





# Cavanaugh Macdonald

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January 17, 2016

Board of Trustees

City of Pompano Beach General Employees' Retirement System

555 South Andrews Avenue, Suite 106

Pompano Beach, Florida 33069

Dear Members of the Board:

This report presents the results of the actuarial valuation of the City of Pompano Beach General Employees' Retirement System ("Plan") for the plan year. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2016 and to determine the minimum required contribution amount for the 2017/2018 fiscal year. In addition, this report provides a record of any plan amendments or other plan changes affecting the financial status of the fund. Our calculations were prepared based on member data and financial information provided by the Retirement System. All historical data before the October 1, 2010 valuation was provided by the prior actuary.

## **Summary of Valuation Results**

The Retirement System receives contributions from the City of Pompano Beach, Broward Sheriff's Office (BSO) and from active members. Members hired prior to June 8, 2011 contribute 10.0% of compensation, while members hired on or after June 8, 2011 contribute 7.0% of compensation. In addition, the City contributes the required member contributions on behalf of the elected/appointed members who participate in the System. These contributions are considered member contributions and are not reflected in the required minimum City contribution. In determining the City's and the County's contribution requirement we have included two alternatives. The first includes interest to reflect that the City will make quarterly contributions throughout the fiscal year. The second reflects that the City will contribute a single lump sum payment on December 31, 2017. Both contribution alternatives anticipate that the BSO will make bi-weekly contributions throughout the fiscal year.

## **Quarterly Contributions**

The total required annual contribution for the 2017/2018 fiscal year from all sources payable based on a quarterly payment schedule beginning October 1, 2016 is \$11,023,550. The amount of the City/BSO contributions varies from year to year. Member contributions are equal to 9.20% employees' projected payroll. After taking into account expected member contributions of \$2,633,793, the total required contribution from the City/BSO is \$8,389,757 or 29.31% of projected payroll. Of this amount the City is expected to contribute \$8,055,219 and BSO is expected to contribute \$334,538. In comparison, the required City/BSO contribution for the 2016/2017 fiscal year was \$6,830,038, or 24.69% of projected payroll.



## **Single Lump Sum Payment**

The total required annual contribution for the 2017/2018 fiscal year from all sources payable as a single lump sum payment on December 31, 2017 is \$10,920,537. The amount of the City/BSO contributions varies from year to year. Member contributions are equal to 9.20% of employees' projected payroll. After taking into account expected member contributions of \$2,633,793, the total required contribution from the City/BSO is \$8,286,744 or 28.95% of projected payroll. Of this amount the City is expected to contribute \$7,953,196 and the BSO is expected to contribute \$333,548.

For members hired before June 8, 2011, the plan provides a 2% COLA each year and an additional 1% COLA if certain conditions are met. They are: if there is a cumulative net experience gain for the year, and the City's cost for the year is \$0 after payment of the additional COLA. In addition, the present value of the additional COLA cannot be more than the cumulative gains that occurred since inception of the COLA. Since there was a cumulative net experience loss for the year and a required City contribution is due, no variable COLA will be paid to these members this year.

For members hired on or after June 8, 2011, a member is eligible for a COLA on their fifth anniversary of retirement. No increase is given for eligible retirees under 55 on October 1<sup>st</sup>. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A variable increase (of not more than one percent) will be granted when the plan is sufficiently funded. Since the plan is not sufficiently funded, no variable increase will be paid to these members this year.

Actuarial gains and losses result when the actual experience of the plan (such as asset return, pay increases, turnover, deaths, etc.) is different from that expected by the actuarial assumptions. The plan's unfunded liability was projected to be \$55,990,633 as of October 1, 2016, taking into account contributions from the City and the County of \$6,545,407. The actual unfunded liability is \$68,395,011. The increase of \$12,404,378 is due to an experience gain for the 2015/2016 plan year, and a large increase due to updating the mortality assumption to comply with Florida Statute 112.63(1)(f). This assumption change accounted for \$15,767,946 of the loss. A detailed analysis of the gain and loss is presented in Table II. The total increase in City/County contribution to amortize the unfunded liability is \$999,422 per year. A summary of the amortization payments is presented in Table Va.

The valuation is based on a series of actuarial assumptions, including an interest rate of 8.00% per year and an annual payroll growth assumption of 2.40%. Mortality has been updated to comply with Florida Statute 112.63(1)(f). Table XI outlines the mortality assumptions used in the report.

A summary of the results of the valuation and the contribution requirements is presented in Table I. The disclosure information required by Chapter 112, Florida Statutes, is presented in Table V. Tables VII and X provide information about the fund's assets and historical contributions. Table VIIb provides an asset reconciliation between October 1, 2015 and October 1, 2016. Table VI provides a breakdown of the fund assets by investment type and the calculation of the actuarial value of assets. Tables VII, VIIa, VIII provide a historical record of the growth, expenses, revenues, annual returns and contributions of the fund. Tables IX and IXa through IXd provide a variety of useful information concerning the participant population. The assumptions used in the valuation are outlined in Table XI. Provisions of the plan are set forth in Table XII.



This actuarial valuation was prepared and completed by us or under our direct supervision and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate and, in our 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.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Jose I. Fernandez'.

Jose I. Fernandez, ASA, EA, FCA, MAAA  
Principal and Consulting Actuary  
Enrolled Actuary No. 14-4461

A handwritten signature in blue ink, appearing to read 'Todd B. Green'.

Todd B. Green, ASA, FCA, MAAA  
Principal and Consulting Actuary

JIF/TBG:jmy

**SUMMARY OF VALUATION RESULTS****TABLE I**

	<b>As of October 1, 2015</b>	<b>As of October 1, 2016</b>
<b>1. Number of Participants</b>		
a. Active Participants		
i. City and BSO Employees	442	453
ii. Elected and Appointed Officials	7	7
iii. Senior Management	18	17
iv. Sub-total	<b>467</b>	<b>477</b>
b. Deferred Vested Participants	<b>27</b>	<b>29</b>
c. Retired Participants:		
i. Participants in DROP	44	48
ii. Non-disabled	290	295
iii. Disabled	19	18
iv. Beneficiaries	49	48
v. Sub-total	<b>402</b>	<b>409</b>
d. Total Participants	<b>896</b>	<b>915</b>
<b>2. Total Annual Payroll</b>		
a. Elected Officers	\$671,022	\$687,797
b. Non-elected members (Plan 1)	\$20,648,253	\$19,837,688
c. Non-elected members (Plan 2)	\$5,696,407	\$7,431,724
d. Total	<b>\$27,015,682</b>	<b>\$27,957,209</b>
<b>3. Total Projected Payroll</b>	<b>\$27,664,058</b>	<b>\$28,628,182</b>
<b>4. Total Retired Member Benefits</b>	<b>\$11,568,374</b>	<b>\$12,292,385</b>
<b>5. Derivation of Unfunded Accrued Liability (UAL)</b>		
a. Present Value of Future Benefits	\$239,190,433	\$264,100,067
b. Present Value of Future Normal Cost	(\$29,737,174)	(\$32,393,212)
<i>City Portion</i>	(\$10,968,720)	(\$15,224,765)
<i>Member Portion</i>	(\$18,768,454)	(\$17,168,447)
c. Actuarial Accrued Liability (AAL)	\$209,453,259	\$231,706,855
d. Actuarial Value of Assets	(\$153,291,563)	(\$163,311,844)
e. Unfunded Accrued Liability (c. + d.)	<b>\$56,161,696</b>	<b>\$68,395,011</b>



SUMMARY OF VALUATION RESULTS

TABLE I

	Fiscal Year 2017	Fiscal Year 2018
<b>6. Annual Cost (Payable Quarterly 1<sup>st</sup> Payment 10/1)</b>		
a. Normal Cost	\$4,065,485	\$4,489,845
b. Payment to Amortize Unfunded Liability	\$3,901,409	\$4,900,831
c. Administrative Expenses	\$511,104	\$528,242
d. Interest Adjustment	\$944,162	\$1,104,632
e. Total (a. + b.+ c.+ d.)	<b>\$9,422,160</b>	<b>\$11,023,550</b>
f. Expected Member Contributions	\$2,592,122	\$2,633,793
g. Expected City/County Contribution	\$6,830,038	\$8,389,757
h. Total (f. + g.)	<b>\$9,422,160</b>	<b>\$11,023,550</b>
<b>7. Annual Cost (Payable as a Single Lump Sum on 12/31)</b>		
a. Normal Cost	\$4,065,485	\$4,489,845
b. Payment to Amortize Unfunded Liability	\$3,901,409	\$4,900,831
c. Administrative Expenses	\$511,104	\$528,242
d. Interest Adjustment	\$856,114	\$1,001,619
e. Total (a. + b.+ c.+ d.)	<b>\$9,334,112</b>	<b>\$10,920,537</b>
f. Expected Member Contributions	\$2,592,122	\$2,633,793
g. Expected City/County Contribution	\$6,741,990	\$8,286,744
h. Total (f. + g.)	<b>\$9,334,112</b>	<b>\$10,920,537</b>
<b>8. Annual Cost (as a % of projected payroll)</b>		
<b>a. Quarterly Basis</b>		
i. Total Required Contribution	34.06%	38.51%
ii. Expected Member Contributions *	9.37%	9.20%
iii. Expected City/County Contribution	24.69%	29.31%
<b>b. Single Lump Sum Basis</b>		
i. Total Required Contribution	33.74%	38.15%
ii. Expected Member Contributions *	9.37%	9.20%
iii. Expected City/County Contribution	24.37%	28.95%

\*Non-Elected members in Plan 1 contribute 10.0% of payroll, and 7.0% of payroll if in Plan 2. The City contributes 10.0% of payroll on behalf of elected/appointed members.

**GAIN AND LOSS ANALYSIS****TABLE II****A. UNFUNDED ACCRUED ACTUARIAL LIABILITY (GAIN) / LOSS ANALYSIS**

1. Actual Unfunded Accrued Actuarial Liability as of October 1, 2015	\$56,161,696
2. Plan Sponsor Normal Cost for this Plan Year (including expenses)	\$1,984,467
3. Interest on items 1 and 2 [(1+2) x 8%]	\$4,651,693
4. Plan Sponsor Contribution for this Plan Year:	(\$6,545,407)
5. Interest on item [4 x 8% x .5]	(\$261,816)
6. Changes due to:	
a. Assumption changes	\$15,767,946
b. Plan amendments	\$0
c. Funding Method	\$0
d. Actuarial (Gain) / Loss	(\$3,363,568)
<b>7. Actual Unfunded Accrued Liability as of October 1, 2016:</b> <b>(1. + 2. + 3. + 4. + 5. + 6.)</b>	<u>\$68,395,011</u>
<b>8. Items Affecting Calculation of Unfunded Accrued Actuarial Liability:</b>	
a. Plan provisions reflected in the unfunded accrued liability (see Table XII)	
b. Plan amendments reflected in item 4.c. above (see Table XIIa)	
c. Actuarial assumptions and methods used to determine actuarial accrued liability (see Table XI)	

**B. ASSET (GAIN) / LOSS ANALYSIS**

1. Actuarial Value of Assets as of October 1, 2015	\$153,291,563
2. Interest on item [1a. x 8%]	\$12,263,325
3. Contributions for the 2015/2016 Plan Year	\$9,138,762
4. Interest on item [1c. x 8% x .5]	\$365,550
5. Benefit Payments for 2015/2016 Plan Year (Including Expenses)	(\$13,261,326)
6. Interest on item [1e. x 8% x .5]	(\$530,453)
7. Expected Actuarial Value of Assets as of October 1, 2016	<u>\$161,267,421</u>
8. Actuarial Value of Assets as of October 1, 2016	<u>\$163,311,844</u>
9. <b>(Gain) / Loss</b>	<u><b>(\$2,044,423)</b></u>





**GAIN AND LOSS ANALYSIS**

**TABLE II**

<b>1. Unfunded Accrued Liability Contribution as of October 1, 2015:</b>		\$3,901,409
<b>2. Net Actuarial (Gains)/Losses During the 2015/2016 Plan Year:</b>		
a. Due to Salary	(\$102,481)	
b. Due to Investment Performance	(\$132,913)	
c. Due to Turnover/Mortality	(\$89,422)	
d. Due to New Retirements	\$75,653	
e. Due to Difference and Timing in Contributions	(\$16,506)	
f. Due to Data/Service Adjustments/Benefit Payments	\$136,405	
g. Due to New Members	\$9,935	
h. Total		(\$119,329)
<b>3. Change in Unfunded Accrued Liability Contribution During the 2015/2016 Plan Year:</b>		
a. Assumption changes (change to FRS mortality)	\$1,025,117	
b. Method changes (valuation software/change in actuary)	\$0	
c. Plan changes	\$0	
d. Total change		\$1,025,117
<b>4. Other Effects</b>		\$93,634
<b>5. Unfunded Accrued Liability Contribution as of October 1, 2016</b>		\$4,900,831

**6. Comments on Change in Unfunded Accrued Liability Contribution:**

**Salary/Service:** Actual average salary increase of 4.5% compared to expected increases of 5.9%.

**Investment Performance:** 9.4% actual vs. 8.0% expected return on the actuarial value of assets.

**Turnover:** Net effect on the valuation liabilities of actual deaths, terminations of employment and disabilities different from what was anticipated in the aggregate by the assumptions related to those events.

**New retirements:** Net effect of differences in expected vs. actual numbers of, and benefits for, new retirements and refund of employee contributions.

**Due to Differences and Timing of Contributions:** Due to the one year lag of when the required contribution is determined and when it is deposited into the fund.

**Data/Service Adjustments:** Effect of service adjustments for service purchases.

**Assumption Changes:** Mortality updated to comply with Florida Statute 112.63(1)(f).

**Method Changes:** None.

**Plan Changes:** None.

**Other Effects:** Assumed growth in the unfunded actuarial accrued liability contribution.



**ADDITIONAL DISCLOSURES**

**TABLE III**

**A. Schedule of Funding Progress**

(\$'s in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1)/(2)	Covered Payroll (3)	UAAL as % of Covered Payroll [(2) - (1)]/(3)
10/1/2009	\$118,955	\$161,585	\$42,630	73.6%	\$27,477	155.1%
10/1/2010	\$126,103	\$169,995	\$43,892	74.2%	\$26,597	165.0%
10/1/2011	\$125,170	\$179,688	\$54,518	69.7%	\$26,238	207.8%
10/1/2012	\$123,425	\$185,014	\$61,589	66.7%	\$25,833	238.4%
10/1/2013	\$132,248	\$191,554	\$59,306	69.0%	\$25,923	228.8%
10/1/2014	\$144,640	\$200,747	\$56,107	72.1%	\$26,048	215.4%
10/1/2015	\$153,292	\$209,453	\$56,162	73.2%	\$27,016	207.9%
10/1/2016	\$163,312	\$231,707	\$68,395	70.5%	\$27,957	244.6%

**Additional Information**

Valuation date :	October 1, 2015	October 1, 2016
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level Percent Closed	Level Percent Closed
Remaining amortization period:	1 to 30 years	1 to 30 years
Asset valuation method:	5 - Year Smoothed Market	5 - Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	4.25 to 7.50%	4.25 to 7.50%
Includes inflation at	3.50%	3.50%
Cost of living adjustments	2.00%	2.00%



**PRESENT VALUE OF ACCRUED BENEFITS**

**TABLE IVa**

Shown below is the development of the Total Present Value of Accrued Benefit for the Plan. The calculations were performed in accordance with Chapter 2011-216 Laws of Florida (SB 1128) which requires the calculation of the present value of accrued benefits be calculated using the Florida Retirement System’s assumed rate of return of 7.60% in order to promote comparability of actuarial data between local plans.

**1. Actuarial Present Value of Accrued Benefits**

	<u>As of October 1, 2015</u>	<u>As of October 1, 2016</u>
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$131,587,649	\$151,410,046
ii. Active members	<u>\$63,066,112</u>	<u>\$64,026,122</u>
iii. Sub-total	\$194,653,761	\$215,436,168
b. Non-vested Accrued Benefits	<u>\$195,928</u>	<u>\$1,248,247</u>
c. Total Benefits	<b><u>\$194,849,689</u></b>	<b><u>\$216,684,415</u></b>
d. Market Value of Assets	\$150,255,553	\$160,422,298
e. Percentage Funded	77.1%	74.0%

**2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits**

a. Actuarial Present Value as of October 1, 2015:	<b>\$194,849,689</b>
b. Increase (Decrease) During 2015/2016 Plan Year Attributable to:	
i. Interest	\$14,607,366
ii. Benefits accumulated/experience	\$4,525,767
iii. Benefits paid	(\$12,735,090)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	<u>\$15,436,683</u>
vi. Net increase (decrease)	<b><u>\$21,834,726</u></b>
c. Actuarial Present Value as of October 1, 2016:	<b><u><u>\$216,684,415</u></u></b>

**3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits**

- a. Plan provisions reflected in the accrued benefits (see Table XII on page 34)
- b. Plan amendments reflected in item 2.b.iv. above
- c. Actuarial assumptions and methods used to determine present values (see Table XI on page 30)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above



**PRESENT VALUE OF ACCRUED BENEFITS**

**TABLE IVB**

Shown below is the development of the Total Present Value of Accrued Benefit for the Plan. The calculations were performed using the Plan’s discount rate of 8.0%.

**1. Actuarial Present Value of Accrued Benefits**

	<u>As of October 1, 2015</u>	<u>As of October 1, 2016</u>
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$128,517,777	\$146,169,500
ii. Active members	<u>\$61,027,012</u>	<u>\$60,405,272</u>
iii. Sub-total	\$189,544,789	\$206,574,772
b. Non-vested Accrued Benefits	<u>\$191,969</u>	<u>\$1,178,183</u>
c. Total Benefits	<b><u>\$189,736,758</u></b>	<b><u>\$207,752,955</u></b>
d. Market Value of Assets	\$150,255,553	\$160,422,298
c. Percentage Funded	79.2%	77.2%

**2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits**

a. Actuarial Present Value as of October 1, 2015:	<b>\$189,736,758</b>
b. Increase (Decrease) During 2015/2016 Plan Year Attributable to:	
i. Interest	\$14,669,537
ii. Benefits accumulated/experience	\$4,803,257
iii. Benefits paid	(\$12,735,090)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	<u>\$11,278,493</u>
vi. Net increase (decrease)	<b><u>\$18,016,197</u></b>
c. Actuarial Present Value as of October 1, 2016:	<b><u>\$207,752,955</u></b>

**3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits**

- a. Plan provisions reflected in the accrued benefits (see Table XII on page 34)
- b. Plan amendments reflected in item 2.b.iv. above
- c. Actuarial assumptions and methods used to determine present values (see Table XI on page 30)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above



**INFORMATION REQUIRED BY FLORIDA STATUTE (CHAP. 112)**

**TABLE V**

	Actuarial valuation prepared as of:		
	<u>October 1, 2015</u>	<u>October 1, 2016</u>	<u>October 1, 2016</u>
<b>Prior to Assumption Changes</b>			
<b>1. Participant Data:</b>			
a. Active members:			
i. Number	467	477	477
ii. Total annual payroll	\$27,015,682	\$27,957,209	\$27,957,209
iii. Projected annual payroll	\$27,664,058	\$28,628,182	\$28,628,182
b. Retirees and beneficiaries:			
i. Number	339	343	343
ii. Total annualized benefit	\$9,468,865	\$10,013,180	\$10,013,180
c. Disabled members receiving benefits:			
i. Number	19	18	18
ii. Total annualized benefit	\$472,532	\$426,278	\$426,278
d. Members in DROP:			
i. Number	44	48	48
ii. Total annualized benefit	\$1,626,977	\$1,852,927	\$1,852,927
e. Terminated vested members:			
i. Number	27	29	29
ii. Total annualized benefit	\$471,017	\$513,415	\$513,415
<b>2. Assets:</b>			
a. Actuarial value of assets	\$153,291,563	\$163,311,844	\$163,311,844
b. Market value of assets	\$150,255,553	\$160,422,298	\$160,422,298
<b>3. Liabilities:</b>			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$101,442,966	\$100,286,378	\$109,778,706
Vesting benefits	\$2,647,619	\$2,636,982	\$2,877,145
Disability benefits	\$3,025,334	\$3,633,810	\$3,142,827
Death benefits	\$2,570,409	\$2,546,810	\$1,694,131
Return of member contributions	\$986,328	\$449,119	\$437,758
Sub-total	\$110,672,656	\$109,553,099	\$117,930,567
ii. Terminated vested members	\$3,803,724	\$4,360,905	\$4,652,522
iii. Retired members and beneficiaries:			
Retirees, members in DROP, and beneficiaries	\$119,589,854	\$127,538,211	\$137,166,949
Disabled members	\$5,124,199	\$4,495,107	\$4,350,029
Sub-total	\$124,714,053	\$132,033,318	\$141,516,978
iv. Total present value of all future expected ben. pmts.	\$239,190,433	\$245,947,322	\$264,100,067



	Actuarial valuation prepared as of:		
	October 1, 2015	October 1, 2016	October 1, 2016
		<b>Prior to Assumption Changes</b>	
b. Liabilities due and unpaid	\$0	\$0	\$0
c. Active actuarial accrued liability	\$80,935,482	\$79,544,686	\$85,537,355
d. Inactive actuarial accrued liability	\$128,517,777	\$136,394,223	\$146,169,500
e. Total actuarial accrued liability	\$209,453,259	\$215,938,909	\$231,706,855
f. Unfunded actuarial accrued liability (please reference Table Va for details concerning the unfunded liability bases and amortization periods)	\$56,161,696	\$52,627,065	\$68,395,011
<b>4. Actuarial Present Value of Accrued Benefits:</b> (please reference Table IV for details concerning the present value of accrued benefits)	\$194,849,689	\$201,247,732	\$216,684,415
<b>5. Pension Cost (as a % of annual payroll):</b>			
a. Normal cost plus projected administrative expenses	16.54%	16.26%	17.53%
Dollar amount	\$4,576,589	\$4,654,227	\$5,018,087
b. Payment to amortize unfunded liability	14.10%	13.54%	17.12%
Dollar amount	\$3,901,409	\$3,875,714	\$4,900,831
c. Interest adjustment	3.42%	3.31%	3.86%
Dollar amount	\$944,162	\$949,947	\$1,104,632
d. Amount to be contributed by members	9.37%	9.20%	9.20%
Dollar amount	\$2,592,122	\$2,633,793	\$2,633,793
e. City Minimum Contribution	24.69%	23.91%	29.31%
Dollar amount	\$6,830,038	\$6,846,095	\$8,389,757



**INFORMATION REQUIRED BY FLORIDA STATUTE (CHAP. 112)**

**TABLE V**

	<u>Fiscal Year 2014/2015</u>	<u>Fiscal Year 2015/2016</u>	<u>Fiscal Year 2015/2016</u>
<b>6. Past Contributions:</b>			
a. Required City & County contribution	\$6,669,132	\$6,545,407	\$6,545,407
b. Actual contribution made by:			
i. City	\$6,259,058	\$6,153,050	\$6,153,050
ii. County	\$410,074	\$392,357	\$392,357
iii. Members	\$2,562,901	\$2,593,355	\$2,593,355
<b>Actuarial valuation prepared as of:</b>			
<b>Prior to Assumption Changes</b>			
	<u>October 1, 2015</u>	<u>October 1, 2016</u>	<u>October 1, 2016</u>
<b>7. Net actuarial (gain) / loss:</b>	379,861	(3,363,568)	(3,363,568)
<b>8. Other disclosures:</b>			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$204,220,693	\$210,421,346	\$191,452,190
at entry age	N/A	N/A	N/A
ii. Future contributions:			
at attained age	\$18,768,454	\$18,900,554	\$17,168,447
at entry age	N/A	N/A	N/A
b. Present value of future normal contributions from City	\$10,968,720	\$11,107,859	\$15,224,765
c. Present value of future expected benefit payments for active members at entry age	N/A	N/A	N/A
d. Amount of active members' accumulated contributions	\$26,520,864	\$26,787,675	\$26,787,675



**UNFUNDED LIABILITY BASES**

**TABLE Va**

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of October 1, 2015</u>	<u>BOY 2015/2016 Amortization Payment</u>	<u>Outstanding Balance as of October 1, 2016</u>	<u>BOY 2016/2017 Amortization Payment</u>	<u>Years Remaining October 1, 2016</u>
1986 Experience (Gain)/Loss	(\$2,085,244)	(\$195,991)	(\$195,991)	\$0	\$0	0 years
1987 Experience (Gain)/Loss	(\$3,460,275)	(\$645,230)	(\$331,202)	(\$339,150)	(\$339,150)	1 years
1988 Experience (Gain)/Loss	\$1,662,787	\$516,916	\$181,557	\$362,188	\$185,914	2 years
1989 Experience (Gain)/Loss	(\$180,749)	(\$71,697)	(\$19,380)	(\$56,502)	(\$19,845)	3 years
1990 Experience (Gain)/Loss	(\$376,257)	(\$187,111)	(\$41,509)	(\$157,250)	(\$42,506)	4 years
1991 Experience (Gain)/Loss	\$180,600	\$107,192	\$20,325	\$93,816	\$20,812	5 years
1992 Experience (Gain)/Loss	(\$248,979)	(\$168,228)	(\$28,036)	(\$151,407)	(\$28,708)	6 years
1993 Experience (Gain)/Loss	(\$304,735)	(\$229,976)	(\$34,379)	(\$211,245)	(\$35,205)	7 years
1994 Experience (Gain)/Loss	\$290,132	\$245,991	\$33,502	\$229,488	\$34,306	8 years
1995 Experience (Gain)/Loss	(\$1,175,801)	(\$1,053,389)	(\$132,306)	(\$994,770)	(\$135,481)	9 years
1996 Experience (Gain)/Loss	(\$1,384,333)	(\$1,350,379)	(\$157,959)	(\$1,287,814)	(\$161,750)	10 years
1997 Experience (Gain)/Loss	(\$4,825,881)	(\$5,481,806)	(\$602,022)	(\$5,270,167)	(\$616,470)	11 years
1998 Experience (Gain)/Loss	(\$3,450,637)	(\$3,724,551)	(\$386,624)	(\$3,604,961)	(\$395,903)	12 years
1999 Experience (Gain)/Loss	(\$4,863,161)	(\$5,138,454)	(\$507,051)	(\$5,001,915)	(\$519,220)	13 years
2000 Experience (Gain)/Loss	(\$1,480,206)	(\$1,540,638)	(\$145,226)	(\$1,507,045)	(\$148,712)	14 years
2001 Experience (Gain)/Loss	\$7,815,513	\$8,251,129	\$746,137	\$8,105,391	\$764,045	15 years
2002 Experience (Gain)/Loss	\$9,987,004	\$10,655,423	\$927,764	\$10,505,872	\$950,030	16 years
2003 Experience (Gain)/Loss	\$4,483,179	\$4,813,818	\$404,879	\$4,761,654	\$414,596	17 years
2004 Experience (Gain)/Loss	\$4,956,483	\$5,351,795	\$436,061	\$5,308,993	\$446,526	18 years
2005 Experience (Gain)/Loss	\$6,499,426	\$7,038,859	\$557,019	\$7,000,387	\$570,387	19 years
2006 Experience (Gain)/Loss	(\$3,577,856)	(\$3,866,561)	(\$297,853)	(\$3,854,205)	(\$305,002)	20 years
2007 Experience (Gain)/Loss	\$343,924	\$369,594	\$27,772	\$369,168	\$28,438	21 years
2008 Experience (Gain)/Loss	\$2,246,447	\$2,394,379	\$175,821	\$2,396,043	\$180,041	22 years
2009 Experience (Gain)/Loss	\$14,709,552	\$15,522,858	\$1,115,779	\$15,559,645	\$1,142,558	23 years
2010 Experience (Gain)/Loss	\$1,517,167	\$1,582,672	\$111,528	\$1,588,836	\$114,205	24 years
2011 Experience (Gain)/Loss	\$10,387,585	\$10,733,193	\$742,528	\$10,789,918	\$760,348	25 years
2012 Experience (Gain)/Loss	\$6,483,132	\$6,655,191	\$452,567	\$6,698,834	\$463,429	26 years
2013 Experience (Gain)/Loss	(\$3,009,142)	(\$3,065,323)	(\$205,135)	(\$3,089,003)	(\$210,059)	27 years
2014 Experience (Gain)/Loss	(\$3,745,256)	(\$3,781,908)	(\$249,333)	(\$3,815,181)	(\$255,317)	28 years
2015 Experience (Gain)/Loss	(\$407,300)	(\$407,300)	(\$26,480)	(\$411,286)	(\$27,115)	29 years
2016 Experience (Gain)/Loss	(\$3,814,042)			(\$3,814,042)	(\$247,961)	30 years





**UNFUNDED LIABILITY BASES**

**TABLE Va**

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of October 1, 2015</u>	<u>BOY 2015/2016 Amortization Payment</u>	<u>Outstanding Balance as of October 1, 2016</u>	<u>BOY 2016/2017 Amortization Payment</u>	<u>Years Remaining October 1, 2016</u>
1987 Plan Amendment Eliminate Age 55 Restriction	\$410,774	\$76,597	\$39,318	\$40,261	\$40,261	1 years
1988 Plan Amendment 10 Year Cliff Vesting	\$417,435	\$129,767	\$45,578	\$90,924	\$46,672	2 years
1990 Plan Amendment 10 Year Svc for Non-Svc Disability	\$62,149	\$30,914	\$6,858	\$25,980	\$7,023	4 years
1992 Plan Amendment Tax Compliance/Pick-Up Plan	(\$132,092)	(\$89,250)	(\$14,874)	(\$80,326)	(\$15,231)	6 years
1994 Plan Amendment Change Pre-Retirement Death Benefits	\$91,138	\$77,273	\$10,524	\$72,089	\$10,777	8 years
2000 Plan Amendment COLA	\$13,628,631	\$14,128,578	\$1,331,813	\$13,820,506	\$1,363,776	14 years
2004 Plan Amendment DROP	\$2,820,380	\$3,045,324	\$248,131	\$3,020,968	\$254,086	18 years
2004 Plan Amendment Elected Officials/Appointees	\$1,220,245	\$1,317,569	\$107,355	\$1,307,031	\$109,931	18 years
2006 Plan Amendment 2.75% Multiplier	\$6,510,457	\$7,035,800	\$541,990	\$7,013,315	\$554,997	20 years
2008 Plan Amendment Senior Managers	\$383,377	\$408,623	\$30,006	\$408,906	\$30,726	22 years
2009 Plan Amendment Senior Managers	\$134,409	\$140,783	\$10,119	\$141,117	\$10,362	23 years
2015 Plan Amendment 7 Year Vesting	\$50,515	\$50,515	\$3,284	\$51,009	\$3,363	29 years
1986 Assumption Change	\$748,707	\$70,371	\$70,371	\$0	\$0	0 years
1992 Assumption Change	(\$806,413)	(\$544,866)	(\$90,804)	(\$490,387)	(\$92,983)	6 years
1994 Assumption Change	\$1,260,489	\$1,068,698	\$145,550	\$997,000	\$149,043	8 years
1995 Assumption Change	\$697,180	\$624,591	\$78,449	\$589,833	\$80,331	9 years
1996 Assumption Change	\$365,331	\$356,367	\$41,686	\$339,855	\$42,686	10 years
1997 Assumption Change	\$73,638	\$83,647	\$9,186	\$80,418	\$9,407	11 years
2000 Assumption Change	(\$10,001,095)	(\$10,367,969)	(\$977,324)	(\$10,141,897)	(\$1,000,779)	14 years
2002 Assumption Change	\$1,136,132	\$1,212,169	\$105,543	\$1,195,156	\$108,076	16 years
2008 Assumption Change	(\$117,474)	(\$125,211)	(\$9,194)	(\$125,298)	(\$9,415)	22 years
2016 Assumption Change	\$15,767,946			\$15,767,946	\$1,025,117	30 years



**UNFUNDED LIABILITY BASES**

**TABLE Va**

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of October 1, 2015</u>	<u>BOY 2015/2016 Amortization Payment</u>	<u>Outstanding Balance as of October 1, 2016</u>	<u>BOY 2016/2017 Amortization Payment</u>	<u>Years Remaining October 1, 2016</u>
1987 Method Change	\$1,183,328	\$220,655	\$113,264	\$115,982	\$115,982	1 years
2002 Method Change	(\$5,539,505)	(\$5,910,254)	(\$514,604)	(\$5,827,302)	(\$526,954)	16 years
2010 Method Change	(\$696,223)	(\$726,282)	(\$51,180)	(\$729,110)	(\$52,408)	24 years
2000 Variable Benefit	\$226,471	\$228,498	\$21,539	\$223,516	\$22,056	14 years
2001 Variable Benefit	\$280,869	\$288,321	\$26,072	\$283,229	\$26,698	15 years
<b>Total</b>		<b>\$56,161,696</b>	<b>\$3,901,409</b>	<b>\$68,395,011</b>	<b>\$4,900,831</b>	

<u>Date</u>	<u>Projected Unfunded Liability</u>
October 1, 2016	\$68,395,011
October 1, 2017	\$68,573,714
October 1, 2018	\$68,437,403
October 1, 2019	\$68,418,648
October 1, 2046	\$0

\* The total experience loss/(gain) for the 2015/2016 plan year of (\$3,363,568) is adjusted by contribution timing differences adjusted with interest equal to (\$450,474).



**DEVELOPMENT OF MARKET ASSET (GAIN)/LOSS**

**TABLE VIa**

	<u>As of October 1, 2015</u>	<u>As of October 1, 2016</u>
<b>1. Market Value of Assets</b>		
a. Cash and cash equivalents (3.32%)	\$2,797,361	\$5,326,508
b. U.S. government bonds (5.24%)	\$8,056,766	\$8,411,278
c. Common stock (36.09%)	\$52,608,549	\$57,901,290
d. Corporate bonds and notes (9.54%)	\$10,205,951	\$15,308,876
e. Equity Funds (25.22%)	\$43,109,444	\$40,453,134
f. Private equity funds (8.47%)	\$14,330,505	\$13,584,672
g. Real estate (12.01%)	\$17,025,816	\$19,265,116
h. Net receivables and other (0.48%)	\$2,439,202	\$777,973
i. Accrued expenses payable (-0.1%)	(\$158,912)	(\$160,531)
j. Payable for securities purchased (-0.28%)	(\$159,129)	(\$446,018)
k. Market value of assets (100%)	<b>\$150,255,553</b>	<b>\$160,422,298</b>
<b>2. Actuarial Value of Assets</b>		
a. Market Value of Assets	\$150,255,553	\$160,422,298
b. 5-year phase-in of gain/(losses) on Actuarial Value of Assets:		
i. 2011/2012	\$9,395,696	x 20% = \$1,879,139
ii. 2012/2013	\$10,969,696	x 40% = \$4,387,878
iii. 2013/2014	\$1,064,565	x 60% = \$638,739
iv. 2014/2015	(\$12,427,208)	x 80% = (\$9,941,766)
v. 2015/2016	\$2,433,768	x 80% = \$1,947,014
vi. Total unrecognized (losses)/gains		(\$3,036,010)
c. Preliminary Actuarial Value of Assets (Item a. minus item e.vi.)	<b>\$153,291,563</b>	<b>\$163,311,844</b>
d. Corridor around Actuarial Value of Assets		
i. 80% of Market Value (item a.)	<b>\$120,204,442</b>	<b>\$128,337,838</b>
ii. 120% of Market Value (item a.)	<b>\$180,306,664</b>	<b>\$192,506,758</b>
e. Actuarial Value of Assets (Item c., but within items d.i. and d.ii.)	<b>\$153,291,563</b>	<b>\$163,311,844</b>

**DEVELOPMENT OF MARKET ASSET (GAIN)/LOSS****TABLE VIa**

	<u>As of October 1, 2015</u>	<u>As of October 1, 2016</u>
1. Beginning of Year Market Value	\$154,313,634	\$150,255,553
2. Expected Interest on Assets	\$12,345,091	\$12,020,444
3. Contributions	\$9,232,033	\$9,138,762
4. Benefit Payments	(\$12,524,827)	(\$12,735,090)
5. Administrative Expenses	(\$530,248)	(\$526,236)
6. Interest on 3, 4, and 5	<u>(\$152,922)</u>	<u>(\$164,903)</u>
7. Expected End of Year Market Value	\$162,682,761	\$157,988,530
8. Actual End of Year Market Value	\$150,255,553	\$160,422,298
9. Gain/(Loss) for Plan Year	(\$12,427,208)	\$2,433,768

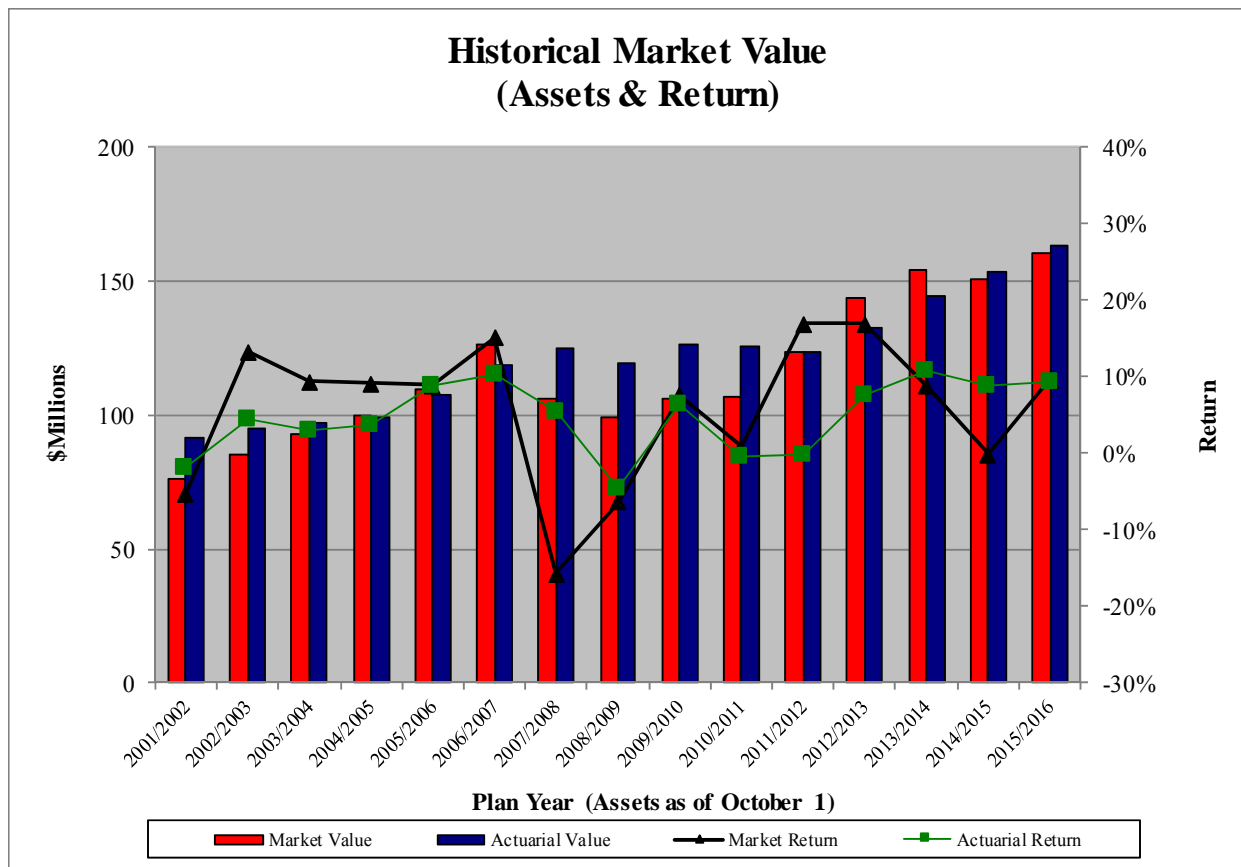
**MARKET ASSET RECONCILIATION****TABLE VIb**

	<u>As of October 1, 2015</u>	<u>As of October 1, 2016</u>
<b>1. Beginning of Year Market Value:</b>	<b>\$154,313,634</b>	<b>\$150,255,553</b>
<b>2. Increases Due to:</b>		
a. Contributions:		
i. City	\$6,259,058	\$6,153,050
ii. County	\$410,074	\$392,357
iii. Employee	\$2,562,901	\$2,593,355
iv. Total	<u>\$9,232,033</u>	<u>\$9,138,762</u>
b. Investment income	(\$235,039)	\$14,289,309
c. Total increases	<u><u>\$8,996,994</u></u>	<u><u>\$23,428,071</u></u>
<b>3. Decreases Due to:</b>		
a. Benefit payments	\$12,286,072	\$12,536,330
b. Refund of member contributions	\$238,755	\$198,760
c. Administrative expenses	\$530,248	\$526,236
d. Miscellaneous	\$0	\$0
e. Total decreases	<u><u>\$13,055,075</u></u>	<u><u>\$13,261,326</u></u>
<b>4. End of Year Market Value:</b>	<b>\$150,255,553</b>	<b>\$160,422,298</b>



**HISTORICAL ASSET INFORMATION**

**TABLE VII**



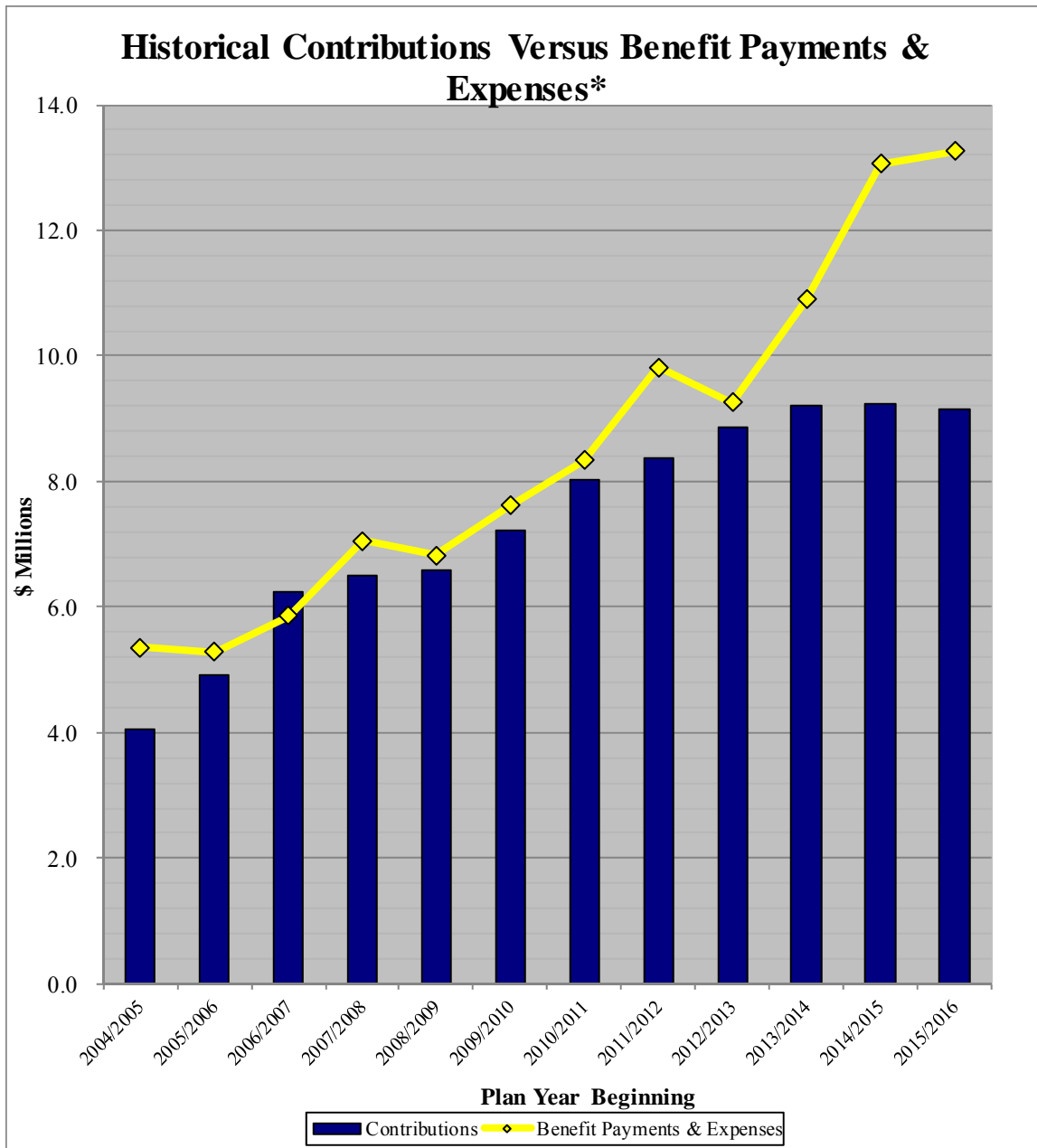
Plan Year	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments	Administrative Expenses	City, County, and Member Contributions	Market Return	Actuarial Return
2001/2002	\$76,424,845	\$91,709,814	\$3,254,038	\$250,351	\$2,140,762	(5.30)%	(1.80)%
2002/2003	\$85,458,520	\$94,741,607	\$3,556,707	\$282,053	\$2,803,247	13.30%	4.50%
2003/2004	\$92,735,898	\$96,735,577	\$3,895,060	\$330,446	\$3,481,462	9.40%	2.90%
2004/2005	\$99,890,915	\$98,980,085	\$4,967,607	\$387,998	\$4,039,559	9.10%	3.70%
2005/2006	\$109,249,514	\$107,334,005	\$4,862,124	\$425,926	\$4,905,164	8.90%	8.80%
2006/2007	\$126,184,449	\$118,772,822	\$5,376,897	\$482,702	\$6,246,138	15.10%	10.30%
2007/2008	\$106,187,212	\$124,869,067	\$6,521,687	\$531,899	\$6,506,416	(15.70)%	5.30%
2008/2009	\$99,128,822	\$118,954,587	\$6,309,625	\$517,272	\$6,584,631	(6.40)%	(4.60)%
2009/2010	\$106,118,339	\$126,102,821	\$7,081,623	\$541,663	\$7,207,441	7.49%	6.37%
2010/2011	\$106,693,934	\$125,170,479	\$7,858,299	\$483,843	\$8,032,038	0.84%	(0.49)%
2011/2012	\$123,122,925	\$123,424,957	\$9,328,455	\$490,142	\$8,374,155	16.87%	(0.24)%
2012/2013	\$143,522,730	\$132,247,827	\$8,781,030	\$479,816	\$8,857,264	16.92%	7.49%
2013/2014	\$154,313,634	\$144,640,159	\$10,409,529	\$491,959	\$9,213,527	8.75%	10.72%
2014/2015	\$150,255,553	\$153,291,563	\$12,524,827	\$530,248	\$9,232,033	(0.15)%	8.74%
2015/2016	\$160,422,298	\$163,311,844	\$12,735,090	\$526,236	\$9,138,762	9.64%	9.35%

**REVENUES BY SOURCE AND EXPENSES BY TYPE****TABLE VIIa**

<b>REVENUES</b>					
<b>Fiscal Year</b>	<b>City and County Contributions</b>	<b>Member Contributions</b>	<b>Sub-Total</b>	<b>Net Investment Income</b>	<b>Total</b>
2002/2003	\$1,228,956	\$1,574,291	<b>\$2,803,247</b>	\$10,069,188	<b>\$12,872,435</b>
2003/2004	\$1,849,695	\$1,631,767	<b>\$3,481,462</b>	\$8,021,422	<b>\$11,502,884</b>
2004/2005	\$2,341,224	\$1,698,335	<b>\$4,039,559</b>	\$8,471,063	<b>\$12,510,622</b>
2005/2006	\$3,144,061	\$1,761,103	<b>\$4,905,164</b>	\$9,741,485	<b>\$14,646,649</b>
2006/2007	\$4,064,240	\$2,181,898	<b>\$6,246,138</b>	\$16,548,396	<b>\$22,794,534</b>
2007/2008	\$3,416,488	\$3,089,928	<b>\$6,506,416</b>	(\$19,450,067)	<b>(\$12,943,651)</b>
2008/2009	\$3,706,870	\$2,877,761	<b>\$6,584,631</b>	(\$6,816,124)	<b>(\$231,493)</b>
2009/2010	\$4,338,870	\$2,868,571	<b>\$7,207,441</b>	\$7,405,362	<b>\$14,612,803</b>
2010/2011	\$5,351,521	\$2,680,517	<b>\$8,032,038</b>	\$885,699	<b>\$8,917,737</b>
2011/2012	\$5,801,971	\$2,572,184	<b>\$8,374,155</b>	\$17,873,433	<b>\$26,247,588</b>
2012/2013	\$6,332,731	\$2,524,533	<b>\$8,857,264</b>	\$20,803,387	<b>\$29,660,651</b>
2013/2014	\$6,697,862	\$2,515,665	<b>\$9,213,527</b>	\$12,478,865	<b>\$21,692,392</b>
2014/2015	\$6,669,132	\$2,562,901	<b>\$9,232,033</b>	(\$235,039)	<b>\$8,996,994</b>
2015/2016	\$6,545,407	\$2,593,355	<b>\$9,138,762</b>	\$14,289,309	<b>\$23,428,071</b>

<b>EXPENSES</b>				
<b>Fiscal Year</b>	<b>Benefits Paid</b>	<b>Member Refunds</b>	<b>Administrative Expenses*</b>	<b>Total</b>
2002/2003	\$3,365,295	\$191,412	\$282,053	\$3,838,760
2003/2004	\$3,712,048	\$183,012	\$330,446	\$4,225,506
2004/2005	\$4,695,826	\$271,781	\$387,998	\$5,355,605
2005/2006	\$4,641,050	\$221,074	\$425,926	\$5,288,050
2006/2007	\$5,009,768	\$367,129	\$482,702	\$5,859,599
2007/2008	\$6,333,970	\$187,717	\$531,899	\$7,053,586
2008/2009	\$6,010,437	\$299,188	\$517,272	\$6,826,897
2009/2010	\$6,991,324	\$90,299	\$541,663	\$7,623,286
2010/2011	\$7,580,413	\$277,886	\$483,843	\$8,342,142
2011/2012	\$9,122,607	\$205,848	\$490,142	\$9,818,597
2012/2013	\$8,621,962	\$159,068	\$479,816	\$9,260,846
2013/2014	\$10,047,279	\$362,250	\$491,959	\$10,901,488
2014/2015	\$12,286,072	\$238,755	\$530,248	\$13,055,075
2015/2016	\$12,536,330	\$198,760	\$526,236	\$13,261,326

\* Does not include investment expenses



\* Please reference Table VIIa on page 21 for the historical benefit payments, expenses, and contributions.

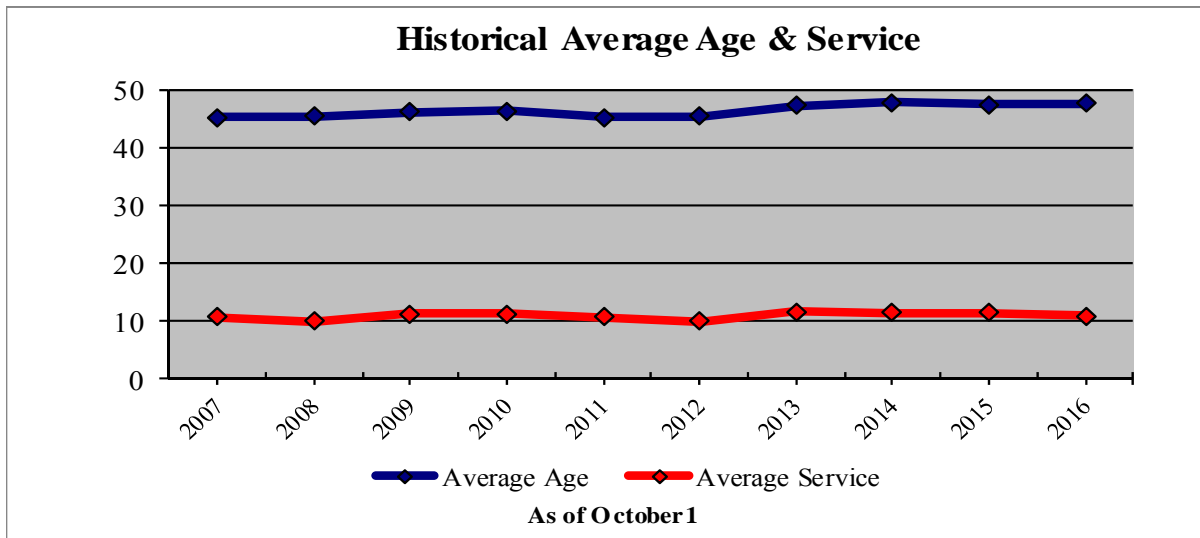




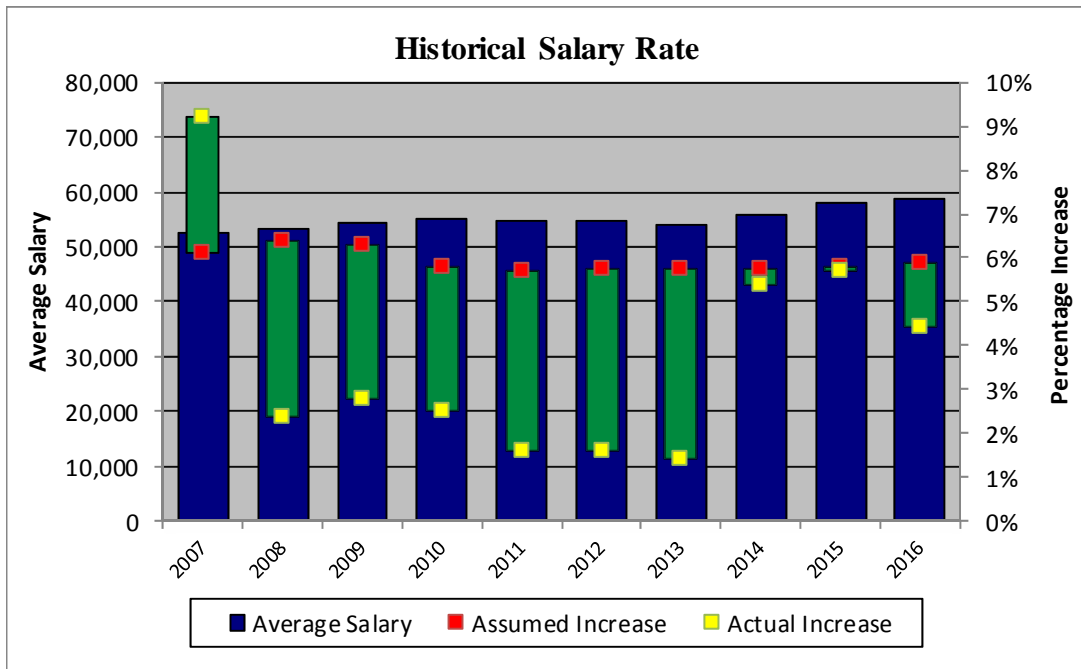
**SUMMARY OF MEMBER DATA**

**TABLE IX**

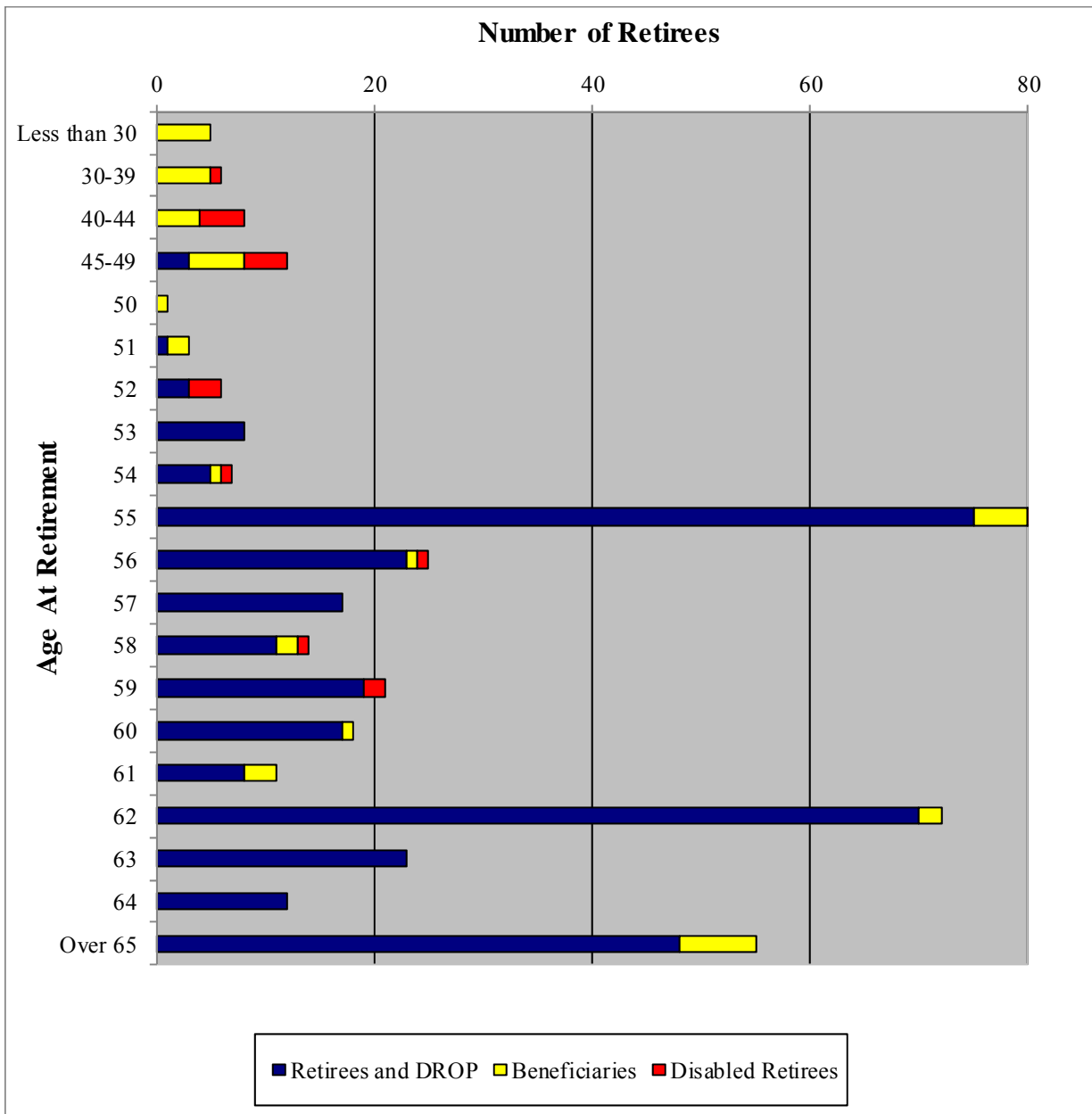
	<u>As of October 1, 2015</u>	<u>As of October 1, 2016</u>
<b>1. Active Members</b>		
a. Vested	227	308
b. Non-vested	240	169
c. Sub-total	<u>467</u>	<u>477</u>
<b>2. Non-active, Non-retired Members</b>		
a. Fully or partially vested	27	29
<b>3. Retired Members</b>		
a. Members in DROP	44	48
b. Retirees	290	295
c. Disabled	19	18
d. Beneficiaries	49	48
e. Sub-total	<u>402</u>	<u>409</u>
<b>4. Total Members</b>	<u>896</u>	<u>915</u>



Date	Average Service Earned	Average Age Attained
October 1, 2007	10.7	45.2
October 1, 2008	10.1	45.3
October 1, 2009	11.3	46.2
October 1, 2010	11.4	46.4
October 1, 2011	10.7	45.2
October 1, 2012	10.1	45.3
October 1, 2013	11.7	47.2
October 1, 2014	11.5	47.8
October 1, 2015	11.4	47.4
October 1, 2016	11.0	47.7



Date	Average Salary	Actual Salary Increase	Assumed Salary Increase
October 1, 2007	52,393	9.20%	6.10%
October 1, 2008	53,303	2.40%	6.40%
October 1, 2009	54,245	2.80%	6.30%
October 1, 2010	54,952	2.50%	5.80%
October 1, 2011	54,777	1.62%	5.72%
October 1, 2012	54,732	1.59%	5.75%
October 1, 2013	54,118	1.44%	5.75%
October 1, 2014	55,659	5.38%	5.75%
October 1, 2015	57,849	5.72%	5.78%
October 1, 2016	58,611	4.45%	5.89%



Average benefit being paid to non-disabled retirees is \$2,599.34 per month.

Average benefit being paid to disabled retirees is \$1,973.51 per month.

Average benefit being paid to beneficiaries is \$1,408.91 per month.



**DATA RECONCILIATION**

**TABLE IXc**

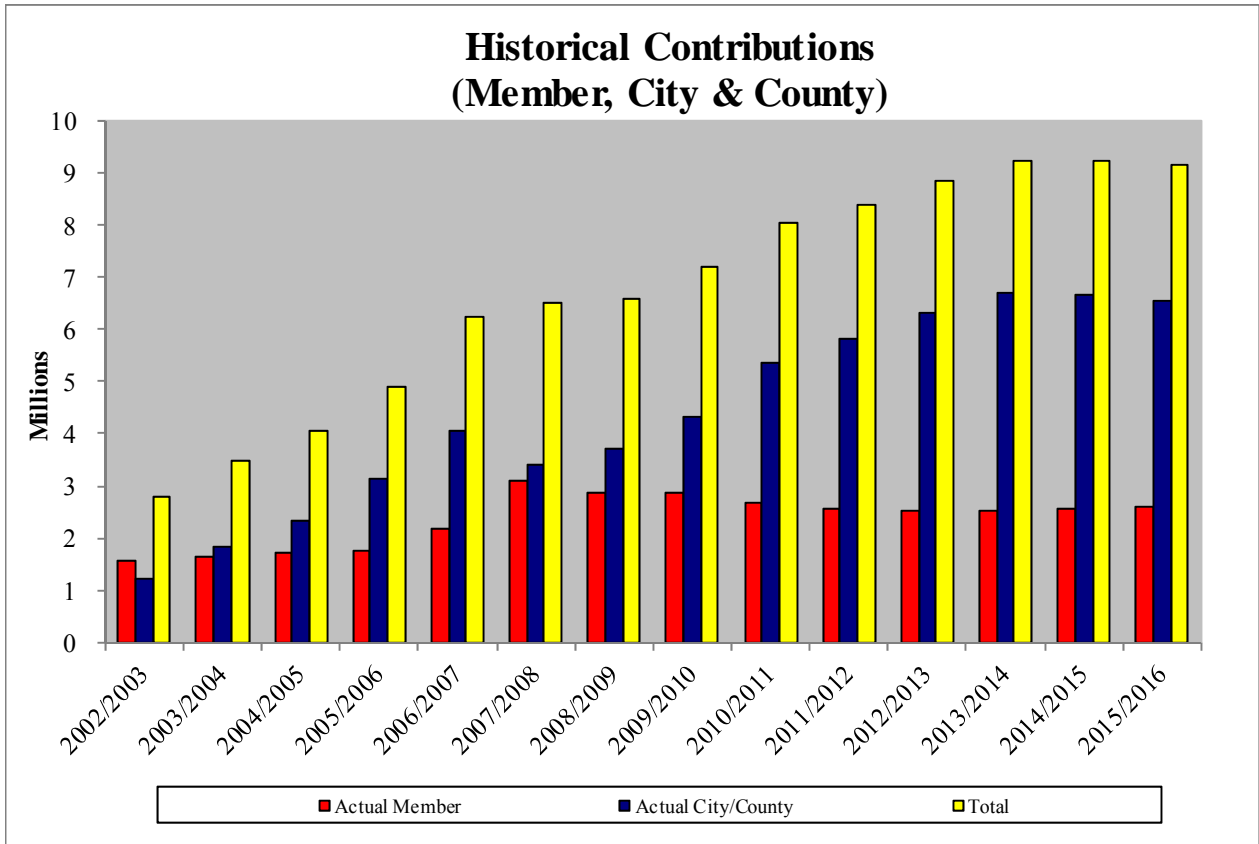
	<u>Active</u>	<u>Non-Active, Non-Retired</u>	<u>Retired</u>	<u>Total</u>
<b>1. Number of members as of October 1, 2015</b>	<b>467</b>	<b>27</b>	<b>402</b>	<b>896</b>
<b>2. Change in Status during the plan year:</b>				
a. Actives who became inactive	(6)	6		
b. Actives who retired	(18)		18	
c. Inactives who became active	1	(1)		
d. Inactives who retired		(2)	2	
e. Retirees who became active				
<b>3. No longer members due to:</b>				
a. Death			(15)	(15)
b. Permanent break-in-service	(12)	(1)		(13)
c. Forfeiture of benefits				
d. Expiration of certain period				
e. Included in error last year				
<b>4. New members due to:</b>				
a. Initial membership	45			45
b. Death of another member			2	2
c. Omitted in error last year				
d. Correction				
<b>5. Number of members as of October 1, 2016</b>	<b>477</b>	<b>29</b>	<b>409</b>	<b>915</b>



**AGE-SERVICE SALARY TABLE**

**TABLE IXd**

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
<b>Under 25</b>	1	2	0	0	0	0	0	0	0	0	<b>3</b>
Avg. Pay	35,385	32,132	0	0	0	0	0	0	0	0	33,217
<b>25 to 29</b>	2	20	0	0	0	0	0	0	0	0	<b>22</b>
Avg. Pay	42,476	37,695	0	0	0	0	0	0	0	0	38,130
<b>30 to 34</b>	1	21	14	9	0	0	0	0	0	0	<b>45</b>
Avg. Pay	35,383	42,830	51,249	52,420	0	0	0	0	0	0	47,202
<b>35 to 39</b>	4	9	7	15	9	0	0	0	0	0	<b>44</b>
Avg. Pay	42,135	55,905	57,360	51,173	55,715	0	0	0	0	0	53,233
<b>40 to 44</b>	4	16	14	19	16	7	0	0	0	0	<b>76</b>
Avg. Pay	44,411	61,024	62,296	59,949	59,620	60,855	0	0	0	0	59,804
<b>45 to 49</b>	4	12	13	15	12	6	9	0	0	0	<b>71</b>
Avg. Pay	41,586	49,741	53,844	52,932	72,035	65,600	71,770	0	0	0	58,608
<b>50 to 54</b>	2	9	13	19	11	17	9	10	1	0	<b>91</b>
Avg. Pay	46,248	56,030	63,239	57,947	59,783	69,767	70,152	60,308	81,102	0	62,408
<b>55 to 59</b>	2	17	9	19	16	5	4	2	0	0	<b>74</b>
Avg. Pay	32,575	52,966	56,980	61,582	72,368	64,721	72,873	110,764	0	0	62,743
<b>60 to 64</b>	2	6	6	5	10	1	2	0	0	0	<b>32</b>
Avg. Pay	36,958	64,105	63,873	70,514	70,535	72,659	58,898	0	0	0	65,318
<b>65 to 79</b>	0	4	5	3	0	2	0	1	0	0	<b>15</b>
Avg. Pay	0	79,345	82,423	90,554	0	61,721	0	124,677	0	0	83,285
<b>70 &amp; Up</b>	0	0	0	2	1	0	1	0	0	0	<b>4</b>
Avg. Pay	0	0	0	41,172	47,419	0	54,894	0	0	0	46,164
<b>Total</b>	<b>22</b>	<b>116</b>	<b>81</b>	<b>106</b>	<b>75</b>	<b>38</b>	<b>25</b>	<b>13</b>	<b>1</b>	<b>0</b>	<b>477</b>
Avg. Pay	40,901	50,868	59,523	58,019	65,174	66,456	69,659	73,022	81,102	0	58,611



Plan Year	Actual Member	City/County	Total
2002/2003	\$1,574,291	\$1,228,956	\$2,803,247
2003/2004	\$1,631,767	\$1,849,695	\$3,481,462
2004/2005	\$1,698,335	\$2,341,224	\$4,039,559
2005/2006	\$1,761,103	\$3,144,061	\$4,905,164
2006/2007	\$2,181,898	\$4,064,240	\$6,246,138
2007/2008	\$3,089,928	\$3,416,488	\$6,506,416
2008/2009	\$2,877,761	\$3,706,870	\$6,584,631
2009/2010	\$2,868,571	\$4,338,870	\$7,207,441
2010/2011	\$2,680,517	\$5,351,521	\$8,032,038
2011/2012	\$2,572,184	\$5,801,971	\$8,374,155
2012/2013	\$2,524,533	\$6,332,731	\$8,857,264
2013/2014	\$2,515,665	\$6,697,862	\$9,213,527
2014/2015	\$2,562,901	\$6,669,132	\$9,232,033
2015/2016	\$2,593,355	\$6,545,407	\$9,138,762



1. Actuarial Cost Method

- Entry Age Normal Cost Method. Total normal cost is determined as a level percentage of pay which would be required annually from entry age to retirement age to fund the expected retirement benefits assuming the Plan had always been in effect. The Actuarial Accrued Liability is the amount of the Present Value of Benefits that have been accrued under the Entry Age Normal Method to date.

2. Decrements

- **Pre-Retirement Healthy Mortality**

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB  
 Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB

- **Post-Retirement Healthy Mortality**

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB  
 Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

- **Post-Retirement Disabled Mortality**

Female: RP2000, 100% Disabled Female set forward two years, no projection scale  
 Male: RP2000, 100% Disabled Male setback four years, no projection scale

- **Disability**

Representative values of the assumed annual rates of disability among members in active service are as follows:

Age	Ordinary Disability Rate	Service Disability Rate	Age	Ordinary Disability Rate	Service Disability Rate
20	.000232	.000058	40	.000484	.000121
25	.000232	.000058	45	.000868	.000217
30	.000232	.000058	50	.001716	.000429
35	.000260	.000065	55	.003564	.000891





- Retirement**

Representative values of the assumed annual rates of retirement among members in active service are as follows:

Age	Rate
≤54	.0700
55	.5000
56-60	.3000
61-65	.5000
66-69	.3000
≥70	1.000

- Withdrawal from Active Status**

Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

Age	Years of Service				
	0 – 1	1 – 2	2 – 3	3 – 4	4+
20	.1800	.1200	.1000	.0700	.1071
25	.1800	.1200	.1000	.0700	.0756
30	.1800	.1200	.1000	.0700	.0536
35	.1800	.1200	.1000	.0700	.0416
40	.1800	.1200	.1000	.0700	.0321
45	.1800	.1200	.1000	.0700	.0227
50	.1800	.1200	.1000	.0700	.0132
55	.1800	.1200	.1000	.0700	.0038

**3. Interest Rates**

- Used for calculating all liabilities
  - 8.00% per annum
- Used for calculating the Present Value of Accrued Benefits
  - 7.60% (Same as the Florida Retirement System)



4. Salary Increase

- **Individual Compensation:**

Service	Rate
0-10	7.50%
>10	4.25%

- **Aggregate Compensation**

2.4% per year

5. Marriage Assumptions

- **Percent Married:** 100% of active members assumed married at retirement.
1. **Age Differences between Spouses:** Male spouses are assumed to be three years older than female spouses.

6. Expenses:

Expenses paid out of the fund, other than investment-related expenses, are assumed to be equal to the average of actual expenses over the previous two years.

7. DROP

2. **Entry:** Of those assumed to retire using the Service Retirement rates, the proportion entering DROP is as shown in the following table.

Age at Retirement	Proportion Entering DROP
Under 55	0%
55-62	70%
Over 62	10%

3. **Period:** DROP participants are assumed to remain in the DROP for a total of five years.

8. Assets

The market value of assets is adjusted to recognize, over a five-year period, investment earnings greater (or less than) the assumed investment return. The resulting Actuarial Value of Assets is limited to no more than 120% of the market value of assets and no less than 80% of the market value of assets. Details are shown in the Asset Information Section of the report.



**9. Amortization Period**

New Unfunded Actuarial Accrued Liability resulting from plan amendments, changes in assumptions or methods, or actuarial gains and loss are amortized over 30 years as a level percentage of expected payroll based on the plan’s assumed rate of investment return.

**10. BSO Required Contribution**

The required contribution for the Broward Sheriff’s Office (BSO) is determined by multiplying the total required contribution rate as a percentage of payroll by the payroll for BSO employees, projected to the following year.

**11. Data Sources**

**4. Asset Data:**

The asset information is taken from audited statements furnished by the Retirement Office, and adjusted to include DROP Accounts as liabilities of the Plan. The DROP Account balances are added to net asset amount shown in the audited statement. The valuation entry for benefits paid during the last years reflects benefit amounts explicitly paid from the Plan (including the payout of DROP Accounts) and does not reflect those paid into members’ DROP accounts.

**5. Member Data:**

The member data is supplied by the Retirement Office. It is reviewed for reasonableness and consistency, but no audit was performed. Cavanaugh Macdonald is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.



**Effective Date:**

**Plan 1:** December 8, 1972

**Plan 2:** June 8, 2011

**Eligibility:**

Regular full-time employment with the City (at least 26 hours per week and 5 months per year), including Elected Officials, Appointees, and Senior Managers.

**Earnings:**

Basic compensation and regular longevity pay, increased for temporary upgrade pay. Lump sum payment at termination for unused sick leave and vacation time is not included.

**Average Monthly Earnings (AME):**

**Plan 1:** Monthly average for the highest completed 78 bi-weekly pay periods during employment times 1.0048.

**Plan 2:** Monthly average for the highest completed 130 bi-weekly pay periods during employment times 1.0048.

**Credited Service:**

Total years and completed months of service from the last date of hire to the date of termination, retirement, death, or disability.

**Normal Retirement**

**Eligibility (Normal Retirement Date):**

The earlier of attainment of age 55 with 20 years of Continuous Service, or age 62 with 3 years of Credited Service as a “regular employee” with the City.

**Benefit:**

**Plan 1:** 2.75% of AME times years of service.

**Plan 2:** 2.00% of AME times years of service.

**Maximum Benefit:**

\$90,000 per year (indexed) at age 62, or 100% of AME (such earnings to exclude picked-up employee contributions per Sec. 414(h)(2), deferred compensation per Sec 457, and amounts deferred under Sec 125).



**Normal Form of Benefit:**

Life annuity to the member.

**COLA:**

**Plan 1:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

**Plan 2:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

**Early Retirement**

**Eligibility:**

The attainment of 20 years of Credited Service.

**Benefit:**

**Plan 1:** 2.75% of AME times years of service.

**Plan 2:** 2.00% of AME times years of service.

**Normal Form of Benefit:**

Life annuity to the member.

**COLA:**

**Plan 1:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

**Plan 2:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

**Delayed Retirement**



**Benefit:**

**Plan 1:** 2.75% of AME times years of service.

**Plan 2:** 2.00% of AME times years of service.

**Normal Form of Benefit:**

Life annuity to the member.

**COLA:**

**Plan 1:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

**Plan 2:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

**Drop Retirement**

**Eligibility:**

The earlier of attainment of age 55 with 20 years of Continuous Service, or age 62 with 3 years of Credited Service as a “regular employee” with the City.

**Benefit:**

**Plan 1:** 2.75% of AME times years of service.

**Plan 2:** 2.00% of AME times years of service.

**Normal Form of Benefit:**

Life annuity to the member.



**COLA:**

Same as Normal Retirement, except that the COLA is first credited and paid on the October 1 the member is eligible to receive a COLA after leaving employment (exits DROP)

**DROP Period:**

The Member may remain in the DROP for any period up to five years.

**Contributions:**

Member contributions cease when Member enters DROP.

**DROP Interest:**

DROP account balances are credited at the beginning of each month with interest at 1/12<sup>th</sup> the rate assumed in the actuarial valuation for that year.

**Disability Retirement – Service Incurred**

**Eligibility:**

Members are immediately eligible for a Disability Retirement Benefit where the Disability results from an act occurring in the performance of service with the City of Pompano Beach.

Disability Retirement eligibility is forfeited upon entry into the DROP.

**Disability Definition:**

Total and permanent disablement and unable to earn at least 75% of regular earnings. A member who is eligible for full primary Social Security old age benefits is not eligible.

**Benefit:**

60% of Earnings.

**Normal Form of Benefit:**

Life annuity to the member.



**COLA:**

- Plan 1:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.
  
- Plan 2:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

**Disability Retirement – Non-Service Incurred**

**Eligibility:**

Total and permanent disablement, 7 years of service, and unable to be gainfully employed. A member who is eligible for full primary Social Security old age benefits is not eligible.

Disability Retirement eligibility is forfeited upon entry into the DROP.

**Benefit:**

Accrued pension, subject to a minimum of 25% of Earnings.

**COLA:**

- Plan 1:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.
  
- Plan 2:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.





**Pre-Retirement Death Benefit – Basic**

**Benefit:**

1 times annual earnings (payable in monthly installments over four years) plus a refund of contributions with interest. Alternatively, for members eligible for Early or Normal Retirement, or who have a vested benefit whether still actively employed by the City or not, the pension is payable to the beneficiary for 10 years as though retirement occurred on the date of death under Option 2, Ten Year Certain and Life (no reduction for early retirement if death occurs prior to normal retirement).

**COLA:**

**Plan 1:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

**Plan 2:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

**Withdrawal – Non Vested**

**Eligibility:**

First day of work, up to the earlier of 7 years of City service or 5 years of Senior Management Service for regular employees only.

**Benefit:**

Accumulated contributions with 3% interest.

**Form of Benefit:**

Lump sum.



**Withdrawal – Vested**

**Eligibility:**

Regular employees – at least 7 years of service.

Senior Managers – earlier of 7 years of City service and 5 years of Senior Management Service.

Elected Officials and Appointees – at least 5 years of service.

**Benefit:**

A vested benefit deferred to regular normal retirement date. Alternatively, a regular employee or Senior Management participant may withdraw the accumulated contributions and forfeit the deferred vested benefit.

**Member Contributions**

**Contributions:**

**Elected Officials and Appointees**

No member contributions. However, the City will make contributions at the same rate that applies to Regular Employees on behalf of these participants. These contributions are not eligible for refund upon termination.

**Regular Employees and Senior Managers**

**Plan 1:** 10.0% of earnings.

**Plan 2:** 7.0% of earnings.

**Interest Crediting Rate:**

3% per year.

**Optional Forms of Payment**

**Option 1:**

Joint and last survivor option.

**Option 2:**

Ten-Year Certain and Life option.



**Additional Provisions**

**Reentry Provision:**

Credit for prior service is granted in full upon repayment of all monies refunded to the member with interest at the assumed interest rate for actuarial purposes.

**Second Retirement Provision:**

Members may retire and return to work as a regular employee. Prior pension payments are continued during the period of reemployment. A second benefit is earned based solely on the second period of employment, provided the employee worked at least three years during the second period of employment.



The following Plan Amendments have been adopted within the past few years. Amendment changes that have first been reflected in this valuation are shown in bold print:

1. Effective June 8, 2011
  - a) For members hired on or after June 8, 2011, average monthly earnings is the average of the highest 130 bi-weekly pay periods times 1.0048.
  - b) For members hired on or after June 8, 2011, the monthly retirement benefit is 2.0% times average monthly earnings.
  - c) For members hired on or after June 8, 2011, the contribution rate is 7.0% of earnings.
  - d) For members hired on or after June 8, 2011, a member is eligible for a COLA on their fifth anniversary of retirement. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.
  
2. Effective January 13, 2015
  - a. Members are 100% vested upon completion of 7 years of continuous service with the City.