real estate assets including multifamily, industrial, and other property types. The fund intends to generate strong performance through investing in highly desire properties in high demand markets.
11. *Ultra-short fixed income fund.* The fund invests a high level of income with low volatility through purchases of short-term investment securities including investment-grade corporate and government securities, asset-backed securities, bank obligations, residential and commercial mortgage-backed securities, municipal bonds, and emerging corporate bonds.

NOTE 4 – TAX STATUS

The Plan complies with the Required Amendments List for Qualified Plans published annually by the Internal Revenue Service which sets forth mandatory and discretionary amendments. The Plan Administrator and tax counsel believe that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 5 – NET PENSION LIABILITY OF THE EMPLOYER

The components of the net pension liability at September 30, 2025:

Total pension liability	\$ 525,388,809
Less: Plan fiduciary net position	<u>313,289,538</u>
Net Pension Liability	<u>\$ 212,099,271</u>

Plan fiduciary net position as a percent of the total pension liability 59.63%

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability was determined using the following actuarial assumptions based on a valuation date of October 1, 2024:

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – NET PENSION LIABILITY OF THE EMPLOYER (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS (CONTINUED)

Actuarial Cost Method	Individual Entry Age Normal Cost Method. All new bases are to be amortized over 20 years from the date established using a level dollar for police and a level percentage of pay amortization, with a 2.75% payroll growth assumption, for firefighters. As of 10/1/2024, amortization bases established from 10/1/1995 through 10/1/2001 have been consolidated into a single base to be amortized over the next seven years.
Asset Valuation Method	20% (5-year) Phase-In Method with a 20% asset corridor. The result cannot be greater than 120% of market value or less than 80% of market value. Fire and Police asset values are notional and based on divisions of gains and losses by prior year divisional actuarial values of assets. Total DROP balances and Share Plan assets are treated as reserved and are generally not reported in adjusted assets or liabilities for funding calculations.
Interest Rate	7.0% compounded annually, net of investment expenses. Nyhart's professional judgment is that the rate is reasonable and has no significant bias. Support for the interest rate assumption has been provided in the experience study dated October 23, 2024.
Annual Pay Increases	2.5% compounded annually for inflation plus a seniority/merit scale using representative rates 0.50% to 8.50%, updated based on a study of experience for the plan during 2018-2023, completed October 2024.
Expense and/or Contingency Loading	One year term cost method; average of prior two years' expenses.
Mortality Rate Pre-Retirement	Pub-2010 Generational using scale MP-2021, Females, Benefit Weighted Safety Employee Female Table; Males, Benefit Weighted Safety Employee Male Table, set forward 1 year.
Mortality Rate Post-Retirement	Pub-2010 Generational using scale MP-2021, Females, Benefit Weighted Safety Employee Female Table; Males, Benefit Weighted Safety Employee Male Table, set forward 1 year.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – NET PENSION LIABILITY OF THE EMPLOYER (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS (CONTINUED)

Disability	Pub-2010 Generational using scale MP-2021, Females, Headcount Weighted General Disabled Retiree Female Table, set forward 1 year; Males, Headcount Weighted General Disabled Retiree Male Table.
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LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40.0%	7.5%
International Equity	15.0%	8.5%
Domestic Bonds	25.0%	2.5%
International Bonds	0.0%	3.5%
Real Estate	10.0%	4.5%
Alternative Assets	10.0%	5.9%
Total	<u>100.0%</u>	

Long-term expected rate of return is 7.00%.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – NET PENSION LIABILITY OF THE EMPLOYER (CONTINUED)

DISCOUNT RATE (CONTINUED)

all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	<u><u>\$ 275,866,322</u></u>	<u><u>\$ 212,099,271</u></u>	<u><u>\$ 160,170,608</u></u>

NOTE 6 – PLAN AMENDMENTS

There were no Ordinance amendments during plan year ended September 30, 2025.

NOTE 7 – DEFINED BENEFIT PLAN

The City adopted ordinance 2023-41 on March 14, 2023, permitting the Board's management support employees to enter the Pompano Beach General Employees' Retirement System defined benefit pension plan ("DBP"). The employees were effectively transferred on April 16, 2023, and the 401(a) DCP was terminated effective July 29, 2023.

Total employer contributions into the DBP are established through annual actuarial valuation; and totaled \$53,597 for the year ended September 30, 2025.

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 8 – LEASES

Prior to fiscal year 2022, the System, as a lessee, had an existing lease agreement for the rental of their office space and had renewed the office lease through September 2029.

During fiscal year 2025, the System, as a lessee, modified the lease agreement for the rental of their office space and renewed the office lease through September 30, 2032. A revised lease liability was recorded in the amount of \$467,978. As of September 30, 2025, the value of the lease liability is \$325,264 which resulted in an increase in lease liability in the amount of \$131,433 during the year. During fiscal year 2025, the System was required to make monthly lease payments of \$3,618 with a 3% increase commencing at the beginning of each new fiscal year thereafter. The modified lease has an interest rate of 1.48%. The office space estimated useful life is 7 years as of the modified contract period. The value of the right to use asset as of September 30, 2025 was \$297,804, with accumulated amortization of \$170,174 as included in Note 9 – Capital Assets, under leased office space (intangible asset).

The future lease payments under lease agreements are as follows:

Lease			
Fiscal Year	Principal	Interest	Total
2026	\$40,244	\$4,477	\$44,721
2027	42,202	3,868	46,070
2028	44,227	3,229	47,456
2029	46,320	2,560	48,880
2030	48,487	1,860	50,347
2031	50,731	1,127	51,858
2032	53,053	360	53,413
Totals	<u>\$325,264</u>	<u>\$17,481</u>	<u>\$342,745</u>

CHANGES TO LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the System's financial statements for the fiscal year ended September 30, 2025:

Type	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease	<u>\$210,341</u>	<u>\$131,433</u>	<u>\$16,510</u>	<u>\$325,264</u>	<u>\$40,244</u>

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 9 – CAPITAL ASSETS

Capital Assets	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets being depreciated/amortized				
Building Improvements	\$ 51,286	\$ --	\$ 51,286	\$ --
Equipment	295,203	--	--	295,203
Leased office space (intangible asset)	<u>336,545</u>	<u>131,433</u>	<u>--</u>	<u>467,978</u>
Total capital assets being depreciated/amortized	685,697	131,433	51,286	763,181
Less: Accumulated depreciation for				
Building Improvements	51,286	--	51,286	--
Equipment	290,031	1,630	--	291,661
Less: Accumulated amortization for				
Leased office space	<u>126,204</u>	<u>43,970</u>	<u>--</u>	<u>170,174</u>
Total depreciation and amortization	426,598	45,600	51,286	461,835
Net capital assets being depreciated and amortized	<u>215,513</u>	<u>85,833</u>	<u>--</u>	<u>301,346</u>
Total, net of accumulated depreciation and amortization	<u>\$ 215,513</u>	<u>\$ 85,833</u>	<u>\$ --</u>	<u>\$ 301,346</u>

The depreciation expense and amortization expense for the year ended September 30, 2025 was \$1,630 and \$43,970, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE
EMPLOYER NET PENSION LIABILITY AND RELATED RATIOS**

September 30,	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	\$ 8,541,570	\$ 8,282,328	\$ 5,551,463	\$ 5,302,505	\$ 4,955,805
Interest	33,678,134	30,737,911	26,899,487	26,404,237	25,732,847
Changes of benefit terms	--	--	57,120,424	--	--
Differences between expected and actual experience	4,605,019	30,448,863	(6,614,762)	5,674,870	4,441,742
Changes of assumptions	19,792,817	5,107,794	3,767,774	3,648,376	(1,059,072)
Benefit payments, including refunds of member contributions	(27,606,729)	(25,689,804)	(34,572,020)	(24,181,631)	(26,260,144)
Net Change in Total Pension Liability	39,010,811	48,887,092	52,152,366	16,848,357	7,811,178
Total Pension Liability - Beginning	486,377,998	437,490,906	385,338,540	368,490,183	360,679,005
Total Pension Liability - Ending (a)	<u>\$ 525,388,809</u>	<u>\$ 486,377,998</u>	<u>\$ 437,490,906</u>	<u>\$ 385,338,540</u>	<u>\$ 368,490,183</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 23,604,213	\$ 20,155,147	\$ 12,675,261	\$ 12,061,640	\$ 11,136,794
Contributions - member	1,940,335	1,979,268	2,028,099	2,210,960	2,176,133
Contributions - nonemployer contributing member	4,208,640	3,832,801	3,458,037	2,813,294	2,737,886
Net investment income (loss)	32,179,230	44,860,737	20,197,206	(45,410,998)	44,638,537
Benefit payments, including refunds of member contributions	(27,606,729)	(25,689,804)	(34,572,020)	(24,181,631)	(26,260,144)
Administrative expenses	(850,202)	(771,977)	(723,567)	(750,366)	(617,141)
Other	28,161	15,252	(444,133)	(424,509)	59,041
Net Change in Plan Fiduciary Net Position	33,503,648	44,381,424	2,618,883	(53,681,610)	33,871,106
Plan Fiduciary Net Position - Beginning	279,785,890	235,404,466	232,785,583	286,467,193	252,596,087
				(1)	(1)
Plan Fiduciary Net Position - Ending (b)	<u>\$ 313,289,538</u>	<u>\$ 279,785,890</u>	<u>\$ 235,404,466</u>	<u>\$ 232,785,583</u>	<u>\$ 286,467,193</u>
Net Pension Liability - Ending (a) - (b)	\$ 212,099,271	\$ 206,592,108	\$ 202,086,440	\$ 152,552,957	\$ 82,022,990
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.63%	57.52%	53.81%	60.41%	77.74%
Covered Payroll	\$ 17,118,281	\$ 17,343,391	\$ 19,022,396	\$ 18,466,842	\$ 16,818,135
Net Pension Liability as Percentage of Covered Payroll	1239.02%	1191.19%	1062.36%	826.09%	487.71%

(CONTINUED)

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE
EMPLOYER NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**

September 30,	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	\$ 4,762,331	\$ 4,367,560	\$ 4,342,954	\$ 4,117,315	\$ 3,703,207
Interest	25,509,361	25,340,433	25,088,027	24,421,412	21,977,143
Changes of benefit terms	--	--	--	--	--
Differences between expected and actual experience	10,857,184	(3,449,843)	742,156	3,702,653	(983,846)
Changes of assumptions	(8,917,944)	--	3,537,718	--	29,606,755
Benefit payments, including refunds of member contributions	(22,981,366)	(25,758,878)	(25,849,524)	(21,308,109)	(22,946,120)
Net Change in Total Pension Liability	9,229,566	499,272	7,861,331	10,933,271	31,357,139
Total Pension Liability - Beginning	351,449,439	350,950,167	343,088,836	332,155,565	300,798,426
Total Pension Liability - Ending (a)	\$ 360,679,005	\$ 351,449,439	\$ 350,950,167	\$ 343,088,836	\$ 332,155,565
Plan Fiduciary Net Position					
Contributions - employer	\$ 10,943,984	\$ 11,050,554	\$ 10,775,021	\$ 8,142,644	\$ 8,154,934
Contributions - member	1,995,263	1,857,469	1,708,166	1,632,948	1,492,330
Contributions - nonemployer contributing member	2,750,611	2,559,937	2,501,946	2,336,040	2,273,774
Net investment income (loss)	15,361,708	9,533,689	19,886,454	23,717,202	16,233,979
Benefit payments, including refunds of member contributions	(22,981,366)	(25,758,878)	(25,849,524)	(21,308,109)	(22,946,120)
Administrative expenses	(604,803)	(623,074)	(626,768)	(530,291)	(604,460)
Other	66,752	92,615	18,569	75,815	10,775
Net Change in Plan Fiduciary Net Position	7,532,149	(1,287,688)	8,413,864	14,066,249	4,615,212
Plan Fiduciary Net Position - Beginning	245,063,938	246,351,626	237,937,762	223,871,513	219,256,301
Plan Fiduciary Net Position - Ending (b)	\$ 252,596,087	\$ 245,063,938	\$ 246,351,626	\$ 237,937,762	\$ 223,871,513
Net Pension Liability - Ending (a) - (b)	\$ 108,082,918	\$ 106,385,501	\$ 104,598,541	\$ 105,151,074	\$ 108,284,052
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.03%	69.73%	70.20%	69.35%	67.40%
Covered Payroll	\$ 16,107,844	\$ 14,705,355	\$ 14,353,623	\$ 13,527,197	\$ 13,061,612
Net Pension Liability as Percentage of Covered Payroll	671.00%	723.45%	728.73%	777.33%	829.03%
				See Notes to Schedule	

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITY CONTRIBUTIONS

September 30,	2025	2024	2023	2022	2021
Actuarially determined contribution	\$23,604,213	\$20,155,147	\$12,675,261	\$12,061,640	\$11,136,794
Contributions in relation to the actuarially determined contribution	<u>23,604,213</u>	<u>20,155,147</u>	<u>12,675,261</u>	<u>12,061,640</u>	<u>11,136,794</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered payroll	\$17,118,281	\$17,343,391	\$19,022,396	\$18,466,842	\$16,818,135
Contributions as a percentage of covered payroll	137.89%	116.21%	66.63%	65.32%	66.22%
September 30,	2020	2019	2018	2017	2016
Actuarially determined contribution	\$10,943,984	\$11,050,554	\$10,775,021	\$8,142,644	\$8,154,934
Contributions in relation to the actuarially determined contribution	<u>10,943,984</u>	<u>11,050,554</u>	<u>10,775,021</u>	<u>8,142,644</u>	<u>8,154,934</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered payroll	\$16,107,844	\$14,705,355	\$14,353,623	\$13,527,197	\$13,061,612
Contributions as a percentage of covered payroll	67.94%	75.15%	75.07%	60.19%	62.43%

POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO THE SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITY CONTRIBUTIONS

Valuation Date: October 1, 2023

Actuarially determined contribution rates for the year ended September 30, are calculated as of October 1, two years prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Individual Entry Age Normal Cost Method. All new bases are to be amortized over 20 years from the date established using a level dollar for police and a level percentage of pay amortization, with a 2.75% payroll growth assumption, for firefighters.
Asset Valuation Method	20% (5-year) Phase-In Method with a 20% asset corridor.
Interest Rate	7.0% compounded annually, net of investment expenses. Nyhart's professional judgment is that the rate is reasonable and has no significant bias.
Annual Pay Increases	2.0% compounded annually for inflation plus a seniority/merit scale using representative rates 0.99% to 9.03%, updated based on a study of experience for the plan during 2012-2018, completed August 2019.
Expense and/or Contingency Loading	One year term cost method; average of prior two years' expenses.
Mortality Rate Pre-Retirement	Pub-2010 Generational using scale MP-2018, Females, Headcount Weighted Safety Employee Female Table, set forward 1 year; Males, Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year.
Mortality Rate Post-Retirement	Pub-2010 Generational using scale MP-2018, Females, Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year; Males, Headcount Weighted Safety Below Median Health Retiree Male Table, set forward 1 year.
Mortality Rate Disability	Pub-2010, Females, 80% Headcount Weighted General Disabled Retiree Female Table/20% Headcount Weighted Safety Disabled Retiree Female Table; Males, 80% Headcount Weighted General Disabled Retiree Male Table/20% Headcount Weighted Safety Disabled Retiree Male Table.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

September 30, Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
	10.97%	19.57%	9.06%	-16.26%	18.08%

September 30, Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	6.47%	4.02%	8.66%	10.90%	7.68%

SUPPLEMENTARY INFORMATION

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

SUPPLEMENTARY INFORMATION

SCHEDULES OF ADMINISTRATIVE AND INVESTMENT EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2024)

	2025	2024
Administrative Expenses		
Salaries	\$ 272,208	\$ 272,208
Insurance	98,315	95,327
Actuarial fees	97,682	55,362
Legal Fees	87,000	113,135
Employee benefits	53,597	--
Amortization expense (office lease)	43,970	42,068
Computer support fees	37,569	44,708
Accounting and payroll fees	29,152	27,778
Educational	27,439	37,567
Repairs and maintenance	26,450	324
Payroll taxes	21,096	21,082
Interest expense	13,471	2,875
DROP administration fees	10,193	10,369
Miscellaneous	9,286	11,833
Telephone and internet	7,085	5,659
Memberships and publications	4,867	3,982
Office equipment	2,693	3,199
Office supplies	1,780	1,076
Postage	1,709	1,789
Depreciation	1,630	5,117
Utilities	1,606	--
Physical examinations	1,404	16,519
Total Administrative Expenses	\$ 850,202	\$ 771,977
Investment Expenses		
Investment advisory fees	\$ 1,755,272	\$ 1,660,178
Performance measurement	174,046	156,221
Custodial fees	74,369	67,571
Total Investment Expenses	\$ 2,003,687	\$ 1,883,970

See independent auditors' report.

REPORTING SECTION

**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees and Executive Director
Pompano Beach Police and Firefighters' Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of Pompano Beach Police and Firefighters' Retirement System (the "System") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the System's financial statements, and have issued our report thereon dated January 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Fort Lauderdale, FL
January 22, 2026