



June 22, 2015

Mr. James F. Fisher
Secretary to the Board of Trustees
City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida
Hampton Professional Center
1951 NW 150th Avenue – Suite 104
Pembroke Pines, Florida 33028

Re: October 1, 2014 Chapter 112.664 Compliance Report

Dear Jim:

As requested, we are pleased to enclose fifteen (15) bound copies and one (1) unbound copy of the October 1, 2014 Chapter 112.664 Compliance Report for the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines, Florida.

We will upload the required data to the State's online portal no later than the June 29th filing deadline.

Please note a copy of the report must be posted on any website that contains budget information relating to the plan sponsor or actuarial or performance information related to the system or plan.

We appreciate the opportunity to work with the Board on this important assignment.

If you should have any questions concerning the above, please do not hesitate to contact us.

Sincerest regards,

Lawrence F. Wilson, A.S.A.
Senior Consultant and Actuary

Enclosures

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS
IN THE CITY OF PEMBROKE PINES, FLORIDA

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2014 Funding Actuarial Valuation Report
and the Plan's Financial Reporting for the Year Ended September 30, 2014



June 22, 2015

Board of Trustees
c/o Mr. James F. Fisher
Plan Administrator
City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida
Hampton Professional Center
1951 NW 150th Avenue – Suite 104
Pembroke Pines, Florida 33028

Re: October 1, 2014 Chapter 112.664 Compliance Report

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Board of Trustees (Board) of the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines, Florida (Fund) to prepare a disclosure report to satisfy the requirements set forth in Chapter 112.664, F.S. and as further required pursuant to Chapter 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Board and those designated or approved by the Board. This report may be provided to parties other than the Board only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Chapter 112.664, F.S. and to supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

Future actuarial measurements may differ significantly from the current measurements 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. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the City and the Board concerning Fund benefits, Fund provisions and Fund members as used in the corresponding Actuarial Valuation Reports for the Valuation Dates indicated. Financial information was provided by the City and Board as of September 30, 2014. We reviewed the information provided for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the City and Board.

Except where specific assumptions are required by Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Board as described in Section C. The

Board's assumptions are based on past and expected future Fund experience and represent an estimate of future Fund experience. For purposes of this report only, future DROP interest credits are assumed not to exceed the investment return assumption. The investment return assumption of 2% higher than the investment return assumption utilized in the Actuarial Valuation Report does not represent an estimate of future Fund experience nor observation of the estimates inherent in market data. This assumption is provided as a counterpart to the Chapter 112.664, F.S. requirement to utilize an investment return assumption of 2% lower than the investment return assumption utilized in the Actuarial Valuation Report. Inclusion of an investment return 2% higher than the investment return assumption utilized in the Actuarial Valuation Report shows a more complete assessment of the range of results as opposed to the one-sided range required by statute.

If all actuarial assumptions are met and if all current and future minimum required contributions are paid Fund assets will be sufficient to pay all Fund benefits. Fund minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act, Firefighters Retirement Chapter 175 and Police Officers Retirement Chapter 185 with normal cost determined as a level percent of covered payroll and a level percent amortization payment using an initial amortization period of 30 years.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the Fund sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and presents the actuarial position of the Fund as of the valuation date as required by statute. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

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

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
Lawrence F. Wilson, M.A.A.A
Enrolled Actuary No. 14-02802
Senior Consultant & Actuary
Date: June 22, 2015

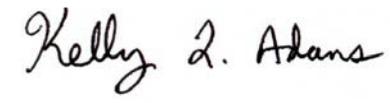
By 
Kelly L. Adams, M.A.A.A
Enrolled Actuary No. 14-06857
Consultant & Actuary

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SECTION A

CHAPTER 112.664, F.S. RESULTS

Net Pension Liability
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 10,631,405
Interest	50,687,264
Benefit Changes	0
Difference Between Actual and Expected Experience	(679,355)
Assumption Changes	0
Benefit Payments	(25,357,071)
Contribution Refunds	(34,255)
Other	0
Net Change in Total Pension Liability	35,247,988
Total Pension Liability - (beginning of year)	636,309,762
Total Pension Liability - (end of year)	\$ 671,557,750
B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 23,585,326
Contributions - State	2,629,081
Contributions - Member	2,983,425
Net Investment Income	44,138,554
Benefit Payments	(25,357,071)
Contribution Refunds	(34,255)
Administrative Expenses	(544,463)
Other	(17,372)
Net Change in Plan Fiduciary Net Position	47,383,225
Plan Fiduciary Net Position - (beginning of year)	436,512,061
Plan Fiduciary Net Position - (end of year)	\$ 483,895,286
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 187,662,464
Valuation Date	10/1/2013

Certain Key Assumptions

Investment Return Assumption 8.0%

Mortality Table:

Healthy Members: RP-2000 Combined Healthy Participant Mortality Tables with Blue Collar Adjustment was used with separate rates for males and females and fully generational mortality improvements projected to each future decrement date with Scale AA. Disabled Members: RP-2000 Combined Disabled Mortality Table was used with separate rates for males and females and fully generational mortality improvements projected to each future decrement date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(a), F.S.

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 10,757,072
Interest	51,195,097
Benefit Changes	0
Difference Between Actual and Expected Experience	(891,958)
Assumption Changes	0
Benefit Payments	(25,357,071)
Contribution Refunds	(34,255)
Other	0
Net Change in Total Pension Liability	35,668,885
Total Pension Liability - (beginning of year)	642,744,607
Total Pension Liability - (end of year)	\$ 678,413,492
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 23,585,326
Contributions - State	2,629,081
Contributions - Member	2,983,425
Net Investment Income	44,138,554
Benefit Payments	(25,357,071)
Contribution Refunds	(34,255)
Administrative Expenses	(544,463)
Other	(17,372)
Net Change in Plan Fiduciary Net Position	47,383,225
Plan Fiduciary Net Position - (beginning of year)	436,512,061
Plan Fiduciary Net Position - (end of year)	\$ 483,895,286
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	
	\$ 194,518,206
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 8.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(b), F.S.

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 17,195,058
Interest	49,542,509
Benefit Changes	0
Difference Between Actual and Expected Experience	2,192,818
Assumption Changes	0
Benefit Payments	(25,357,071)
Contribution Refunds	(34,255)
Other	0
Net Change in Total Pension Liability	43,539,059
Total Pension Liability - (beginning of year)	820,842,687
Total Pension Liability - (end of year)	\$ 864,381,746
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 23,585,326
Contributions - State	2,629,081
Contributions - Member	2,983,425
Net Investment Income	44,138,554
Benefit Payments	(25,357,071)
Contribution Refunds	(34,255)
Administrative Expenses	(544,463)
Other	(17,372)
Net Change in Plan Fiduciary Net Position	47,383,225
Plan Fiduciary Net Position - (beginning of year)	436,512,061
Plan Fiduciary Net Position - (end of year)	\$ 483,895,286
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	
	\$ 380,486,460
Valuation Date	10/1/2013

Certain Key Assumptions

Investment Return Assumption 6.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Net Pension Liability
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

Measurement Date	9/30/2014
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 7,006,525
Interest	51,938,563
Benefit Changes	0
Difference Between Actual and Expected Experience	(4,198,588)
Assumption Changes	0
Benefit Payments	(25,357,071)
Contribution Refunds	(34,255)
Other	0
Net Change in Total Pension Liability	29,355,174
Total Pension Liability - (beginning of year)	527,397,621
Total Pension Liability - (end of year)	\$ 556,752,795
 B. <u>Plan Fiduciary Net Position</u>	
Contributions - Employer	\$ 23,585,326
Contributions - State	2,629,081
Contributions - Member	2,983,425
Net Investment Income	44,138,554
Benefit Payments	(25,357,071)
Contribution Refunds	(34,255)
Administrative Expenses	(544,463)
Other	(17,372)
Net Change in Plan Fiduciary Net Position	47,383,225
Plan Fiduciary Net Position - (beginning of year)	436,512,061
Plan Fiduciary Net Position - (end of year)	\$ 483,895,286
 C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	
	\$ 72,857,509
 Valuation Date	 10/1/2013

Certain Key Assumptions

Investment Return Assumption 10.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	384,153,371	29,615,286	26,083,198	387,685,459
2016	387,685,459	29,819,263	27,918,382	389,586,341
2017	389,586,341	29,864,191	30,420,318	389,030,215
2018	389,030,215	29,713,440	32,901,681	385,841,973
2019	385,841,973	29,375,785	34,830,402	380,387,357
2020	380,387,357	28,862,699	36,621,840	372,628,216
2021	372,628,216	28,155,716	38,635,947	362,147,986
2022	362,147,986	27,248,721	40,237,313	349,159,394
2023	349,159,394	26,086,772	43,106,325	332,139,841
2024	332,139,841	24,598,646	46,061,720	310,676,768
2025	310,676,768	22,782,532	48,375,096	285,084,205
2026	285,084,205	20,646,020	50,455,894	255,274,331
2027	255,274,331	18,165,745	52,685,602	220,754,473
2028	220,754,473	15,283,486	55,503,431	180,534,529
2029	180,534,529	11,977,169	57,575,204	134,936,494
2030	134,936,494	8,264,115	59,097,979	84,102,629
2031	84,102,629	4,128,025	60,718,126	27,512,528
2032	27,512,528	389,971	62,448,461	-
2033	-	-	63,859,332	-
2034	-	-	65,213,124	-
2035	-	-	66,468,064	-
2036	-	-	67,730,950	-
2037	-	-	69,316,121	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 17.42

Certain Key Assumptions

Investment return assumption 8.0%

Mortality Table:

Healthy Members: RP-2000 Combined Healthy Participant Mortality Tables with Blue Collar Adjustment was used with separate rates for males and females and fully generational mortality improvements projected to each future decrement date with Scale AA.

Disabled Members: RP-2000 Combined Disabled Mortality Table was used with separate rates for males and females and fully generational mortality improvements projected to each future decrement date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions Required Under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	384,153,371	29,615,340	26,081,938	387,686,773
2016	387,686,773	29,818,993	27,927,149	389,578,617
2017	389,578,617	29,862,676	30,441,267	389,000,026
2018	389,000,026	29,709,504	32,937,183	385,772,347
2019	385,772,347	29,367,912	34,884,180	380,256,079
2020	380,256,079	28,849,050	36,695,334	372,409,796
2021	372,409,796	28,134,048	38,733,911	361,809,932
2022	361,809,932	27,216,434	40,359,739	348,666,627
2023	348,666,627	26,040,829	43,258,614	331,448,841
2024	331,448,841	24,535,294	46,250,203	309,733,933
2025	309,733,933	22,697,397	48,601,810	283,829,520
2026	283,829,520	20,533,917	50,729,750	253,633,687
2027	253,633,687	18,020,356	53,015,743	218,638,300
2028	218,638,300	15,097,263	55,898,759	177,836,804
2029	177,836,804	11,741,504	58,038,660	131,539,648
2030	131,539,648	7,969,469	59,632,690	79,876,427
2031	79,876,427	3,763,683	61,331,014	22,309,096
2032	22,309,096	238,957	63,146,427	-
2033	-	-	64,647,016	-
2034	-	-	66,099,562	-
2035	-	-	67,459,135	-
2036	-	-	68,831,181	-
2037	-	-	70,532,058	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 17.33

Certain Key Assumptions

Investment return assumption 8.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions Required Under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	384,153,371	22,209,085	26,081,938	380,280,518
2016	380,280,518	21,917,278	27,927,149	374,270,647
2017	374,270,647	21,475,704	30,441,267	365,305,084
2018	365,305,084	20,857,375	32,937,183	353,225,276
2019	353,225,276	20,069,873	34,884,180	338,410,969
2020	338,410,969	19,122,676	36,695,334	320,838,312
2021	320,838,312	18,002,652	38,733,911	300,107,053
2022	300,107,053	16,706,408	40,359,739	276,453,722
2023	276,453,722	15,193,833	43,258,614	248,388,940
2024	248,388,940	13,413,585	46,250,203	215,552,323
2025	215,552,323	11,367,641	48,601,810	178,318,154
2026	178,318,154	9,065,049	50,729,750	136,653,453
2027	136,653,453	6,491,533	53,015,743	90,129,243
2028	90,129,243	3,607,217	55,898,759	37,837,701
2029	37,837,701	642,581	58,038,660	-
2030	-	-	59,632,690	-
2031	-	-	61,331,014	-
2032	-	-	63,146,427	-
2033	-	-	64,647,016	-
2034	-	-	66,099,562	-
2035	-	-	67,459,135	-
2036	-	-	68,831,181	-
2037	-	-	70,532,058	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 14.58

Certain Key Assumptions

Investment return assumption 6.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2015	384,153,371	37,023,134	26,081,938	395,094,567
2016	395,094,567	38,018,760	27,927,149	405,186,178
2017	405,186,178	38,893,722	30,441,267	413,638,633
2018	413,638,633	39,605,741	32,937,183	420,307,190
2019	420,307,190	40,168,669	34,884,180	425,591,680
2020	425,591,680	40,600,443	36,695,334	429,496,789
2021	429,496,789	40,882,138	38,733,911	431,645,016
2022	431,645,016	41,010,177	40,359,739	432,295,454
2023	432,295,454	40,920,485	43,258,614	429,957,324
2024	429,957,324	40,526,987	46,250,203	424,234,108
2025	424,234,108	39,829,141	48,601,810	415,461,439
2026	415,461,439	38,838,289	50,729,750	403,569,978
2027	403,569,978	37,527,121	53,015,743	388,081,356
2028	388,081,356	35,824,369	55,898,759	368,006,966
2029	368,006,966	33,702,706	58,038,660	343,671,012
2030	343,671,012	31,184,024	59,632,690	315,222,346
2031	315,222,346	28,248,505	61,331,014	282,139,837
2032	282,139,837	24,843,351	63,146,427	243,836,761
2033	243,836,761	20,932,944	64,647,016	200,122,689
2034	200,122,689	16,484,003	66,099,562	150,507,131
2035	150,507,131	11,449,876	67,459,135	94,497,872
2036	94,497,872	5,775,713	68,831,181	31,442,404
2037	31,442,404	563,224	70,532,058	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the Employer, Employee or State: 22.42

Certain Key Assumptions

Investment return assumption 10.0%

Mortality Table:

RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected to each future payment date with Scale AA.

Note: As required in Section 112.664(c) of the Florida Statutes, the projection of Plan assets does not include contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.

ACTUARIAL DETERMINED CONTRIBUTION

	Valuation Assumptions	112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption
A. Valuation Date	October 1, 2014	October 1, 2014	October 1, 2014	October 1, 2014
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2016	9/30/2016
C. Annual payroll of Active Employees	\$ 27,875,138	\$ 27,875,138	\$ 27,875,138	\$ 27,875,138
D. Total Minimum Funding Requirement				
1. Total Normal Cost	\$ 11,081,293	\$ 11,205,781	\$ 17,654,371	\$ 7,452,159
2. Annual Payment to Amortize Unfunded Actuarial Liability	16,268,336	16,723,133	25,011,089	8,999,874
3. Interest Adjustment	<u>1,325,031</u>	<u>1,353,151</u>	<u>1,562,768</u>	<u>987,834</u>
4. Total Minimum Funding Requirement	\$ 28,674,660	\$ 29,282,065	\$ 44,228,228	\$ 17,439,867
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.017)	\$ 28,349,015 101.70%	\$ 28,349,015 101.70%	\$ 28,349,015 101.70%	\$ 28,349,015 101.70%
F. Expected Contribution Sources (\$ / % of pay)				
1. City	\$ 23,593,757 83.23%	\$ 24,189,087 85.33%	\$ 39,412,508 139.03%	\$ 12,169,104 42.93%
2. Member	2,948,298 10.40%	2,948,298 10.40%	2,948,298 10.40%	2,948,298 10.40%
3. State	<u>2,629,081 9.27%</u>	<u>2,629,081 9.27%</u>	<u>2,629,081 9.27%</u>	<u>2,629,081 9.27%</u>
4. Total	\$ 29,171,136 102.90%	\$ 29,766,466 105.00%	\$ 44,989,887 158.70%	\$ 17,746,483 62.60%

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

Amortization Base	Current Unfunded Liabilities	Amortization Payment				Remaining Funding Period
		Valuation Assumptions	112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2%	
10/01/2003 Gain and Loss Bases	\$ 14,450,867	\$ 1,742,607	\$ 1,742,607	\$ 1,602,169	\$ 1,886,155	11.000 years
10/01/2003 Others	842,486	101,594	101,594	93,407	109,963	11.000 years
10/01/2003 Plan Amendment	65,432,387	5,606,379	5,606,379	4,872,915	6,372,481	19.000 years
10/01/2004 Plan Amendment	41,203,715	3,436,435	3,436,435	2,967,913	3,926,707	20.000 years
10/01/2004 Plan Amendment	375,888	31,349	31,349	27,075	35,822	20.000 years
10/01/2006 Assumption Change	7,255,238	577,010	577,010	492,248	665,987	22.000 years
10/01/2006 Plan Amendment	31,568,643	2,510,658	2,510,658	2,141,847	2,897,810	22.000 years
10/01/2006 Plan Amendment	2,474,211	196,774	196,774	167,869	227,118	22.000 years
10/01/2009 Assumption Change	13,518,683	1,014,330	1,014,330	850,392	1,187,027	25.000 years
10/01/2009 Method Change	26,635,492	1,998,507	1,998,507	1,675,504	2,338,767	25.000 years
05/01/2010 Plan Amendment	(35,440,179)	(2,633,169)	(2,633,169)	(2,200,442)	(3,089,254)	25.583 years
10/01/2010 Actuarial (Gain) / Loss	14,076,699	1,038,852	1,038,852	866,145	1,220,944	26.000 years
10/01/2011 Actuarial (Gain) / Loss	10,971,695	797,372	797,372	661,231	941,016	27.000 years
10/01/2011 Assumption Change	(1,709,421)	(124,233)	(124,233)	(103,022)	(146,613)	27.000 years
10/01/2012 Actuarial (Gain) / Loss	4,458,132	319,415	319,415	263,487	378,460	28.000 years
10/01/2013 Actuarial (Gain) / Loss	(645,499)	(45,641)	(45,641)	(37,456)	(54,285)	29.000 years
10/01/2013 Plan Amendment	765,470	54,124	54,124	44,418	64,375	29.000 years
10/01/2014 Actuarial (Gain) / Loss	(5,068,959)	(354,027)	(354,027)	(289,089)	(422,638)	30.000 years
10/01/2014 Assumption Change - 112.664(1)(a) F.S. Assumptions	6,511,776	N/A	454,797	N/A	N/A	30.000 years
10/01/2014 Assumption Change - 112.664(1)(b) F.S. Assumptions	191,377,478	N/A	N/A	10,914,478	N/A	30.000 years
10/01/2014 Assumption Change - 112.664(1)(a) F.S. Assumptions Plus 2%	(114,418,703)	N/A	N/A	N/A	(9,539,968)	30.000 years

SECTION B
SUMMARY OF PLAN PROVISIONS

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)**

A. Effective Date:

October 1, 1973, revised and restated as of February 19, 1981. Most recently amended Ordinance 1774.

B. Eligibility Requirements:

1. Participants in previous Retirement Plan as of February 19, 1981 are automatically and immediately included.
2. Mandatory participation (with satisfactory physical) for Police Officers and Firefighters upon date of hire or attainment of age 18, if later. The Fire Chief and Police Chief may elect to participate.

C. Continuous Service:

Years and completed months of uninterrupted service from the date of hire to date of retirement or termination.

D. Earnings:

Base wages, regular longevity, overtime, voluntary deductions and IRC 457 deferred compensation. Earnings shall include payment of up to 1,000 hours of accrued unused sick and vacation leave, but limited to amounts accrued as of May 1, 2010. Maximum annual earnings limited to \$260,000 subject to annual increase.

E. Average Monthly Earnings:

Average monthly earnings (AME) during the highest two years of continuous service for Firefighters and Police Officers preceding the date on which the participant retires or terminates.

F. Regular Wages:

Base pay including any incentive pay, regular longevity, assignment pay and any current or future additional pensionable compensation, but excluding overtime or accrued unused leave. Regular wages shall be used to calculate the maximum retirement benefit for Firefighters hired on or after April 1, 2006.

G. Average Monthly Regular Wages:

Average monthly regular wages coinciding with the highest two years of continuous service for Firefighters preceding the date on which the participant retires or terminates, used in the AME.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)

H. Normal Retirement:

1. Eligibility:

Earliest of:

- (a) Attainment of age 50 and completion of 10 years of continuous service.
- (b) Completion of 20 years of continuous service.

2. Benefit:

- (a) For Firefighters, 3.0% times AME times years of Continuous Service. Maximum 80% of average monthly earnings for the highest two years of continuous service.

Firefighters hired on or before June 18, 2003 shall receive a benefit amount equal to 4.0% per year of continuous service prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010 times AME - maximum 80% of AME, provided they retire or enter the DROP anytime on or after attaining age 50 with 10 years of continuous service but no later than the date they accrue the maximum 80% benefit.

Firefighters hired after June 18, 2003 but before May 1, 2010 shall receive a benefit amount equal to 4.0% per year of continuous service prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010 times AME - maximum 80% of AME. To obtain this benefit, such Firefighters were previously required to retire or enter the DROP upon the earlier of completion of 20 years of continuous service or attainment of age 50 with 10 years of service. To obtain this benefit, such Firefighters now are required to retire or enter the DROP no earlier than upon completion of 20 years of continuous service or attainment of age 50 with 10 years of service, and no later than the date they accrue the same accrual percentage they would have reached under the terms of the Fund in effect prior to April 30, 2010.

In no event shall the benefit for firefighters hired after March 31, 2006 exceed 98% of average monthly regular wages.

Firefighters hired after April 30, 2010 shall receive a benefit amount equal to 3.0% times AME times years of continuous service – maximum 80% of AME.

- (b) For Police Officers, 3.0% times AME times years of Continuous Service up to 20 years of service plus 3.5% times AME times years of Continuous Service in excess of 20 years. Maximum 80% of average monthly earnings for the highest two years of continuous service.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)**

Police Officers hired before May 1, 2010 shall receive a benefit amount equal to 4.0% per year of continuous service prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010 times AME - maximum 80% of AME, provided they retire or enter the DROP anytime on or after attaining age 50 with 10 years of continuous service but no later than the date they accrue the maximum 80% benefit.

Police Officers hired after April 30, 2010 shall receive a benefit amount equal to 3.0% times AME times years of continuous service – maximum 80% of AME.

I. Deferred Retirement:

1. Eligibility:

Any first day of a month past Normal Retirement Date.

2. Benefit:

Benefit calculated as for Normal Retirement based upon service and pay to Deferred Retirement Date.

J. Disability Retirement:

1. Eligibility:

Totally and permanently disabled meaning incapacity to perform regular duty as Firefighter or Police Officer (and completion of at least 10 years of continuous service for non-service incurred disability).

2. Benefit:

(a) Service Incurred:

Greater of:

- Accrued benefit
- 66 2/3% of monthly earnings rate on date of disability.

(b) Non-Service Incurred:

Greater of:

- Accrued benefit
- 35% of AME on date of disability.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)

K. Death Benefit:

1. Service Incurred:

To spouse, 50% of AME payable for life. To unmarried children, 5% of AME until death or attainment of age 18 (if full time student attainment of age 22). Total monthly benefit not to exceed 60% of AME. Upon death of spouse, the 5% child allowance shall be increased to 10%, subject to a maximum combined total of 35% of AME.

Benefit above reduced by the actuarial equivalent of payment of:

- if the Member had less than ten (10) years of Continuous Service, Member contributions to the beneficiary with 3% simple interest, or
- if the Member had ten (10) or more years of Continuous Service, benefit otherwise payable to the Member at the Member's Normal Retirement Date, if applicable, for ten years certain.

2. Non-Service Incurred:

- Less than five (5) years of Continuous Service, the designated beneficiary receives a lump sum of \$2,500 or return of Member contributions with 3% interest, whichever is greater.
- Five (5) or more years of Continuous Service, the designated beneficiary receives a lump sum of the greater of Member contributions (without interest) or \$2,500, plus, if married, the spouse receives a monthly benefit equal to 50% of the Accrued Benefit as of Member's date of death but not less than 20% of the monthly Earnings rate. To unmarried children of the deceased Member, same benefits as are payable for Service Incurred death. Combined monthly benefit not to exceed 50% of AME, or 35% of AME after the death or remarriage of spouse.

Benefit above reduced by the actuarial equivalent of payment of:

- if the Member had ten (10) or more years of Continuous Service, benefit otherwise payable to the Member at the Member's Normal Retirement Date, if applicable, for ten years certain.

L. Employee Contributions:

10.4% (6% prior to April 1, 1991) of annual earnings until completion of 26 2/3 years of Continuous Service.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)

M. Vested Benefit Upon Termination:

1. Eligibility:

Completion of at least ten (10) years of Continuous Service at date of termination.

2. Benefit:

Accrued benefit based upon AME and years of Continuous Service as of date of termination payable at attainment of age 50.

3. Alternate Benefit:

In lieu of the above, deferred benefit payable at Normal Retirement Date; otherwise, a Member can elect to withdraw his employee contributions plus 3% simple interest per annum.

N. Termination Benefit:

1. Eligibility:

Termination of service prior to eligibility for vested benefit upon termination.

2. Benefit:

Refund of Member contributions plus 3% simple interest per annum.

O. Normal Form of Payment of Retirement Income:

Monthly accrued benefit for ten (10) years certain and life thereafter with 100% of benefit continuing to spouse for one year and 50% of benefit payable to spouse thereafter until death.

Other Options:

Actuarially equivalent joint and survivor or joint and last survivor at 25%, 50%, 66 2/3%, 75%, 100%; life annuity; or ten years certain and life; or other option (except lump sum), subject to Board approval.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)**

P. Deferred Retirement Option Plan (DROP):

1. Eligibility:

A Member who has reached Normal Retirement Date is eligible to elect to participate in DROP. A Firefighter who reaches Normal Retirement Date before age 50 may participate for the lesser of five years or until age 55, provided that Firefighters employed as of December 20, 2000 and hired after their 30th birthday, may participate in the DROP no later than completion of 20 years of Continuous Service in order to participate in the DROP for a full five years. A Police Officer hired after his 25th birthday may participate in the DROP no later than completion of 25 years of Continuous Service in order to participate in the DROP for a full five years. An election to participate in the DROP is irrevocable.

2. Benefit:

Accrued benefit as of entry into DROP.

3. Interest Credits:

Members entering the DROP prior to May 1, 2010 could elect annually in advance interest credits of a fixed 8% per annum or Fund return.

Members hired before May 1, 2010 entering the DROP after April 30, 2010, may elect annually in advance DROP interest credits based upon either Fund gross return or Fund gross return subject to a minimum of 5% and a maximum of 8% per annum.

For Members hired after April 30, 2010 entering the DROP, DROP interest credits will be based upon Fund gross return.

4. DROP Loan Program:

Current DROP participants or retirees may borrow against their DROP account balance up to the maximum amount permitted by the IRS.

No interest shall be earned or paid by the Plan on funds loaned from the DROP account until repaid.

The DROP loan program administered in accordance with loan policy adopted by the Board of Trustees and shall comply with all applicable IRS rules and regulations governing such loans.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)**

Q. 13th Check Program (Police Officers only)

1. Eligibility:

Service or disabled retired Police Officer or beneficiary receiving pension or DROP benefits.

2. Benefit:

For Police Officers retired prior to October 1, 2003, up to 2% of investment return in excess of 8% based upon present value of future pension payments of current Police Officer members, not to exceed outstanding balance of cumulative net actuarial gains. Any distributable amount allocated to eligible members based upon years of service with prorata share during first year of entitlement. See Item R. regarding election.

For Police Officers retired on or after October 1, 2003 but before October 1, 2006, up to 2% of investment return in excess of 9% based upon present value of future pension payments of current Police Officer members, not to exceed outstanding balance of cumulative net actuarial gains. Any distributable amount allocated to eligible members based upon years of service with prorata share during first year of entitlement. See Item R. regarding election.

For Police Officers retired on or after October 1, 2006 there is no 13th check.

R. Cost of Living Adjustment

For Firefighters, effective April 1, 2005 and each April 1st thereafter, retirees, beneficiaries and DROP participants who were receiving benefits on June 18, 2003 will receive either a 2% cost of living adjustment or an adjustment equal to the total percentage increase in base wages, excluding performance or merit adjustments, whichever is greater.

For Firefighters, effective April 1, 2005 and each April 1st thereafter, retirees, beneficiaries and DROP participants who were hired on or before June 18, 2003 and retire or enter the DROP prior to May 1, 2010 and anytime on or after attaining age 50 with 10 years of service but no later than attainment of 20 years of service will receive either a 2% cost of living adjustment or an adjustment equal to the total percentage increase in base wages, excluding performance or merit adjustments, whichever is greater. For those receiving for less than one year the increase shall be prorated.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)

Firefighter members who were hired prior to April 1, 2006 who retire prior to May 1, 2010, current retirees and DROP participants shall have the option within sixty (60) days of the effective date of Ordinance 2006-10 to irrevocably elect to receive the cost of living adjustment provided above in lieu of their current cost of living adjustment.

For Firefighters, effective April 1, 2011 and each April 1st thereafter, retirees, beneficiaries and DROP participants who were hired before May 1, 2010 and retire or enter the DROP after April 30, 2010 at their normal retirement age receive a 2% cost of living adjustment – prorated for less than one year receipt of benefits.

For Firefighters hired after April 30, 2010, the cost of living adjustment is 1.5%.

Police Officer retirees, DROPs, disabilities and their beneficiaries who retired prior to October 1, 2003 eligible for any supplemental benefit based upon an 8% Fund return threshold subject to cumulative actuarial gains may elect within 60 days to replace this supplemental benefit eligibility entitlement with an annual 2.0% cost of living adjustment retroactive to October 1, 2004.

Police Officer retirees, DROPs, disabilities and their beneficiaries who retired on or after October 1, 2003 but not later than September 30, 2006 or were in the DROP on or after October 1, 2003 and entered the DROP not later than September 30, 2006 eligible for any supplemental benefit based upon a 9% Fund return threshold subject to cumulative actuarial gains along with a 1.5% cost of living adjustment effective October 1, 2009 and each October 1st thereafter may elect within 60 days to replace this supplemental benefit eligibility and 1.5% deferred cost of living adjustment entitlement with an annual 2.5% cost of living adjustment retroactive to October 1, 2004.

Police Officer retirees, DROPs, disabilities and their beneficiaries who retire or enter the DROP on or after October 1, 2006 but not later than April 30, 2010 will receive a 3.0% cost of living adjustment effective October 1, 2009 and each October 1st thereafter.

For Police Officers, effective October 1, 2010 and each October 1st thereafter, retirees, beneficiaries and DROP participants who were hired before May 1, 2010 and retire or enter the DROP after April 30, 2010 at their normal retirement age receive a 2% cost of living adjustment – prorated for less than one year receipt of benefits.

For Police Officers hired after April 30, 2010, the cost of living adjustment is 1.5%.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Outline of Principal Provisions of the Retirement Plan
(as of October 1, 2014)**

S. Excess Benefit Plan

An excess benefits plan is established to pay retirement benefits above the limits permitted by the Internal Revenue Code. Excess Benefit Plan benefits are not included in this actuarial valuation.

T. Additional Benefits Upon Rehire

Retired members receiving benefits who are rehired as certified police officers or firefighters who work 30 or more hours per week and 52 weeks per year will again become contributing members of the Fund and accrue benefits during their period of reemployment.

Rehired members shall continue to receive retirement benefit, earnings on DROP accounts and may elect to receive payments from DROP accounts.

U. Changes Since Previous Actuarial Valuation

Additional benefits upon rehire added (Item T. above)

SECTION C
ACTUARIAL ASSUMPTIONS AND COST METHODS
USED FOR FUNDING

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

Actuarial Assumptions and Methods Used for the Actuarial Valuation
(as of October 1, 2014)

A. Mortality

For healthy participants, the RP-2000 Combined Healthy Participant Mortality Tables with Blue Collar Adjustment was used with separate rates for males and females and fully generational mortality improvements projected to each future decrement date with Scale AA.

For disabled participants, the RP-2000 Combined Disabled Mortality Table was used with separate rates for males and females and fully generational mortality improvements projected to each future decrement date with Scale AA.

B. Investment Return

8.0%, compounded annually, net of investment expenses.

C. Allowances for Expenses or Contingencies

Average of actual administrative expenses during prior three (3) years.

D. Employee Withdrawal Rates

Withdrawal rates for males and for females were used in accordance with the following illustrative example:

Withdrawal Rates Per 100 Employees				
<u>Age</u>	<u>Males</u>		<u>Females</u>	
	<u>First 5 Years</u>	<u>5+ Years</u>	<u>First 5 Years</u>	<u>5+ Years</u>
20	2.70	3.13	5.25	5.24
25	2.70	2.28	5.25	3.44
30	2.70	1.65	5.25	2.38
35	2.70	0.97	5.25	1.44
40	2.70	0.55	5.25	1.01
45	2.70	0.25	5.25	0.55
50	2.70	0.04	5.25	0.31
55	2.70	0.02	5.25	0.18
60	2.70	0.01	5.25	0.05
62 & Over	0.00	0.00	0.00	0.00

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Actuarial Assumptions and Methods Used for the Actuarial Valuation
(as of October 1, 2014)**

E. Disability Rates

1. The 1985 Disability Study - Class 2, with separate rate for males and females.
2. 80% of disabilities are assumed to be service incurred - 20% non-service incurred.

F. Salary Increase Factors

Current salary is assumed to increase at a rate based on the table below per year until retirement.

<u>Service</u>	<u>Salary Increase</u>
0 years	12.00%
1	10.50%
2	8.50%
3	7.50%
4	6.50%
5	6.50%
6	6.00%
7 + years	3.75%

For members hired before May 1, 2010, average monthly earnings for retirements and DROPs are increased between 5.5% and 28.0% to reflect additional earnings during the averaging period including the inclusion in pensionable earnings of up to 1,000 hours of accrued unused leave as of April 30, 2010 payable at retirement or DROP entry.

For members hired on or after May 1, 2010, average monthly earnings for retirements and DROPs are increased 5.5% to reflect additional earnings during the averaging period.

The assumed salary increase rate after 7+ years of service reflects frozen longevity pay as of April 30, 2010.

G. Payroll Growth Assumption

5.3%, per annum - not greater than historical 10-year average (1.7% as of October 1, 2014).

H. Load for Future Rehires

The normal cost and accrued liabilities are loaded 0.1% for assumed future rehired members.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Actuarial Assumptions and Methods Used for the Actuarial Valuation
(as of October 1, 2014)**

I. Assumed Retirement Age

The retirement rates *for members hired before May 1, 2010 who are expected to reach the 80% of AME maximum benefit in the 20th year of service* are as follows:

1. 35% of members are assumed to retire the first year after attaining age fifty (50) and ten (10) years of credited service.
2. 20% of members are assumed to retire each year thereafter until reaching twenty (20) years of credited service.
3. 100% of members are assumed to retire after completing twenty (20) years of credited service.

The retirement rates *for members hired before May 1, 2010 who are expected to reach the 80% of AME maximum benefit in the 21st year of service* are as follows:

1. 35% of members are assumed to retire the first year after attaining age fifty (50) and ten (10) years of credited service.
2. 20% of members are assumed to retire each year thereafter until reaching twenty (20) years of credited service.
3. 20% of members are assumed to retire after completing twenty (20) years of credited service.
4. 100% of members are assumed to retire upon attainment of twenty-one (21) years of credited service.

The retirement rates *for members hired before May 1, 2010 who are expected to reach the 80% of AME maximum benefit in the 22nd year of service* are as follows:

1. 35% of members are assumed to retire the first year after attaining age fifty (50) and ten (10) years of credited service.
2. 20% of members are assumed to retire each year thereafter until reaching twenty (20) years of credited service.
3. 20% of members are assumed to retire after completing twenty (20) years of credited service.
4. 15% of members are assumed to retire after completing twenty-one (21) years of credited service.
5. 100% of members are assumed to retire upon attainment of twenty-two (22) years of credited service.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Actuarial Assumptions and Methods Used for the Actuarial Valuation
(as of October 1, 2014)**

The retirement rates *for members hired before May 1, 2010 who are expected to reach the 80% of AME maximum benefit in the 23rd year of service* are as follows:

1. 30% of members are assumed to retire the first year after attaining age fifty (50) and ten (10) years of credited service.
2. 20% of members are assumed to retire each year thereafter until reaching twenty (20) years of credited service.
3. 20% of members are assumed to retire after completing twenty (20) years of credited service.
4. 15% of members are assumed to retire after completing twenty-one (21) years of credited service.
5. 15% of members are assumed to retire after completing twenty-two (22) years of credited service.
6. 100% of members are assumed to retire upon attainment of twenty-three (23) years of credited service.

For Firefighters hired after June 18, 2003 but before May 1, 2010 who are expected to reach age 50 before completion of twenty (20) years of service, 100% are assumed to retire upon reaching the same multiplier (% of AME) they would have reached under the Plan in effect prior to April 30, 2010.

The retirement rates *for members hired on or after May 1, 2010* are as follows:

1. 25% of members who complete ten (10) years of service after reaching age 50 are assumed to retire upon completion of ten (10) years of credited service.
2. 15% of members who reach age 50 after completion of ten (10) years of credited service are assumed to retire upon reaching age 50.
3. 15% of members are assumed to retire each year thereafter, until reaching twenty (20) years of credited service.
4. 20% of members are assumed to retire upon reaching twenty (20) years of credited service.
5. 15% of members are assumed to retire each year thereafter, until reaching twenty-five (25) years of credited service.
6. 100% of members are assumed to retire upon reaching twenty-five (25) years of credited service.

**City Pension Fund for Firefighters and Police Officers
in the City of Pembroke Pines, Florida**

**Actuarial Assumptions and Methods Used for the Actuarial Valuation
(as of October 1, 2014)**

J. Marital Assumptions

1. 50% of deaths are assumed to be service incurred - 50% non-service incurred.
2. There are no children eligible for benefits.
3. 95% of participants are married.
4. Spouses are assumed to be the same age as members.

K. Cost of Living Adjustment

Firefighters: For Firefighters who retired or entered the DROP prior to May 1, 2010, 2.0% for those who elected the fluctuating COLA and 3.0% for those who elected the fixed COLA. 2.0% for Firefighters hired before May 1, 2010 who are expected to retire or enter the DROP after April 30, 2010. 1.5% for Firefighters hired after April 30, 2010.

Police Officers: 0.0%, 2.0% or 2.5% based upon election for Police Officers who retired or entered the DROP prior to October 1, 2006. 3.0% for Police Officers who retired or entered the DROP on or after October 1, 2006 but before May 1, 2010. 2.0% for Police Officers hired before May 1, 2010 who are expected to retire or enter the DROP after April 30, 2010. 1.5% for Police Officers hired after April 30, 2010.

L. Smoothed Asset Valuation Method

Smoothed actuarial value of assets is equal to the expected smoothed actuarial value of assets adjusted by 20% of the difference between the expected smoothed actuarial value and market value.

M. Cost Method

Normal Retirement, Termination, Disability, and Death Benefits: Entry Age Normal Cost Method

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the Fund had always been in effect. The normal cost for the Fund is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the Fund is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the assets of the Fund.

The DROP accounts balance is included in the assets and liabilities as of the valuation date.

N. Changes Since Previous Actuarial Valuation

There was no load for future rehires - Item H.

GLOSSARY

<i>Actuarial Accrued Liability</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.

***GASB No. 67 and
GASB No. 68***

These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.

Normal Cost

The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

Open Amortization Period

An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability

The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

Valuation Date

The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.