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Pompano Beach

CITY OF POMPANO BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation Report
as of
October 1, 2010





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March 8, 2011

Board of Trustees of the

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 for the plan year beginning October 1, 2010. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2010 and to determine the minimum required contribution amount for the 2011/2012 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. This is the first valuation performed by Cavanaugh Macdonald Consulting, LLC and 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. 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, 2011. 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 2011/2012 fiscal year from all sources payable based on a quarterly payment schedule beginning October 1, 2011 is \$8,600,357. The amount of the City/BSO contributions varies from year to year. Member contributions are equal to 10.00% employees' projected payroll. After taking into account expected member contributions of \$2,739,443, the total required contribution from the City/BSO is \$5,860,914 or 21.39% of projected payroll. Of this amount the City is expected to contribute \$5,498,630 and BSO is expected to contribute \$362,284. In comparison, the required City/BSO contribution for the 2010/2011 fiscal year was \$5,349,396, or 18.81% of projected payroll.

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Single Lump Sum Payment

The total required annual contribution for the 2011/2012 fiscal year from all sources payable as a single lump sum payment on December 31, 2011 is \$8,519,988. The amount of the City/BSO contributions varies from year to year. Member contributions are equal to 10.00% of employees' projected payroll. After taking into account expected member contributions of \$2,739,443, the total required contribution from the City/BSO is \$5,780,545 or 21.10% of projected payroll. Of this amount the City is expected to contribute \$5,419,858 and the BSO is expected to contribute \$360,687.

The plan provides a 2% COLA each year and an additional 1% COLA if certain conditions are met. If there is a net experience gain for the year, or the City's cost for the year is \$0 after payment of the additional COLA as long as the present value of the additional COLA is not more than the cumulative gains that occurred since inception of the COLA. Since there was a net experience loss for the year and a required City contribution is due, no variable COLA will be paid this year.

The plan's unfunded liability was projected to be \$43,071,414 as of October 1, 2010, taking into account expected contributions from the City and the County of \$5,349,396 based on the October 1, 2009 valuation. The actual unfunded liability is \$43,892,358. The increase of \$820,944 is due to an experience loss for the 2009/2010 plan year. Most of this loss is attributable to actuarial asset return of 6.37% compared to the expected 8.0% return, more retirements than expected, offset by lower than expected pay increases. 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 \$281,661 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 (actuarial asset return) rate of 8.00% per year and annual payroll increases of 3.00%. Please note the payroll increase assumption was decreased from 3.50% to 3.00%. This is because the 10-year average of payroll increases no longer exceeds 3.50%. 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. There have been no other changes in the actuarial assumptions since the previous valuation.

As mentioned above, this is the first actuarial valuation of the Retirement System performed by our firm. During the transitioning of services to a new actuarial firm, a parallel valuation is performed to ensure that we have properly programmed our valuation software and to benchmark the difference between our results and the prior actuary's results. Our first step in the process was to review the participant and financial data as provided to the prior actuary in performing the October 1, 2009 actuarial valuation. We then programmed our valuation system to perform the required calculations based upon the plan provisions and the assumptions and methods as approved by the Board and used by the prior actuary. Due to variations in plan interpretation, application of actuarial assumptions and valuation software, relatively small differences in calculations performed by actuaries are to be expected. As a guideline, differences of up to 5% in calculations as a result of a change in actuary are considered reasonable for plans covered by ERISA. We found no material differences with the results prepared by the prior actuary. The actuarial accrued liability we have determined is \$696,223, or only 0.41%, lower than the actuarial accrued liability determined by the prior actuary. The total actuarial accrued liability of the Retirement System as of October 1, 2010 is approximately \$170 million. The reduction in actuarial accrued liability is recognized as an actuarial gain due to method change in the current valuation. The impact of the gain is to reduce the City's contribution by approximately \$43,000 for fiscal year 2012.



A summary of the results of the valuation and the contribution requirements is presented in Table I. Disclosure information required by GASB statements 25 and 27 can be found in Tables III and IV. 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 VIa provides an asset reconciliation between October 1, 2009 and October 1, 2010. 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 me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

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. 08-4461

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

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

JIF/TBG:jnw

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

	<u>As of October 1, 2009</u>	<u>As of October 1, 2010</u>
1. Number of Participants		
a. Active Participants		
i. City and BSO Employees	485	460
ii. Elected and Appointed Officials	8	8
iii. Senior Management	16	16
iv. Sub-total	<u>509</u>	<u>484</u>
b. Deferred Vested Participants	<u>18</u>	<u>21</u>
c. Retired Participants:		
i. Participants in DROP	25	36
ii. Non-disabled	230	238
iii. Disabled	16	19
iv. Beneficiaries	38	38
v. Sub-total	<u>309</u>	<u>331</u>
d. Total Participants	<u>836</u>	<u>836</u>
2. Total Annual Payroll		
a. Elected Officers	\$510,347	\$666,682
b. Non-elected members	\$26,967,049	\$25,929,850
c. Total	<u>\$27,477,396</u>	<u>\$26,596,532</u>
3. Total Projected Payroll	<u>\$28,439,105</u>	<u>\$27,394,428</u>
4. Total Retired Member Benefits	<u>\$5,903,666</u>	<u>\$6,513,757</u>
5. Derivation of Unfunded Accrued Liability (UAL)		
a. Present Value of Future Benefits	\$196,220,452	\$203,361,790
b. Present Value of Future Normal Cost	(\$34,635,329)	(\$33,366,611)
<i>City Portion</i>	(\$12,588,400)	(\$12,199,257)
<i>Member Portion</i>	(\$22,046,929)	(\$21,167,355)
c. Actuarial Accrued Liability (AAL)	\$161,585,123	\$169,995,179
d. Actuarial Value of Assets	(\$118,954,587)	(\$126,102,821)
e. Unfunded Accrued Liability (c. + d.)	<u>\$42,630,536</u>	<u>\$43,892,358</u>



SUMMARY OF VALUATION RESULTS

TABLE I

(CONTINUED)

	Fiscal Year 2011	Fiscal Year 2012
6. Annual Cost (Payable Quarterly 1st Payment 10/1)		
a. Normal Cost	\$4,347,691	\$4,177,819
b. Payment to Amortize Unfunded Liability	\$2,749,597	\$3,031,258
c. Administrative Expenses	\$524,586	\$529,468
d. Interest Adjustment	\$518,612	\$861,812
e. Total (a. + b.+ c.+ d.)	\$8,140,486	\$8,600,357
f. Expected Member Contributions	\$2,791,090	\$2,739,443
g. Expected City/County Contribution	\$5,349,396	\$5,860,914
h. Total (f. + g.)	\$8,140,486	\$8,600,357
7. Annual Cost (Payable as a Single Lump Sum on 12/31)		
a. Normal Cost		\$4,177,819
b. Payment to Amortize Unfunded Liability		\$3,031,258
c. Administrative Expenses		\$529,468
d. Interest Adjustment		\$781,443
e. Total (a. + b.+ c.+ d.)		\$8,519,988
f. Expected Member Contributions		\$2,739,443
g. Expected City/County Contribution		\$5,780,545
h. Total (f. + g.)		\$8,519,988
8. Annual Cost (as a % of projected payroll)		
a. Quarterly Basis		
i. Total Required Contribution	28.62%	31.39%
ii. Expected Member Contributions *	9.81%	10.00%
iii. Expected City/County Contribution	18.81%	21.39%
b. Single Lump Sum Basis		
i. Total Required Contribution		31.10%
ii. Expected Member Contributions *		10.00%
iii. Expected City/County Contribution		21.10%

*Non-Elected members contribute 10.0% of payroll. The City contributes 10.0% of payroll on behalf of elected/appointed members.

**GAIN AND LOSS ANALYSIS****TABLE II**

1. Actual Unfunded Accrued Liability as of October 1, 2009:	\$42,630,536
2. Expected Change in Unfunded Liability During the 2009/2010 Plan Year:	
a. Due to Normal Cost for Benefits plus Administrative Expenses	\$2,599,799
b. Due to Interest on the Normal Cost and Unfunded Liability	\$3,190,475
c. Expected City Contribution	<u>(\$5,349,396)</u>
d. Total Expected Change	\$440,878
3. Expected Unfunded Accrued Liability as of October 1, 2010: (item 1 + item 2d)	<u>\$43,071,414</u>
4. Change in Unfunded Liability During the 2009/2010 Plan Year Due to:	
a. Method changes	(\$696,223)
b. Assumption changes	\$0
c. Plan amendments	\$0
d. Experience	<u>\$1,517,167</u>
e. Total change	\$820,944
5. Actual Unfunded Accrued Liability as of October 1, 2010:	<u>\$43,892,358</u>
6. Items Affecting Calculation of Accrued Liability:	
a. Plan provisions reflected in the unfunded accrued liability (see Table XI on page 28)	
b. Plan amendments reflected in item 4.c. above	
c. Actuarial assumptions and methods used to determine actuarial accrued liability (see Table XII on page 34)	
d. Changes in actuarial assumptions and methods reflected in items 4.a. and 4.b. above	



GAIN AND LOSS ANALYSIS

TABLE II

(CONTINUED)

7. Unfunded Accrued Liability Contribution Rate as of October 1, 2009:		9.67%
8. Net Actuarial (Gains)/Losses During the 2009/2010 Plan Year:		
a. Due to Salary	-0.61%	
b. Due to Investment Performance	0.49%	
c. Due to Turnover/Mortality	0.04%	
d. Due to New Retirements	0.43%	
e. Due to Difference and Timing in Contributions	0.41%	
f. Due to Data/Service Adjustments	-0.19%	
g. Due to New Members	0.04%	
h. Total		0.61%
9. Change in Unfunded Accrued Liability Rate During the 2009/2010 Plan Year:		
a. Assumption changes (decrease in payroll growth assumption)	0.50%	
b. Method changes (valuation software/change in actuary)	-0.18%	
c. Plan changes	0.00%	
d. Total change		0.32%
10. Other Effects (includes impact of decrease in total payroll)		<u>0.47%</u>
11. Unfunded Accrued Liability Contribution Rate as of October 1, 2010		<u>11.07%</u>
12. Comments on Change in Unfunded Accrued Liability Contribution Rate:		

Salary/Service: Average salary increases of 2.5% compared to expected increases between 4.25% and 7.5%.

Investment Performance: 6.4% 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: Decrease in payroll growth assumption.

Method Changes: Difference due to change in actuary and actuarial valuation software.

Plan Changes: None.

Other Effects: An overall loss from payroll decrease of 3.2% compared to an expected increase of 3.5%. A lower than anticipated increase in total payroll has the effect of increasing the rate of contribution as a percentage of payroll.

**ACCOUNTING DISCLOSURES (GASB 25/27)****TABLE III**

	For Fiscal Year Ended	
	9/30/2010	9/30/2011
A. Number of Plan Members as of October 1:	2009	2010
a. Retirees and beneficiaries receiving benefits	309	331
b. Terminated plan participants entitled to but not yet receiving benefits	18	21
c. Active plan participants	509	484
d. Total	836	836
 B. Development of Annual Required Contribution (ARC):		
	Valuation Date	
	10/01/2008	10/01/2009
a. Employer normal cost:		
i. Normal cost plus Admin. Expenses	\$5,125,177	\$5,390,889
ii. Expected employee contribution	(\$2,615,911)	(\$2,791,090)
iii. Employer normal cost	\$2,509,266	\$2,599,799
b. Amortization of UAAL:		
i. PV of future benefits	\$187,851,436	\$196,220,452
ii. PV of future employer normal costs	(\$13,016,294)	(\$12,588,400)
iii. PV of future employee contributions	(\$22,410,027)	(\$22,046,929)
iv. Actuarial accrued liability (AAL)	\$152,425,115	\$161,585,123
v. Actuarial value of assets	(\$124,869,067)	(\$118,954,587)
vi. Unfunded AAL (UAAL)	\$27,556,048	\$42,630,536
vii. Amortization of UAAL	\$1,827,738	\$2,749,597
c. ARC	\$4,337,004	\$5,349,396
 C. Annual Pension Cost and Net Pension Obligation (NPO):		
a. ARC	\$4,337,004	\$5,349,396
b. Interest on NPO	(\$38,815)	(\$39,827)
c. Adjustment to ARC	(\$28,036)	(\$28,767)
d. Annual Pension Cost	\$4,326,225	\$5,338,336
e. City and County Contributions made	\$4,338,870	
f. Increase(decrease) in NPO	(\$12,645)	
g. NPO (beginning of year)	(\$485,188)	
h. NPO (end of year)	(\$497,833)	



(CONTINUED)

D. Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	Contribution Made	Percentage Contributed
2007	\$3,732,673	\$4,064,240	108.9%
2008	\$3,415,550	\$3,416,488	100.0%
2009	\$3,704,693	\$3,706,870	100.1%
2010	\$4,337,004	\$4,338,870	100.0%
2011	\$5,349,396		

E. 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)
10/1/2004	\$96,736	\$111,252	\$14,516	87.0%	\$21,875	66.4%
10/1/2005	\$98,980	\$120,076	\$21,096	82.4%	\$22,405	94.2%
10/1/2006	\$107,334	\$131,560	\$24,226	81.6%	\$24,963	97.0%
10/1/2007	\$118,773	\$143,587	\$24,814	82.7%	\$26,692	93.0%
10/1/2008	\$124,869	\$152,425	\$27,556	81.9%	\$27,478	100.3%
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%

Additional Information

Valuation date :	October 1, 2009	October 1, 2010
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level Percent Closed	Level Percent Closed
Remaining amortization period:	30 years	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 7.5%	4.25 to 7.5%
Includes inflation at	3.50%	3.50%
Cost of living adjustments	2.00%	2.00%



PRESENT VALUE OF ACCRUED BENEFITS

TABLE IV

1. Actuarial Present Value of Accrued Benefits

	<u>As of</u> <u>October 1, 2009</u>	<u>As of</u> <u>October 1, 2010</u>
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$77,421,532	\$90,270,656
ii. Active members	<u>\$56,505,449</u>	<u>\$56,370,964</u>
iii. Sub-total	\$133,926,981	\$146,641,620
b. Non-vested Accrued Benefits	<u>\$4,571,615</u>	<u>\$1,483,608</u>
c. Total Benefits	<u>\$138,498,596</u>	<u>\$148,125,228</u>
d. Market Value of Assets	\$99,128,822	\$106,118,339
e. Percentage Funded	71.6%	71.6%

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

a. Actuarial Present Value as of October 1, 2009:	\$138,498,596
b. Increase (Decrease) During 2009/2010 Plan Year Attributable to:	
i. Interest	\$10,796,623
ii. Benefits accumulated/experience	\$6,607,855
iii. Benefits paid	(\$7,081,623)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	<u>(\$696,223)</u>
vi. Net increase (decrease)	<u>\$9,626,632</u>
c. Actuarial Present Value as of October 1, 2010:	<u><u>\$148,125,228</u></u>

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

- a. Plan provisions reflected in the accrued benefits (see Table XI on page 28)
- b. Plan amendments reflected in item 2.b.iv. Above
- c. Actuarial assumptions and methods used to determine present values (see Table XII on page 34)
- 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:	
	October 1, 2009	October 1, 2010
1. Participant Data:		
a. Active members:		
i. Number	509	484
ii. Total annual payroll	\$27,477,396	\$26,596,532
iii. Projected annual payroll	\$28,439,105	\$27,394,428
b. Retirees and beneficiaries:		
i. Number	268	276
ii. Total annualized benefit	\$5,590,621	\$6,092,237
c. Disabled members receiving benefits:		
i. Number	16	19
ii. Total annualized benefit	\$313,045	\$421,520
d. Members in DROP:		
i. Number	25	36
ii. Total annualized benefit	\$950,776	\$1,358,202
e. Terminated vested members:		
i. Number	18	21
ii. Total annualized benefit	\$290,088	\$384,677
2. Assets:		
a. Actuarial value of assets	\$118,954,587	\$126,102,821
b. Market value of assets	\$99,128,822	\$106,118,339
3. Liabilities:		
a. Present value of all future expected benefit payments:		
i. Active members:		
Retirement benefits	\$108,056,050	\$103,179,534
Vesting benefits	\$3,172,348	\$2,699,141
Disability benefits	\$3,876,322	\$3,682,493
Death benefits	\$2,846,983	\$2,710,486
Return of member contributions	\$847,217	\$819,478
Sub-total	\$118,798,920	\$113,091,132
ii. Terminated vested members	\$2,585,820	\$3,414,401
iii. Retired members and beneficiaries:		
Retirees, members in DROP, and beneficiaries	\$71,117,353	\$81,979,529
Disabled members	\$3,718,359	\$4,876,726
Sub-total	\$74,835,712	\$86,856,255
iv. Total present value of all future expected ben. pmts.	\$196,220,452	\$203,361,788



INFORMATION REQUIRED BY FLORIDA STATUTE (CHAP. 112)

TABLE V

(CONTINUED)

Actuarial valuation prepared as of:

October 1, 2009 October 1, 2010

b. Liabilities due and unpaid	\$0	\$0
c. Active actuarial accrued liability	\$84,163,591	\$79,724,521
d. Inactive actuarial accrued liability	\$77,421,532	\$90,270,658
e. Total actuarial accrued liability	\$161,585,123	\$169,995,179
f. Unfunded actuarial accrued liability (please reference Table Va for details concerning the unfunded liability bases and amortization periods)	\$42,630,536	\$43,892,358
4. Actuarial Present Value of Accrued Benefits: (please reference Table IV for details concerning the present value of accrued benefits)	\$138,498,596	\$148,125,228
5. Pension Cost (as a % of annual payroll):		
a. Normal cost plus projected administrative expenses	17.13%	17.18%
Dollar amount	\$4,872,277	\$4,707,287
b. Payment to amortize unfunded liability	9.67%	11.07%
Dollar amount	\$2,749,597	\$3,031,258
c. Interest adjustment	1.82%	3.14%
Dollar amount	\$518,612	\$861,812
d. Amount to be contributed by members	9.81%	10.00%
Dollar amount	\$2,791,090	\$2,739,443
e. City Minimum Contribution	18.81%	21.39%
Dollar amount	\$5,349,396	\$5,860,914



INFORMATION REQUIRED BY FLORIDA STATUTE (CHAP. 112)

TABLE V

(CONTINUED)

	Fiscal Year 2008/2009	Fiscal Year 9/30/2010
6. Past Contributions:		
a. Required City & County contribution	\$3,706,870	\$4,338,870
b. Actual contribution made by:		
i. City	\$3,390,231	\$3,993,018
ii. County	\$316,639	\$345,852
iii. Members	\$2,877,761	\$2,868,571
	Actuarial valuation prepared as of:	
	October 1, 2009	October 1, 2010
7. Net actuarial (gain) / loss:	\$14,709,552	\$1,517,167
8. Other disclosures:		
a. Present value of active members':		
i. Future salaries:		
at attained age	\$222,366,776	\$213,823,525
at entry age	N/A	N/A
ii. Future contributions:		
at attained age	\$22,046,929	\$21,167,355
at entry age	N/A	N/A
b. Present value of future normal contributions from City	\$12,588,400	\$12,199,257
c. Present value of future expected benefit payments for active members at entry age	N/A	N/A
d. Amount of active members' accumulated contributions	\$21,946,846	\$22,362,903



UNFUNDED LIABILITY BASES

TABLE Va

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of October 1, 2009</u>	<u>BOY</u>		<u>Outstanding Balance as of October 1, 2010</u>	<u>BOY</u>		<u>Years Remaining October 1, 2010</u>
			<u>2009/2010 Amortization Payment</u>			<u>2010/2011 Amortization Payment</u>		
1979 Original	\$2,964,494	\$692,502	\$353,618		\$365,995	\$365,995		1 years
1981 Experience (Gain)/Loss	\$330,034	\$60,848	\$31,071		\$32,159	\$32,159		1 years
1982 Experience (Gain)/Loss	(\$708,278)	(\$181,885)	(\$63,226)		(\$128,152)	(\$65,594)		2 years
1983 Experience (Gain)/Loss	(\$1,008,056)	(\$331,412)	(\$88,215)		(\$262,653)	(\$91,732)		3 years
1984 Experience (Gain)/Loss	\$436,628	\$174,390	\$37,908		\$147,401	\$39,510		4 years
1985 Experience (Gain)/Loss	(\$630,842)	(\$279,408)	(\$51,659)		(\$245,969)	(\$53,964)		5 years
1986 Experience (Gain)/Loss	(\$2,085,244)	(\$1,010,824)	(\$163,477)		(\$915,135)	(\$171,150)		6 years
1987 Experience (Gain)/Loss	(\$3,460,275)	(\$1,904,025)	(\$274,923)		(\$1,759,430)	(\$288,459)		7 years
1988 Experience (Gain)/Loss	\$1,662,787	\$1,145,501	\$149,992		\$1,075,150	\$157,715		8 years
1989 Experience (Gain)/Loss	(\$180,749)	(\$132,571)	(\$15,936)		(\$125,966)	(\$16,792)		9 years
1990 Experience (Gain)/Loss	(\$376,257)	(\$304,846)	(\$33,977)		(\$292,539)	(\$35,876)		10 years
1991 Experience (Gain)/Loss	\$180,600	\$158,967	\$16,562		\$153,797	\$17,523		11 years
1992 Experience (Gain)/Loss	(\$248,979)	(\$231,958)	(\$22,744)		(\$225,951)	(\$24,113)		12 years
1993 Experience (Gain)/Loss	(\$304,735)	(\$299,183)	(\$27,770)		(\$293,126)	(\$29,500)		13 years
1994 Experience (Gain)/Loss	\$290,132	\$305,162	\$26,947		\$300,472	\$28,681		14 years
1995 Experience (Gain)/Loss	(\$1,175,801)	(\$1,256,080)	(\$105,973)		(\$1,242,116)	(\$113,007)		15 years
1996 Experience (Gain)/Loss	(\$1,384,333)	(\$1,557,277)	(\$126,004)		(\$1,545,775)	(\$134,619)		16 years
1997 Experience (Gain)/Loss	(\$4,825,881)	(\$6,143,448)	(\$478,314)		(\$6,118,345)	(\$511,953)		17 years
1998 Experience (Gain)/Loss	(\$3,450,637)	(\$4,072,134)	(\$305,973)		(\$4,067,454)	(\$328,081)		18 years
1999 Experience (Gain)/Loss	(\$4,863,161)	(\$5,498,079)	(\$399,736)		(\$5,506,210)	(\$429,376)		19 years
2000 Experience (Gain)/Loss	(\$1,480,206)	(\$1,617,492)	(\$114,059)		(\$1,623,708)	(\$122,729)		20 years
2001 Experience (Gain)/Loss	\$7,815,513	\$8,518,497	\$583,847		\$8,569,422	\$629,293		21 years
2002 Experience (Gain)/Loss	\$9,987,004	\$10,837,468	\$723,349		\$10,923,249	\$780,952		22 years
2003 Experience (Gain)/Loss	\$4,483,179	\$4,830,983	\$314,556		\$4,877,741	\$340,160		23 years
2004 Experience (Gain)/Loss	\$4,956,483	\$5,306,630	\$337,611		\$5,366,541	\$365,676		24 years
2005 Experience (Gain)/Loss	\$6,499,426	\$6,904,016	\$429,802		\$6,992,151	\$466,260		25 years
2006 Experience (Gain)/Loss	(\$3,577,856)	(\$3,755,308)	(\$229,067)		(\$3,808,340)	(\$248,879)		26 years
2007 Experience (Gain)/Loss	\$343,924	\$355,757	\$21,289		\$361,225	\$23,165		27 years
2008 Experience (Gain)/Loss	\$2,246,447	\$2,285,968	\$134,353		\$2,323,744	\$146,409		28 years
2009 Experience (Gain)/Loss	\$14,709,552	\$14,709,552	\$849,986		\$14,968,331	\$927,588		29 years
2010 Experience (Gain)/Loss	\$1,517,167				\$1,517,167	\$92,568		30 years
1984 Plan Amendment	\$172,128	\$68,753	\$14,945		\$58,113	\$15,577		4 years
1987 Plan Amendment	\$410,774	\$226,029	\$32,636		\$208,864	\$34,243		7 years
1988 Plan Amendment	\$417,435	\$287,568	\$37,654		\$269,907	\$39,593		8 years
1990 Plan Amendment	\$62,149	\$50,365	\$5,613		\$48,332	\$5,927		10 years
1992 Plan Amendment	(\$132,092)	(\$123,061)	(\$12,067)		(\$119,874)	(\$12,793)		12 years
1994 Plan Amendment	\$91,138	\$95,859	\$8,465		\$94,386	\$9,009		14 years
2000 Plan Amendment	\$13,628,631	\$14,833,357	\$1,045,990		\$14,890,356	\$1,125,496		20 years
2004 Plan Amendment DROP	\$2,820,380	\$3,019,624	\$192,110		\$3,053,715	\$208,080		24 years
2004 Plan Amendment Elected Officials/Appointees	\$1,220,245	\$1,306,449	\$83,117		\$1,321,199	\$90,026		24 years
2006 Plan Amendment 2.75% Multiplier	\$6,510,457	\$6,833,358	\$416,822		\$6,929,859	\$452,873		26 years
2008 Plan Amendment Senior Managers	\$383,377	\$390,122	\$22,929		\$396,568	\$24,986		28 years
2009 Plan Amendment Senior Managers	\$134,409	\$134,409	\$7,900		\$136,630	\$8,608		28 years



UNFUNDED LIABILITY BASES

TABLE Va

(CONTINUED)

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of October 1, 2009</u>	<u>BOY 2009/2010 Amortization Payment</u>	<u>Outstanding Balance as of October 1, 2010</u>	<u>BOY 2010/2011 Amortization Payment</u>	<u>Years Remaining October 1, 2010</u>
1981 Assumption Change	(\$278,440)	(\$51,324)	(\$26,208)	(\$27,125)	(\$27,125)	1 years
1982 Assumption Change	(\$581,783)	(\$149,399)	(\$51,934)	(\$105,262)	(\$53,878)	2 years
1984 Assumption Change	(\$981,955)	(\$392,206)	(\$85,256)	(\$331,506)	(\$88,859)	4 years
1986 Assumption Change	\$748,707	\$362,939	\$58,697	\$328,581	\$61,452	6 years
1992 Assumption Change	(\$806,413)	(\$751,276)	(\$73,665)	(\$731,820)	(\$78,100)	12 years
1994 Assumption Change	\$1,260,489	\$1,325,765	\$117,069	\$1,305,392	\$124,602	14 years
1995 Assumption Change	\$697,180	\$744,774	\$62,835	\$736,494	\$67,006	15 years
1996 Assumption Change	\$365,331	\$410,968	\$33,253	\$407,932	\$35,526	16 years
1997 Assumption Change	\$73,638	\$93,743	\$7,299	\$93,360	\$7,812	17 years
2000 Assumption Change	(\$10,001,095)	(\$10,885,157)	(\$767,578)	(\$10,926,985)	(\$825,922)	20 years
2002 Assumption Change	\$1,136,132	\$1,232,880	\$82,289	\$1,242,638	\$88,842	22 years
2008 Assumption Change	(\$117,474)	(\$119,541)	(\$7,026)	(\$121,516)	(\$7,656)	28 years
1981 Method Change	\$931,067	\$171,665	\$87,659	\$90,726	\$90,726	1 years
1982 Method Change	\$2,400,585	\$616,465	\$214,293	\$434,346	\$222,319	2 years
1987 Method Change	\$1,183,328	\$651,137	\$94,018	\$601,689	\$98,647	7 years
2002 Method Change	(\$5,539,505)	(\$6,011,231)	(\$401,221)	(\$6,058,810)	(\$433,171)	22 years
2010 Method Change	(\$696,223)			(\$696,223)	(\$42,479)	30 years
2000 Variable Benefit	\$226,471	\$244,489	\$17,776	\$244,850	\$19,093	19 years
2001 Variable Benefit	\$280,869	\$302,702	\$21,345	\$303,866	\$22,968	20 years
Total		\$42,630,536	\$2,749,597	\$43,892,358	\$3,031,258	

<u>Date</u>	<u>Projected Unfunded Liability</u>
October 1, 2010	\$43,892,358
October 1, 2011	\$44,129,988
October 1, 2012	\$44,802,075
October 1, 2013	\$45,560,019
October 1, 2040	\$0



ASSETS

TABLE VI

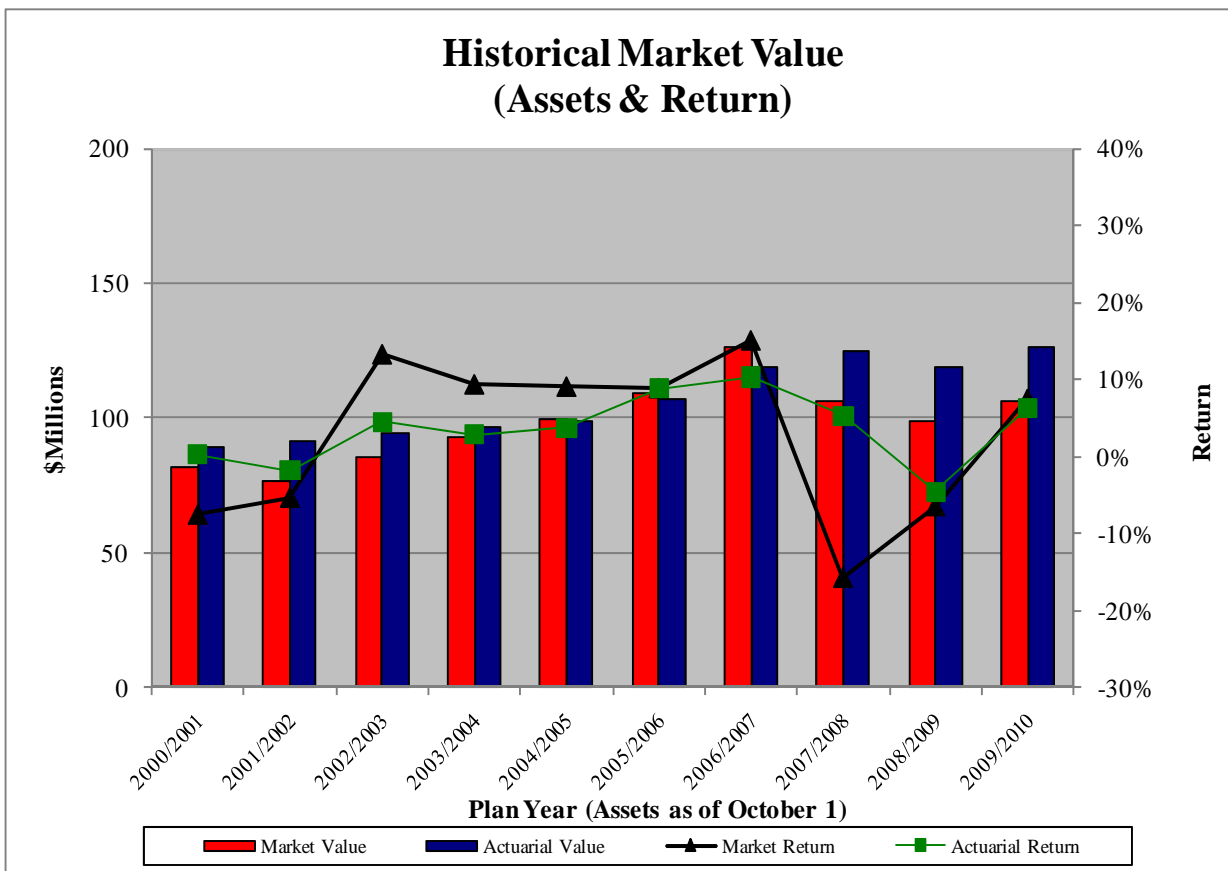
	<u>As of October 1, 2009</u>	<u>As of October 1, 2010</u>
1. Market Value of Assets		
a. Cash and cash equivalents (2.61%)	\$2,375,904	\$2,774,008
b. U.S. government bonds (5.92%)	\$6,771,259	\$6,286,338
c. Common stock (33.93%)	\$32,743,812	\$36,011,237
d. Corporate bonds and notes (13.27%)	\$12,469,652	\$14,083,391
e. Domestic Equity Funds (10.81%)	\$10,599,408	\$11,470,944
f. International Equity Funds (13.77%)	\$13,608,217	\$14,608,305
g. Private equity funds (11.47%)	\$12,387,892	\$12,176,358
h. Real estate (8.18%)	\$8,216,647	\$8,682,876
i. Net receivables and other (0.42%)	\$1,174,068	\$448,252
j. Accrued expenses payable (-0.11%)	(\$131,583)	(\$115,475)
k. Payable for securities purchased (-0.29%)	(\$1,086,454)	(\$307,895)
l. Market value of assets (100%)	\$99,128,822	\$106,118,339
2. Actuarial Value of Assets		
a. Market Value of Assets	\$99,128,822	\$106,118,339
b. 5-year phase-in of (gain)/loss on Actuarial Value of Assets:		
i. 2005/2006	\$856,183	$x 20\% =$ \$171,237
ii. 2006/2007	\$7,793,271	$x 40\% =$ \$3,117,309 $x 20\% =$ \$1,558,654
iii. 2007/2008	(\$29,888,185)	$x 60\% =$ (\$17,932,911) $x 40\% =$ (\$11,955,274)
iv. 2008/2009	(\$15,301,597)	$x 80\% =$ (\$12,241,277) $x 60\% =$ (\$9,180,958)
v. 2009/2010	(\$508,630)	$x 80\% =$ (\$406,904)
vi. Total unrecognized losses/(gains)	(\$26,885,642)	(\$19,984,482)
c. Preliminary Actuarial Value of Assets (Item a. minus item e.vi.)	\$126,014,464	\$126,102,821
d. Corridor around Actuarial Value of Assets		
i. 80% of Market Value (item a.)	\$79,303,058	\$84,894,671
ii. 120% of Market Value (item a.)	\$118,954,587	\$127,342,007
e. Actuarial Value of Assets (Item c., but within items d.i. and d.ii.)	\$118,954,587	\$126,102,821

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

	As of October 1, 2009	As of October 1, 2010
1. Beginning of Year Market Value	\$106,187,212	\$99,128,822
2. Expected Interest on Assets	\$8,494,977	\$7,930,306
3. Contributions	\$6,584,631	\$7,207,441
4. Benefit Payments	(\$6,309,625)	(\$7,081,623)
5. Administrative Expenses	(\$517,272)	(\$541,663)
6. Interest on 3, 4, and 5	<u>(\$9,504)</u>	<u>(\$16,314)</u>
7. Expected End of Year Market Value	\$114,430,419	\$106,626,969
8. Actual End of Year Market Value	\$99,128,822	\$106,118,339
9. Gain (Loss) for Plan Year	(\$15,301,597)	(\$508,630)

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

	<u>As of</u> <u>October 1, 2009</u>	<u>As of</u> <u>October 1, 2010</u>
1. Beginning of Year Market Value:	\$106,187,212	\$99,128,822
2. Increases Due to:		
a. Contributions:		
i. City	\$3,390,231	\$3,993,018
ii. County	\$316,639	\$345,852
iii. Employee	\$2,877,761	\$2,868,571
iv. Total	<u>\$6,584,631</u>	<u>\$7,207,441</u>
b. Investment income	(\$6,816,124)	\$7,405,362
c. Total increases	<u>(\$231,493)</u>	<u>\$14,612,803</u>
3. Decreases Due to:		
a. Benefit payments	\$6,010,437	\$6,991,324
b. Refund of member contributions	\$299,188	\$90,299
c. Administrative expenses	\$517,272	\$541,663
d. Miscellaneous	\$0	\$0
e. Total decreases	<u>\$6,826,897</u>	<u>\$7,623,286</u>
4. End of Year Market Value:	\$99,128,822	\$106,118,339



Plan Year	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments	Administrative Expenses	City, County, and Member Contributions	Market Value Return	Actuarial Value Return
2000/2001	\$82,147,166	\$89,323,230	\$2,899,172	\$222,473	\$1,984,786	(7.50)%	0.30%
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%



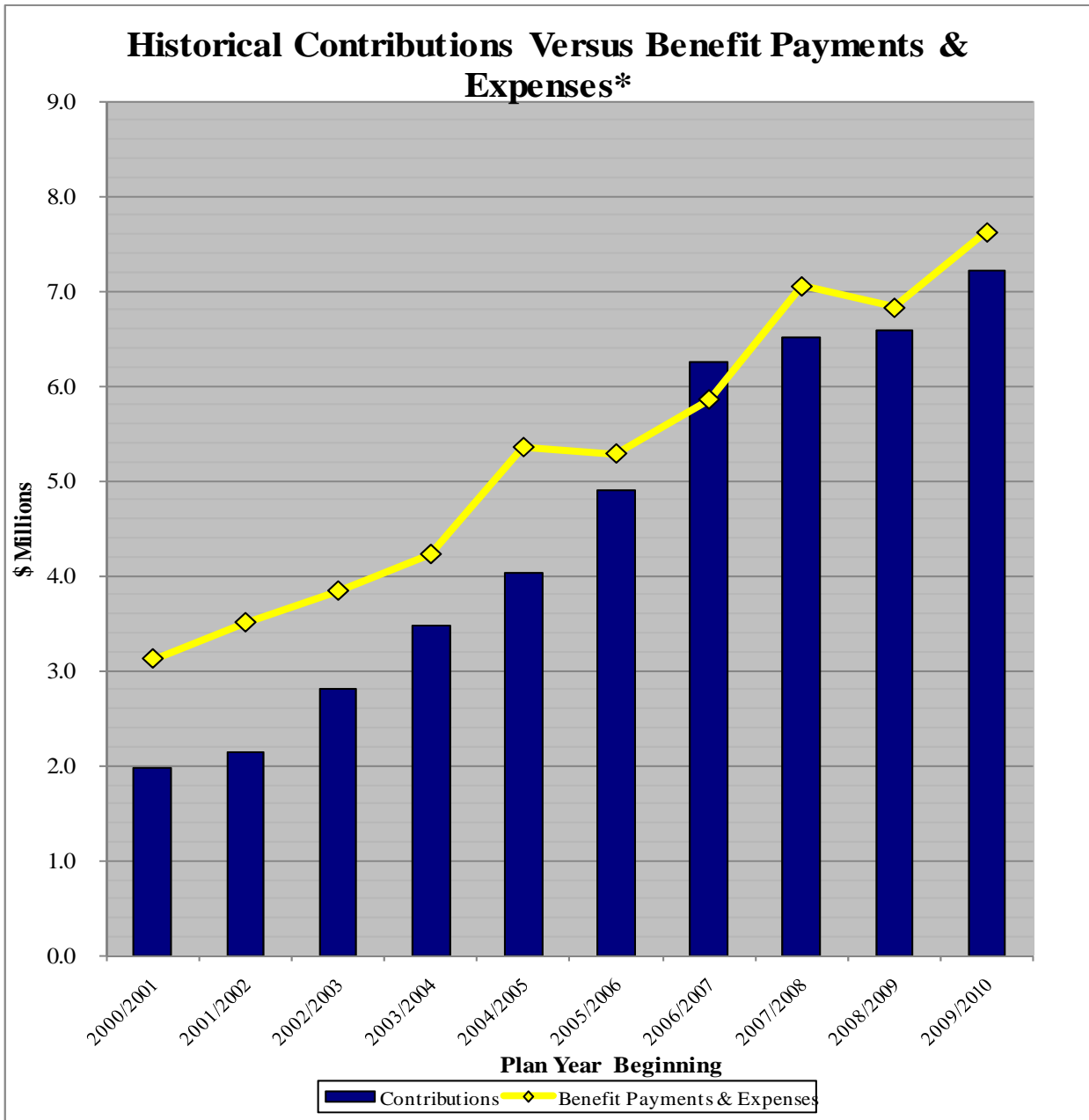
REVENUES BY SOURCE AND EXPENSES BY TYPE

TABLE VIIa

REVENUES					
Fiscal Year	City and County Contributions	Member Contributions	Sub-Total	Net Investment Income	Total
2001/2002	\$609,191	\$1,531,571	\$2,140,762	(\$4,358,694)	(\$2,217,932)
2002/2003	\$1,228,956	\$1,574,291	\$2,803,247	\$10,069,188	\$12,872,435
2003/2004	\$1,849,695	\$1,631,767	\$3,481,462	\$8,021,422	\$11,502,884
2004/2005	\$2,341,224	\$1,698,335	\$4,039,559	\$8,471,063	\$12,510,622
2005/2006	\$3,144,061	\$1,761,103	\$4,905,164	\$9,741,485	\$14,646,649
2006/2007	\$4,064,240	\$2,181,898	\$6,246,138	\$16,548,396	\$22,794,534
2007/2008	\$3,416,488	\$3,089,928	\$6,506,416	(\$19,450,067)	(\$12,943,651)
2008/2009	\$3,706,870	\$2,877,761	\$6,584,631	(\$6,816,124)	(\$231,493)
2009/2010	\$4,338,870	\$2,868,571	\$7,207,441	\$7,405,362	\$14,612,803

EXPENSES				
Fiscal Year	Benefits Paid	Member Refunds	Administrative Expenses*	Total
2000/2001	\$2,710,468	\$188,704	\$222,473	\$3,121,645
2001/2002	\$3,045,598	\$208,440	\$250,351	\$3,504,389
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

* Does not include investment expenses



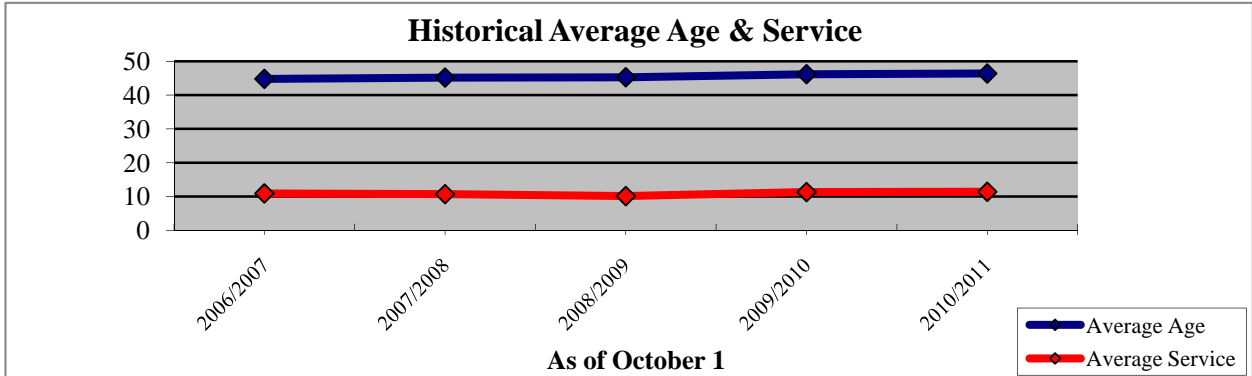
* Please reference Table VIIa on page 20 for the historical benefit payments, expenses, and contributions.



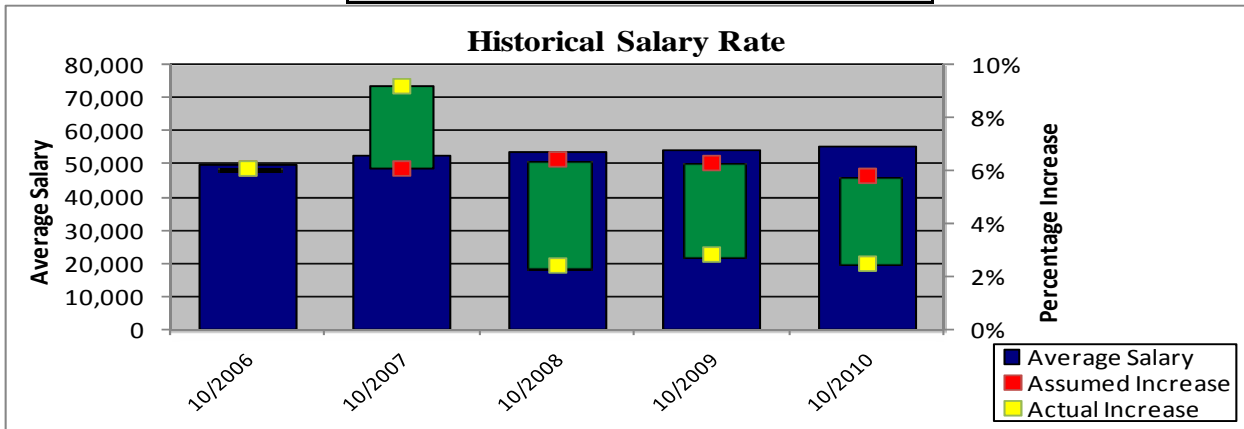
SUMMARY OF MEMBER DATA

TABLE IX

	<u>As of October 1, 2009</u>	<u>As of October 1, 2010</u>
1. Active Members		
a. Vested	246	255
b. Non-vested	263	229
c. Sub-total	<u>509</u>	<u>484</u>
2. Non-active, Non-retired Members		
a. Fully or partially vested	18	21
3. Retired Members		
a. Members in DROP	25	36
b. Retirees	230	238
c. Disabled	16	19
d. Beneficiaries	38	38
e. Sub-total	<u>309</u>	<u>331</u>
4. Total Members	<u>836</u>	<u>836</u>



Date	Average Service Earned	Average Attained Age
October 1, 2006	10.9	44.8
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



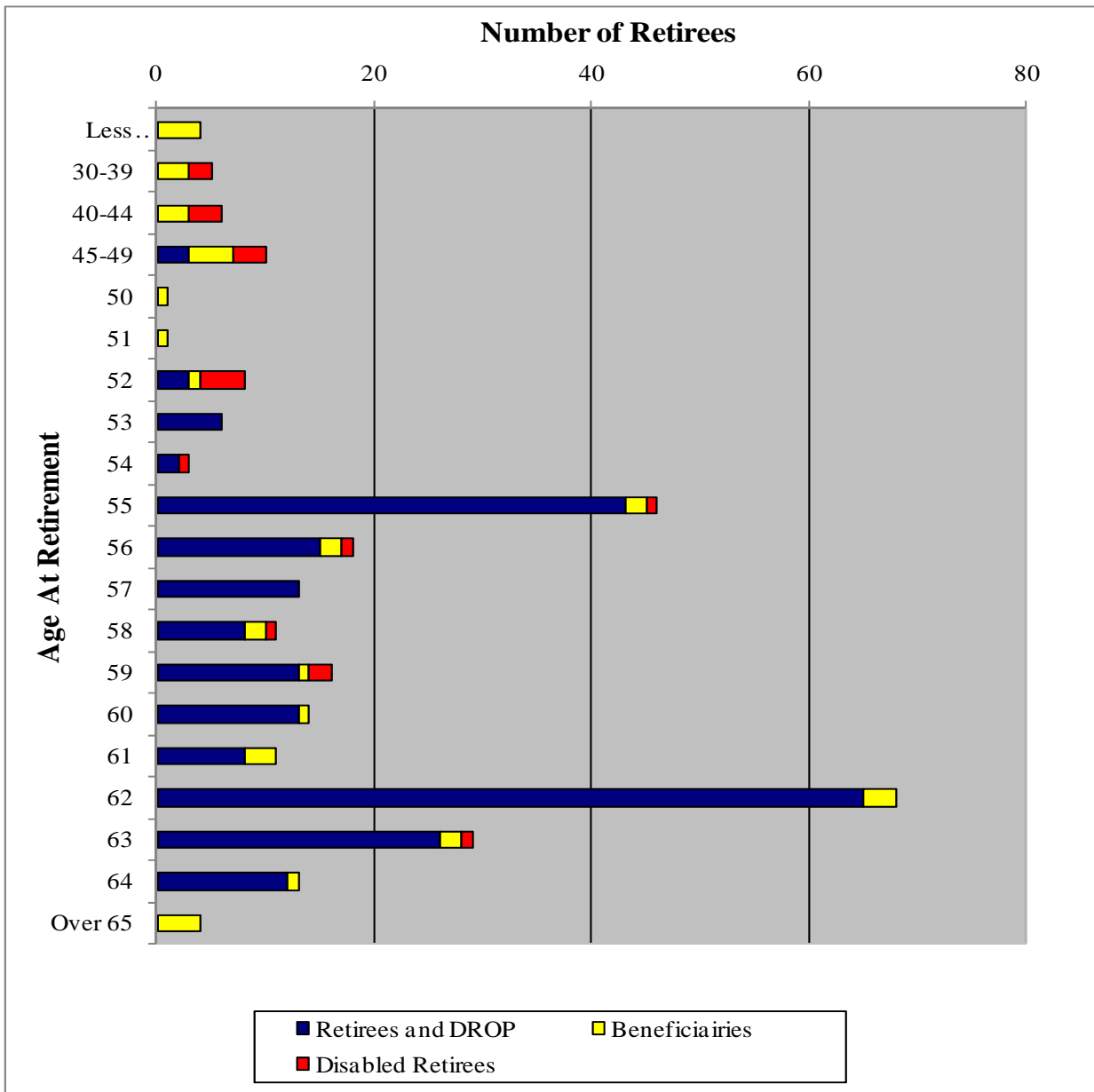
Date	Average Salary	Actual Salary Increase
October 1, 2006	\$49,574	6.10%
October 1, 2007	\$52,393	9.20%
October 1, 2008	\$53,303	2.40%
October 1, 2009	\$54,245	2.80%
October 1, 2010	\$54,952	2.50%



(Continued)

Ten Year Average Annual Payroll Growth

Valution Date	Total Payroll	Average Annual Increase Ending 2010
October 1, 2010	\$26,596,532	
October 1, 2009	27,477,396	-3.2%
October 1, 2008	27,611,132	-1.9%
October 1, 2007	26,825,168	-0.3%
October 1, 2006	25,183,705	1.4%
October 1, 2005	24,484,820	1.7%
October 1, 2004	23,757,054	1.9%
October 1, 2003	22,654,890	2.3%
October 1, 2002	22,075,029	2.4%
October 1, 2001	20,758,683	2.8%
October 1, 2000	19,826,738	3.0%



Average benefit being paid to non-disabled retirees is \$1,971.86 per month.

Average benefit being paid to disabled retirees is \$1,848.77 per month.

Average benefit being paid to beneficiaries is \$1,010.12 per month.



DATA RECONCILIATION

TABLE IXc

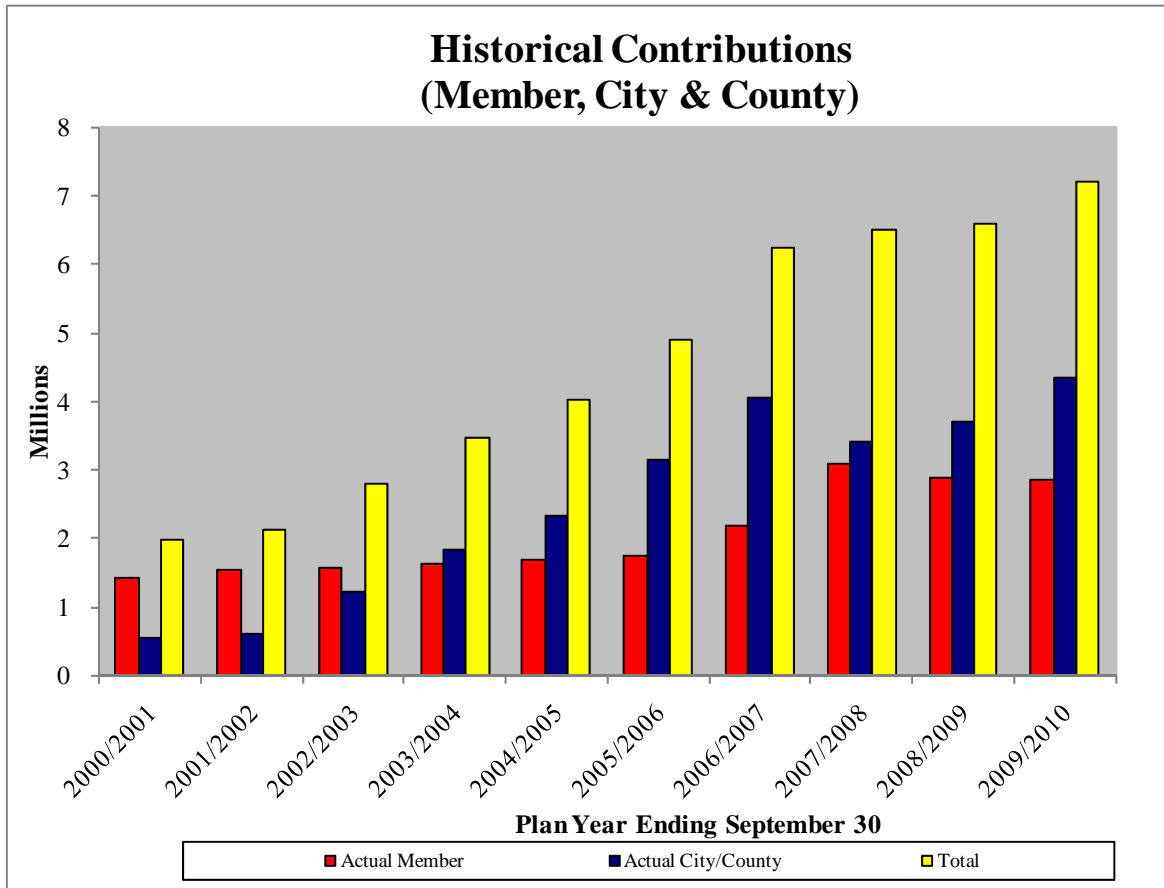
	<u>Active</u>	<u>Non-Active, Non-Retired</u>	<u>Retired</u>	<u>Total</u>
1. Number of members as of October 1, 2009	509	18	309	836
2. Change in Status during the plan year:				
a. Actives who became inactive	(5)	5		
b. Actives who retired	(28)		28	
c. Inactives who became active				
d. Inactives who retired		(1)	1	
e. Retirees who became active				
3. No longer members due to:				
a. Death	(1)		(10)	(11)
b. Permanent break-in-service	(11)			(11)
c. Forfeiture of benefits				
d. Expiration of certain period			(1)	(1)
e. Included in error last year		(1)		(1)
4. New members due to:				
a. Initial membership	20			20
b. Death of another member			3	3
c. Omitted in error last year			1	1
d. Correction				
5. Number of members as of October 1, 2010	484	21	331	836



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	
Under 25	1	4	0	0	0	0	0	0	0	0	5
Avg. Pay	44,114	36,957	0	0	0	0	0	0	0	0	38,388
25 to 29	0	17	10	0	0	0	0	0	0	0	27
Avg. Pay	0	35,940	42,596	0	0	0	0	0	0	0	38,405
30 to 34	2	8	18	13	0	0	0	0	0	0	41
Avg. Pay	54,168	39,218	44,542	50,614	0	0	0	0	0	0	45,898
35 to 39	2	11	23	15	4	1	0	0	0	0	56
Avg. Pay	39,071	53,047	47,055	59,128	56,496	34,483	0	0	0	0	51,631
40 to 44	3	22	16	15	8	9	0	0	0	0	73
Avg. Pay	38,536	43,991	49,475	59,702	59,881	56,624	0	0	0	0	51,496
45 to 49	1	20	14	18	10	18	10	4	0	0	95
Avg. Pay	62,292	50,038	47,436	54,621	60,264	63,165	61,442	60,195	0	0	55,844
50 to 54	1	8	16	17	14	22	6	14	1	0	99
Avg. Pay	48,636	47,203	53,208	63,048	62,891	69,039	58,031	69,130	72,515	0	61,993
55 to 59	0	11	6	13	5	6	2	0	0	0	43
Avg. Pay	0	45,598	65,048	57,742	66,399	59,800	74,582	0	0	0	57,732
60 to 64	0	11	8	5	9	5	1	0	0	0	39
Avg. Pay	0	60,594	62,060	55,646	73,317	78,531	112,610	0	0	0	66,830
65 to 79	0	1	1	0	0	1	0	0	0	0	3
Avg. Pay	0	31,026	42,441	0	0	51,068	0	0	0	0	41,512
70 & Up	0	0	1	2	0	0	0	0	0	0	3
Avg. Pay	0	0	33,285	73,127	0	0	0	0	0	0	59,846
Total	10	113	113	98	50	62	19	18	1	0	484
Avg. Pay	45,713	46,030	49,376	57,863	63,600	64,556	64,441	67,145	72,515	0	54,952



Plan Year	Actual Member	City/County	Total
2000/2001	\$1,437,014	\$547,772	\$1,984,786
2001/2002	\$1,531,571	\$609,191	\$2,140,762
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



Effective Date:

December 8, 1972

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):

Monthly average for the highest completed 78 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:

2.75% 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:

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.

Early Retirement

Eligibility:

The attainment of 20 years of Credited Service.

Benefit:

2.75% of AME times years of service, reduced actuarially to take into account the participant's younger age at retirement and the earlier commencement of benefits.

Normal Form of Benefit:

Life annuity to the member.

COLA:

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.

Delayed Retirement

Benefit:

2.75% of AME times year of service at the actual retirement date.

Normal Form of Benefit:

Life annuity to the member.

COLA:

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.



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:

2.75% of AME times years of service as of the DROP entry date.

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 following the first anniversary of the date the Member leaves 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 1/12th 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:

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.

Disability Retirement – Non-Service Incurred

Eligibility:

Total and permanent disablement, 10 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:

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.



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:

Paid annually, on October 1 for beneficiaries who have been receiving payments 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.

Withdrawal – Non Vested

Eligibility:

First day of work, up to the earlier of 10 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 10 years of service.

Senior Managers – earlier of 10 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:

Regular Employees and Senior Managers – 10.0% of earnings.

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.

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.



This actuarial valuation report has been prepared in accordance with generally accepted actuarial principles and practices. The major assumptions and methods used in this valuation are as follows:

Economic Assumptions

Interest:

8.0% per year.

Salary Increase – Individual:

Rates varying by service, as follows: 7.5% per year for service up to 10 years, 4.25% per year if service is greater than 10 years.

Salary Increase – Total Payroll:

3.0% per year (the lesser of 3.0% per year or the average annual growth of total payroll for the prior ten years).

Inflation:

3.5% per year.

Administrative 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.

Demographic Assumptions

Post-Retirement Mortality:

- **Service Retirement** – 1983 Group Annuity Mortality for males and females. Life expectancies are shown in Schedule 1.
- **Disability Retirement** - 1983 Group Annuity Mortality set forward for five years for both males and females. Life expectancies are shown in Schedule 1.
- **Spouse** - 1983 Group Annuity Mortality for males and females. Life expectancies are shown in Schedule 1.



Vested Termination:

Rates varying by age and service. Employees who are not vested are assumed to take a refund of their contributions. Employees who terminate after they are vested are assumed to defer their benefit to members normal retirement date. For employees with less than four years of service, termination rates are shown in the table below.

Years of Service	Probability of Termination
0-1	18%
1-2	12%
2-3	10%
3-4	7%

For employees with four or more years of service, rates are shown in Schedule 2.

Pre-Retirement Mortality:

1983 Group Annuity Mortality for males and females.

Disability:

Rates varying by age. Rates are shown in Schedule 2.

Percentage of Service and Non-Service Disability:

Service connected – 20%,
Non-service connected – 80%.

Service Retirement:

Rates varying by age. Rates are shown in Schedule 3.



DROP 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%

DROP Period:

DROP Participants are assumed to remain in the DROP for a total of five years.

Cost of Living Adjustment:

2.0% per year after retirement or DROP exit.

Percentage Married at Retirement:

100% of active members assumed married at retirement.

Spouse Ages:

For active members reaching retirement, wives are assumed to be three years younger than husbands.

Actuarial Methods

Funding Method:

Entry Age.



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.

Actuarial Value of 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.

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.

Data Sources

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.

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.



Schedule I
Life Expectancies at Sample Age
Retirees and Beneficiaries

Table with 6 columns: Age, Male, Female, Age, Male, Female. It lists life expectancy values for ages 20 to 119, split by gender.

Retirees and Beneficiaries – 1983 Group Annuity Mortality for males and females.

Disabled Retirees – same as for retirees, except assume the person is five years older.



Schedule 2
Probability of Leaving Active Service Prior to Retirement
 (Number separating at each age per 10,000 working at that age)

Age	Disability	Termination*
20	3	1,071
21	3	1,008
22	3	945
23	3	882
24	3	819
25	3	756
26	3	693
27	3	630
28	3	599
29	3	567
30	3	536
31	3	504
32	3	473
33	3	454
34	3	435
35	3	416
36	4	397
37	4	378
38	4	359
39	5	340
40	6	321
41	7	302
42	8	284
43	9	265
44	10	246
45	11	227
46	12	208
47	14	189
48	16	170
49	19	151
50	21	132
51	25	113
52	29	95
53	34	76
54	39	57
55	45	38
56	50	19
57	57	0
58	63	0
59	70	0
60	81	0
61	93	0
62	107	0
63	122	0
64	140	0
65	0	0
66	0	0
67	0	0
68	0	0
69	0	0
70	0	0

*Termination rates after four years of service. Select rates apply prior to four years of service.



Schedule 3

Probability of Retirement

(Number separating at each age per 10,000 working at that age)

Age	
45	700
46	700
47	700
48	700
49	700
50	700
51	700
52	700
53	700
54	700
55	5,000
56	3,000
57	3,000
58	3,000
59	3,000
60	3,000
61	5,000
62	5,000
63	5,000
64	5,000
65	5,000
66	3,000
67	3,000
68	3,000
69	3,000
70	10,000