

Deposit Overview

**Retirement Income Plan for General
Employees of City of Pembroke Pines
4-27083**

Plan Year Beginning 10/01/2014

This overview is a summary of deposit information shown in your actuarial valuation report. It will help you determine your current year contribution to your retirement plan. You may deposit any amount in excess of your annual required contribution. Refer to your actuarial valuation report, Section III–Deposit Information, for this calculation.

**Annual
Required
Contribution**

Your annual required contribution for the fiscal year beginning 10/1/2014 is \$2,707,856. This is the amount needed to keep your plan currently funded.

**Upcoming
Annual
Required
Contribution**

Your annual required contribution for the fiscal year beginning 10/01/2015 is \$758,577.

**Deposits
Received
for 2014
Plan Year**

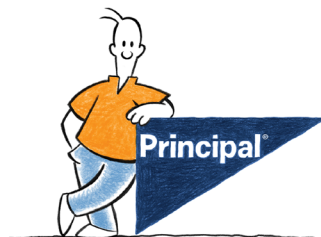
<u>Amount</u>	<u>Date Received</u>
\$9,379	10/03/2014 Employee Contribution
9,477	10/17/2014 Employee Contribution
9,495	10/31/2014 Employee Contribution
9,203	11/14/2014 Employee Contribution
9,329	11/28/2014 Employee Contribution
1,668,726	12/11/2014 Employer Contribution
9,471	12/12/2014 Employee Contribution
9,353	12/29/2014 Employee Contribution
9,353	01/09/2015 Employee Contribution
\$1,743,786	Deposits received through 01/20/2015

**Additional
Information**

For additional information, please see the 2014 actuarial valuation report.

**Retirement Income Plan for General Employees of
City of Pembroke Pines
4-27083**

Actuarial Valuation Report
For the plan year October 1, 2014 through
September 30, 2015



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This actuarial valuation report is for your defined benefit retirement plan. It gives you the amounts needed to fund the benefits described in your plan document. This report is based on employee data and other information you provide us.

Funding Method

Defined benefit plans, as the name suggests, define the benefits given to employees. Your goal is to have enough funds to pay for these benefits. To do this, we use a funding method. It sets the yearly deposit needed to pay for your plan's benefits.

Assumptions

We use assumptions to estimate how much funding you'll need for benefits. For instance:

- How much interest will your funds earn?
- How many employees will leave the plan?
- What will be employees' future salaries?
- How many employees will become disabled?

Deposit levels change when actual events differ from what was assumed. To see the assumptions used for your plan, refer to Section VII of this report.

Using This Report

The law defines the minimum deposit you must make. Your deposit may have to be more than this to fund upcoming benefits. We'll advise you if you need to fund at a higher level. For a summary of these results, refer to Section II. More detailed information is found in the remaining sections of this report.

Actuarial Certification

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, these results are complete and accurate. In my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, and 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.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



02/12/2015

David A. Stocklas, EA, MAAA
Consulting Actuary
Retirement Actuarial Services
Principal Financial Group
Des Moines, IA 50306-9394
(412) 394-9380

Date

Section II-Summary of Actuarial Valuation Results

This summary is for Retirement Income Plan for General Employees of City of Pembroke Pines. It includes:

- Annual required contribution for the plan year ending 09/30/2015
- Annual required contribution for the plan year ending 09/30/2016
- Deposit options
- Changes recognized in this report
- Analysis of results

Deposit Information for the fiscal year beginning 10/01/2014

A summary of the results of the actuarial valuation is as follows:

Total normal cost	\$2,866,709
Employee normal cost (expected employee contributions)	234,578
Employer normal cost	\$2,632,131
Employer normal cost as a percentage of projected member compensation	83.69%
Annual required contribution	\$2,707,856

Deposit Options

The table below explains the effects of depositing at different levels. The impact on next year's costs is based on all actuarial assumptions being met. Costs will vary based on actual plan experience and timing of deposits.

If you deposit	You will
Less than \$2,707,856	➤ Increase your next year's annual required contribution.
Exactly \$2,707,856	➤ Meet your annual required contribution.
More than \$2,707,856	<ul style="list-style-type: none"> ➤ Exceed your annual required contribution. ➤ Decrease next year's annual required contribution.

Vested and Non-Vested Participants

As of October 1, 2014, 26 active plan participants were fully vested, 7 active plan participants were partially vested and 10 active plan participants were non-vested.

Section II-Summary of Actuarial Valuation Results

Deposits Received

We have received the following current plan year deposits as of 1/20/2015:

<u>Amount</u>	<u>Date Received</u>
\$9,379	10/03/2014 Employee Contribution
9,477	10/17/2014 Employee Contribution
9,495	10/31/2014 Employee Contribution
9,203	11/14/2014 Employee Contribution
9,329	11/28/2014 Employee Contribution
1,668,726	12/11/2014 Employer Contribution
9,471	12/12/2014 Employee Contribution
9,353	12/29/2014 Employee Contribution
9,353	01/09/2015 Employee Contribution
\$1,743,786	Total

Please take this into consideration when determining your additional current year contributions.

Changes

No changes occurred in the actuarial valuation assumptions, plan benefits, actuarial cost method, or procedures affecting the comparability of costs since the 2013 plan year.

Plan Changes

This report reflects changes in maximum benefit limits under Internal Revenue Code (IRC) Section 415 and in maximum compensation limits under IRC Section 401. Plan liabilities were not redetermined for these changes. The cost of any benefit increases resulting from these changes is spread over current and future normal costs.

Effective 10/01/2014, no non-bargained employee hired on or after this date will become an active participant and no inactive participant or former participant will again become an active participant.

Analysis

Your annual required contribution will decrease slightly for the fiscal year beginning October 1, 2015. This is mainly due to the extra contribution for the 2014 year.

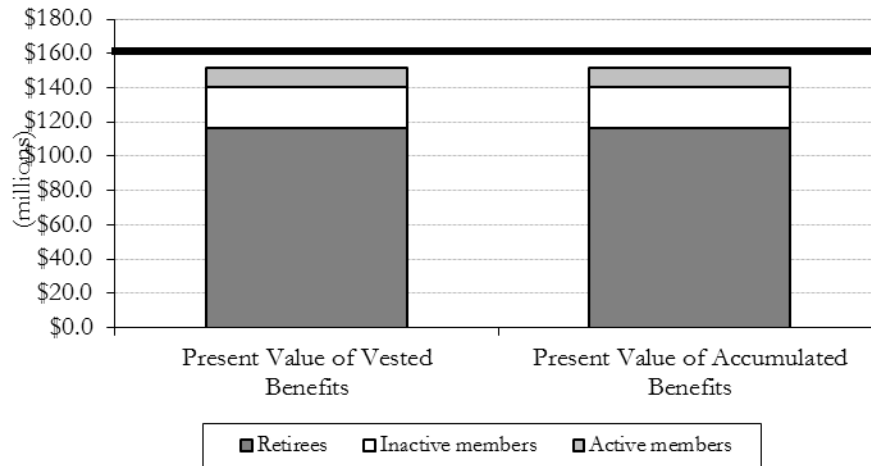
Section II-Summary of Actuarial Valuation Results

Funded Status

This report shows you an annual required contribution. Another important measure is how well the Vested Benefits and Accumulated Benefits are funded.

The chart below compares the market value of assets in your plan as of 10/01/2014 (represented by the solid line in the chart below) to the Present Value of :

- Vested Benefits: benefits that cannot be taken away, even if the participant terminates employment
- Accumulated Benefits: benefits already earned based on service and pay to the valuation date.



Please note that this display does not represent the cost to terminate your plan. Upon request, we can prepare a separate study to value that cost using different assumptions.

Considerations

As you make decisions about your contributions to the plan, take into account your plan's funded status. Since your plan has enough assets to cover the benefits already earned, you might want to consider:

- Ways to increase cash flow into the plan
 - Increase your organization's contributions
 - Look at your cost sharing policy - how much should participants contribute to their retirement?
- Reducing benefits earned in the future
- A review of your asset allocation strategy and how it can impact both funded status and contribution volatility. An analysis of investment allocations may help you decide whether your plan's assets are allocated in a way that matches your risk comfort level.
 - Riskier investments may reduce cash flow into the plan temporarily, but may cause contribution levels and funded status to fluctuate.
 - More conservative investments may require increased contributions, but provide a more solid base for planning and budgeting
- Forecasts of alternate contribution policies and resulting funded status can help with decision making.
- A cost/benefit study of various plan designs can help you evaluate your options.

Section II-Summary of Actuarial Valuation Results

As changes to your organization occur, be sure to keep us informed so that we can advise you on the impact these situations have on your retirement program. Early communication can help us help you plan for changes.

Wherever your evaluation leads, we have the experience and expertise to assist you every step of the way. In addition, The Principal can also help you with your total retirement program including defined contribution plans, nonqualified plans, and more.

For Additional Information

If you have any questions about any of the services we can provide, contact a member of your team at The Principal. For questions about the material in this report, contact your Pension Actuarial Analyst, Gary Peffer, by:

- Phone – 1-800-543-4015 extension 49379, or 515-394-9379
- Email – peffer.gary@principal.com

You may also contact your local Principal Financial Group Retirement Services sales office.

Section III-Deposit Information

Normal Cost

	<u>10/01/2015¹</u>	<u>10/01/2014</u>	<u>10/01/2013</u>
Total normal cost	\$2,423,857	\$2,866,709	\$3,921,856
Employee normal cost (expected employee contributions)	232,462	234,578	235,627
Employer normal cost	2,191,395	2,632,131	3,686,229
Annual member compensation *	3,206,370 ²	3,235,554 ²	3,250,029 ²
Employer normal cost as a percentage of member compensation	68.35%	81.35%	113.42%

* Total normal cost is now expressed as a percentage of projected compensation in the coming year (the year to which the normal cost is related) rather than as a percentage of reported prior year earnings.

Deposit Levels

		Fiscal Year Beginning		
		<u>10/01/2015¹</u>	<u>10/01/2014</u>	<u>10/01/2013</u>
Annual Required Contribution	a) Employer normal cost	\$2,191,395	\$2,632,131	\$3,686,229
	b) Valuation interest on a	169,833 ⁴	203,990 ⁴	142,841 ³
	c) 15 year amortization of credit balance	1,487,379	119,039	N/A
	d) Valuation interest to the end of the year on c	115,272	9,226	N/A
	e) Annual required contribution (a+b-c-d)	\$758,577	\$2,707,856	\$3,829,070

This annual required contribution is in addition to employee contributions.

¹ Costs based on prior plan year valuation adjusted for assumed salary scale increase and interest to reflect that it applies for the upcoming fiscal year contributions.

² Projected compensation

³ The interest is for a half year, recognizing that the Florida Statutes require contributions on a quarterly basis.

⁴ The interest is for the full year.

Section IV-Plan Assets

	<u>Actuarial Value</u>	<u>Market Value</u>
Principal Life Insurance Company Accounts		
Flexible Pension Investment (FPI) grouped accounts		\$150,970,276
Contributions receivable		9,800,000
Total values	\$153,746,756	\$160,770,276

The actuarial value of assets for the Flexible Pension Investment (FPI) grouped accounts is determined on a combined basis. See the following page for the development of this value.

This valuation includes the retired lives under the benefit index option of your contract. The market value of assets for this retired life liability is \$13,536,567.

Deposits Received for the 10/01/2013 Plan Year

The following employer deposits were made for the prior plan year and are reflected in the total assets above.

<u>Amount</u>	<u>Date Received</u>
\$1,668,725.50	12/11/2013
1,668,725.50	03/10/2014
1,668,725.50	06/04/2014
1,668,725.50	09/03/2014
9,800,000.00	11/24/2014
\$16,474,902	Total

**Development of Actuarial Value of
Principal FPI Grouped Accounts**

To determine the actuarial value of the Principal FPI grouped accounts we have adjusted the market value by:

- Subtracting any remaining deferred appreciation in excess of expected investment earnings.
- Adding any remaining deferred appreciation short of expected investment earnings (shortfall).

Of the total excess appreciation or shortfall for any one plan year, 25% is allocated to the current plan year and each of the next three plan years.

a)	Market value of assets as of 10/01/2013	\$141,210,749
b)	Contributions/transfers	16,710,014
c)	Benefit payments	(10,021,946)
d)	Expenses	(47,501)
e)	Expected interest on (a, b, c, and d)	10,754,839
f)	Expected value of assets as of 10/01/2014 (a+b+c+d+e)	\$158,606,155
g)	Market value of assets as of 10/01/2014	\$160,770,276
h)	Current year excess appreciation/(shortfall) (g-f)	2,164,121
i)	Adjustment to market value (sum of deferred amounts)	7,023,520
j)	Actuarial value of assets (g-i)	\$153,746,756

Allocation of Deferred Appreciation

Allocation	Plan Year			
<u>Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
2011	\$(1,763,727)			
2012	(1,763,727)	\$3,168,623		
2013	(1,763,727)	3,168,622	\$1,115,905	
2014	(1,763,726)	3,168,622	1,115,904	\$541,031
2015		3,168,622	1,115,904	541,030
2016			1,115,904	541,030
2017				541,030
Total	\$(7,054,907)	\$12,674,489	\$4,463,617	\$2,164,121
Deferred	\$0	\$3,168,622	\$2,231,808	\$1,623,090
Adjustment to market value (sum of deferred amounts)				\$7,023,520

Section V-Development of Deposit Information

Development of Normal Cost for fiscal year ending 09/30/2015

Normal cost is the portion of cost assigned to each year. Under the entry age cost method used in this valuation, each member's annual cost is calculated as described in Section VII - Actuarial Assumptions and Methods. The sum of the annual costs for all members plus an estimate of plan expenses to be paid from the fund is the total normal cost for the year.

a) Normal cost	\$325,265
b) Estimated expenses	48,000
c) Total normal cost (a+b)	\$373,265
d) Amortization charges	3,077,552
e) Amortization credits	(1,289,481)
f) Employer normal cost (c+d-e)	\$2,161,336

Projected annual compensation in coming year \$3,108,718

Development of Normal Cost for fiscal year ending 09/30/2016

Normal cost is the portion of cost assigned to each year. Under the entry age cost method used in this valuation, each member's annual cost is calculated as described in Section VII - Actuarial Assumptions and Methods. The sum of the annual costs for all members plus an estimate of plan expenses to be paid from the fund is the total normal cost for the year.

g) Total normal cost for fiscal year ending 09/30/2015 (line f above)	\$2,161,336
h) Adjustment for salary increase (4.08% of g)	88,183
i) Adjustment for interest (7.75% of g+h)	174,338
j) Total Normal Cost for 09/30/2016 FYE (g+h+i)	\$2,423,857
k) Employee Normal Cost (7.25% of compensation - \$3,206,370)	232,462
l) Employer Normal Cost (j-k)	\$2,191,395

Section V-Development of Deposit Information

Schedule of Amortization Bases

Your cost method allocates a portion of plan funding to be amortized in equal annual installments, rather than to be paid through future normal costs. The minimum period over which the bases are amortized are described by law or regulations.

<u>Date Created</u>	<u>Reason</u>	<u>Remaining Period (Years)</u>	<u>Original Outstanding Balance</u>	<u>Minimum Annual Amortization</u>	<u>Current Unfunded Balance</u>
10/01/2012	Cost method	13	\$28,822,233	\$3,077,552	\$26,573,674
10/01/2013	Experience gain/loss	14	(8,101,837)	(865,090)	(7,797,596)
10/01/2014	Experience gain/loss	15	(3,974,549)	(424,391)	(3,974,549)
	Total		\$16,745,846	\$1,788,071	\$14,801,529

Section V-Development of Deposit Information

Unfunded Actuarial Accrued Liability

Actuarial Accrued Liability	
Active members	\$14,044,578
Inactive members	24,443,228
Retired members	116,130,710
 Total	 \$154,618,516
a) Unfunded actuarial accrued liability (as of 10/01/2013)	\$18,523,220
b) Changes made during the plan year	0
c) Employer normal cost (as of 10/01/2013)	3,686,229
d) Interest on the above items	1,721,233
e) Total (a+b+c+d)	\$23,930,682
f) Employer contributions	\$16,474,902
g) Interest on employer contributions	225,543
h) Total (f+g)	\$16,700,445
i) Expected unfunded actuarial accrued liability (as of 10/01/2014) (e-h)	\$7,230,237
j) Amortization balance (as of 10/1/2013)	\$2,212,462
k) Interest on amortization balance	171,466
l) Total (j+k)	\$2,383,928
m) Actuarial accrued liability	\$154,618,516
n) Actuarial value of assets	153,746,756
o) Actual unfunded actuarial accrued liability (as of 10/01/2014) (actuarial accrued liability less actuarial value of assets) (m-n)	\$871,760
p) Actuarial (gain) or loss (actual less expected unfunded actuarial accrued liability) (o-i+l)	\$(3,974,549)

Section V-Development of Deposit Information

Funding Standard Account for the Plan Year Beginning 10/01/2013 and Ending 09/30/2014

The funding standard account is defined in Section 412 of the Internal Revenue Code. It is used to measure the funding adequacy of your pension plan. An accumulated credit balance shows that funding has been adequate to meet legal requirements. An accumulated funding deficiency should not be allowed to develop as it is subject to the penalty of an excise tax. To prevent a deficiency, your contribution should be at least equal to the minimum deposit shown in this report.

Charges to the Funding Standard Account

a) Accumulated funding deficiency - last valuation date	\$0
b) Employer normal cost - last valuation date	3,686,229
c) Amortization charges	0
d) Interest on the above items	285,683
e) Additional funding requirement	0
f) Required installment interest charge	0
Total Charges	\$3,971,912

Credits to the Funding Standard Account

a) Accumulated credit balance - last valuation date	\$1,114,836
b) Employer contributions - last valuation date	16,474,902
c) Amortization credits	0
d) Interest on the above items	311,943
e) Full funding credit with interest	0
Total Credits	\$17,901,681

Accumulated Credit Balance \$13,929,769

The outstanding balance of amortization bases as of the beginning of the current plan year, \$14,801,529, less the credit balance, \$13,929,769 is the unfunded actuarial accrued liability as of the beginning of the plan year, \$871,760.

Section VI-Participant Information

Census Data

The census data is based on data supplied by the plan sponsor.

Age Group	Active Participants		Inactive Participants	
	Number	Projected Monthly Pension ¹	Number	Monthly Pension
Under 25	0	0	0	0
25-29	2	18,664	1	216
30 - 34	1	4,946	10	3,869
35 - 39	2	26,506	39	31,060
40 - 44	7	47,634	53	51,213
45 - 49	11	57,058	63	80,271
50 - 54	13	56,764	67	93,195
55 - 59	3	6,089	42	22,809
60 - 64	2	2,130	9	4,873
65 & over	2	3,237	4	203
Totals	43	223,028	288	287,709

¹ Projected monthly pension was calculated on the assumption that employees would experience annual compensation increases. Benefit amounts have been calculated at age 55 (current age if later).

Included in the inactive participants are 3 disabled participants who are currently receiving total monthly disability benefits of \$3,208.

Retired Participants		
Age Group	Number	Monthly Benefit
Under 40	2	1,637
40 - 44	2	4,079
45 - 49	1	898
50 - 54	14	29,667
55 - 59	80	194,852
60 - 64	68	179,787
65 - 69	71	167,477
70 -74	57	99,087
75 - 79	39	58,837
80 - 84	27	28,869
85 & Over	14	12,902
Totals	375	778,092

Section VI-Participant Information

Emerging Retirement Liability (Reflects IRC Section 415 benefit limitations)

This page is provided to help you evaluate your asset liquidity needs. For this purpose, the charges shown can be compared to the market value of assets. As of the current anniversary date, this amount is \$160,770,276.

<u>Plan Year</u> <u>Beginning</u>	<u>Expected</u> <u>Charge to Assets</u>	<u>Cumulative</u> <u>Charges</u>
10/01/2014	9,791,385	9,791,385
10/01/2015	10,162,023	19,953,408
10/01/2016	10,586,426	30,539,834
10/01/2017	11,085,963	41,625,797
10/01/2018	11,387,851	53,013,648
10/01/2019	12,034,093	65,047,741
10/01/2020	12,640,863	77,688,604
10/01/2021	13,020,513	90,709,117
10/01/2022	13,391,498	104,100,615
10/01/2023	13,602,656	117,703,271

This display includes 375 retirees or beneficiaries who are already receiving benefits.

This display includes the 2% annual cost of living increases on the eligible benefits.

Section VII-Actuarial Assumptions and Methods

Actuarial Valuation Assumptions

	<u>10/01/2014</u>	<u>10/01/2013</u>																																								
Valuation Interest (net of investment expenses)																																										
Preretirement	7.75%	7.75%																																								
Postretirement	7.75%	7.75%																																								
Interest Rate For Employee Accumulations	5.00%	5.00%																																								
Mortality																																										
Preretirement	IRS Prescribed Mortality-Generational Non-annuitant, male and female.	IRS Prescribed Mortality-Generational Non-annuitant, male and female.																																								
Postretirement	IRS Prescribed Mortality-Generational Non-annuitant, male and female.	IRS Prescribed Mortality-Generational Non-annuitant, male and female.																																								
Expenses	A dollar estimate of administrative expenses is included in normal cost.	A dollar estimate of administrative expenses is included in normal cost.																																								
Salary Scale	Table S-5 from the Actuary's Pension Handbook plus 2.50%. Selected rates of increase are shown below:	Table S-5 from the Actuary's Pension Handbook plus 2.50%. Selected rates of increase are shown below:																																								
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Retirement Age	55	55																																								
Disability	1987 Commissioner's Group Disability Table, six month elimination period, male and female. Rates have been loaded 66.67% for occupational disability.	1987 Commissioner's Group Disability Table, six month elimination period, male and female. Rates have been loaded 66.67% for occupational disability.																																								
Marriage	75% married; male is 3 years older than the female.	75% married; male is 3 years older than the female.																																								

Section VII-Actuarial Assumptions and Methods

Withdrawal

2003 Society of Actuaries Small Plan Age Table, multiplied by 0.75.

2003 Society of Actuaries Small Plan Age Table, multiplied by 0.75.

Selected rates of withdrawal are shown below:

Selected rates of withdrawal are shown below:

Rate of Age withdrawal	Age	Rate of Age withdrawal	Age	Rate of Age withdrawal	Age	Rate of Age withdrawal	Age
20	18.23%	40	7.05%	20	18.23%	40	7.05%
25	14.63%	45	5.48%	25	14.63%	45	5.48%
30	11.63%	50	4.20%	30	11.63%	50	4.20%
35	9.08%	55	3.15%	35	9.08%	55	3.15%

Section VII-Actuarial Assumptions and Methods

Actuarial Methods

	<u>10/01/2014</u>	<u>10/01/2013</u>
Actuarial cost method	Entry age	Entry age
Actuarial value of assets		
Principal Life Insurance Company accounts		
FPI grouped accounts	Market value is adjusted by spreading the expected value minus the actual value over four years.	Market value is adjusted by spreading the expected value minus the actual value over four years.
Deposits after the plan year end	Deposits received in the current plan year, but applied to the prior plan year, are included in assets at their face value.	Deposits received in the current plan year, but applied to the prior plan year, are included in assets at their face value.
Retirees	Assets and liabilities for retirees who receive monthly (guaranteed and non-guaranteed) benefits from plan assets are included in your valuation.	Assets and liabilities for retirees who receive monthly (guaranteed and non-guaranteed) benefits from plan assets are included in your valuation.
Deferred Retirement Option Plan (DROP) liability and assets	Participants who are participating in the Deferred Retirement Option Plan but who have not terminated employment are included in the valuation as retired participants. The future stream of benefit payments are valued as a liability to the plan. DROP payments transferred to ICMA (DROP administrator) are not included in the assets or liabilities in the actuarial valuation.	

Total actuarial value of assets used in calculating deposit levels falls within the corridor limit (80% - 120% of market value).

Section VII-Actuarial Assumptions and Methods

Description of Actuarial Cost Method

Entry Age

Ultimate Cost

The ultimate cost of your pension plan is:

- Benefit payments
- Plus expenses
- Less investment income

This cost can't be determined until the last benefit has been paid. Regardless of which actuarial cost method is used, the ultimate cost remains the same.

Cost Methods

A cost method is a budgeting tool. It helps to ensure that your pension plan is adequately and systematically funded. Cost methods differ based on how they assign an annual cost to the current year and how they treat gains and losses.

Normal Cost

The portion of cost assigned to each year is called the normal cost. The normal cost may be shared by the employer and the employees based on plan provisions.

Entry Age

The entry age actuarial cost method is used for this valuation. This method calculates each member's projected benefit recognizing future salary increases.

Each member's annual cost is calculated to be the annual contribution necessary to completely fund the participant's pension by the assumed retirement age recognizing future salary increases. Costs are based on the assumptions shown in this report and the participant data you have supplied. The sum of the annual costs for all members is the normal cost.

The actuarial accrued liability (AAL) is the actuarial present value at the valuation date of all projected benefits, reduced by the actuarial present value of future expected normal costs. Each year the unfunded actuarial accrued liability (UAAL) is the total AAL less the actuarial value of assets, but not less than zero. The UAAL is adjusted when there are plan or assumption changes (a liability base is created).

Actuarial Gains/Losses

An actuarial gain or loss occurs when actual plan experience differs from what was assumed. The actuarial gain or loss is calculated separately and is amortized in accordance with the Internal Revenue Code.

Section VIII-Summary of Plan Provisions

The following is a summary of plan provisions and does not alter the intent or meanings of the provisions contained in the contract or plan document.

Plan Eligibility

Class: Any general or utility employee whose customary employment with the employer is at least 30 hours per week or an elected official subject to the provisions of Chapter 112.048 of the Florida Statutes.

Bargaining - no employee hired on and after 02/01/2010 will become an active participant and no inactive participant or former participant will again become an active participant.

Non-collective bargaining - no employee hired on and after 10/01/2014 will become an active participant and no inactive participant or former participant will again become an active participant.

Normal Retirement Benefit

Age: The later of attained age 55 or ten years vesting service.

Form: Monthly annuity payable for life with payments guaranteed to be at least equal to the participant's accumulation on the normal retirement date (optional forms may be elected in advance of retirement).

Amount (accrued benefit): 2.85% of average compensation multiplied by accrual service. Maximum benefit is 80% of average compensation (28.07 years).

Benefit is frozen effective 07/01/2010 for those covered under the bargaining agreement.

Early Retirement Benefit

Age: Attained age 50.

Service: Five years of vesting service

Form: Same as normal retirement benefit.

Amount: Accrued benefit on early retirement date reduced by 6 2/3% for each year that the early retirement date precedes normal retirement date.

Section VIII-Summary of Plan Provisions

Late Retirement Benefit

Age:	No maximum age.
Form:	Same as normal retirement benefit.
Amount:	The greater of accrued benefit increased to recognize that annuity commences subsequent to normal retirement or accrued benefit on late retirement date.

Termination Benefit

Vesting percentage:	Subsequent to five years of service, 50%, plus 10% for each year of service thereafter, up to 100%. However, vesting shall be 100% on or subsequent to the earliest of normal retirement date, date when first eligible to early retire or the date of total and permanent disability.
Form:	Same as normal retirement benefit with income deferred until normal retirement date.
Amount:	Equal to the sum of <ul style="list-style-type: none">(a) The amount of retirement annuity which could be purchased on his normal retirement date by his participant's required contribution account.(b) Vesting percentage times the excess of the pension benefit as of the date of termination over (a) above.

At any time on or after termination, the participant may elect to receive his participant's required contribution account in cash in lieu of any and all retirement benefits that could be provided by his participant's required contribution account.

Section VIII-Summary of Plan Provisions

Disability Benefit

Eligibility:	An active participant who becomes totally and permanently disabled prior to his retirement date. Ten years of vesting service is required for a non-service related disability benefit to be payable.
Form:	Monthly income payable until normal retirement, death, or recovery and a deferred annuity payable at normal retirement date.
Amount:	For a service related disability, the greater of his accrued benefit on date of disability or 40% of his current monthly compensation on such date. For a non-service related disability, the accrued benefit on date of disability.

Contributions

Salary reduction contribution:	Tax deductible contributions made by the employer on behalf of the employee. This is 7.25% of monthly earnings that have been deducted from the employees pay. Effective 07/01/2010, 0% of monthly earnings will be deducted for those covered under the bargaining agreement.
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Death Benefit

	The greater of A. or B.
A. Single sum death benefit	
Form:	Single sum.
Amount:	Participant's accumulation on date of death.
B. Preretirement Death Benefit	
Age:	Attained age 50.
Service:	Five years of service.
Form:	Monthly annuity payable to spouse.
Amount:	If death occurs between early retirement date and normal retirement date, the benefit is an annuity to the spouse for an amount no less than would have been received had the participant elected a joint and 50% survivorship benefit option and early retired the day before death.

Section VIII-Summary of Plan Provisions

Deferred Retirement Option Plan:

Eligibility	An active participant first becomes eligible to elect the DROP on the first day of the month on or after reaching normal retirement date.
Election:	An election to participate in the DROP shall constitute an irrevocable election to resign from service not later than sixty (60) months of reaching the start of the DROP eligibility period. An election to participate must be made within the first five years of eligibility. The period of participation in the DROP cannot exceed a period ending sixty months from first becoming eligible for the DROP or when the participant ceases to be an employee.
Form:	Same as normal retirement benefit. While the employee is in the DROP the pension benefit payments will be credited to a separate account that will earn a return based on investments chosen by the employee.
Amount:	Accrued benefit on retirement date. No additional accrual service will accumulate after entry into the DROP. Any changes in pension benefits shall not apply to participants in the DROP. Once the DROP period expires or the participant ceases to be an employee, any subsequent pension benefit payments will be paid to the employee. The accumulation in the DROP account will be paid to the employee based on his payment option once the participant ceases to be an employee.

Optional Forms of Benefit:

- A monthly income to the employee for life. No benefits are payable at death.
- A monthly income to the employee for life, with a 5, 10, or 15 year period where payments continue to the beneficiary.
- A monthly income to the employee for life. If the employee dies before the amount paid equals the employee account on the retirement date, payments continue to the beneficiary until the totals equal that amount.
- A monthly income to the employee for life, with a 50%, 66 2/3%, or 75%, 100% of the monthly benefit paid to the surviving spouse.

Section VIII-Summary of Plan Provisions

Cost of Living Adjustment

Amount: Annual 2% cost of living adjustment effective 10/01/2003 to active participants and DROP participants on and after 10/01/2003 and to participants who started receiving retirement or disability benefits on or after 10/01/2001.
Effective 10/01/2004 the cost of living adjustment was increased to 3.0%.
Effective 02/01/2010 the cost of living adjustment is decreased to 2% for any plan participant who attains normal retirement date or becomes a participant in the DROP after 02/01/2010.
Effective 07/01/2010 the cost of living adjustment shall not apply for those who are covered under the bargaining agreement and have not reached normal retirement date by 07/01/2010.

Early Retirement Window

Available to any participant who is employed with the city of Pembroke in the position of Assistant City Manager, Director Community Services, Assistant Director Community Services, Administrative Services Director, has attained age 50, has 14 years of vesting service, and elected an early retirement date between September 3, and September 12, 2008.

The retirement benefit will not be reduced for the application of the early retirement reduction factors. In addition, for the Assistant City Manager position, the retirement benefit will be calculated as if the participant was employed until Normal Retirement Date.

Definitions

Average compensation: The monthly average of total pay received for the two years out of all compensation years prior to retirement date which gives the highest average.

Participant's required contribution account: Participant's contributions, accumulated to the date of determination with interest of 5% compounded annually, plus salary reduction contributions not previously paid out or applied.

Accrual service: An employees current and all prior periods of continuous service expressed in whole years and fractional parts of a year.

There have been no changes in principal eligibility or benefit provisions since the last valuation.

Section IX-Plan Accounting Information (ASC 960)

Present Value of Accumulated Plan Benefits

Present value of vested and nonvested accrued benefits are based on the **valuation assumptions** shown in Section VII of this report (salary scale, if any, is not included in the calculation of accrued benefits). If the valuation includes retirees under the floor or benefit index option of the plan's funding arrangement, then those liabilities are also included below. This information may be used for Plan Accounting (ASC 960). These amounts should not be used for other purposes such as estimating plan termination sufficiency.

	<u>10/01/2014</u>	<u>10/01/2013</u>
Present Value of Vested Benefits		
Retired members	\$116,130,710	\$109,508,427
Inactive members	24,443,228	27,715,876
Active members	10,663,273	10,836,571
Total	\$151,237,211	\$148,060,874
Present Value of Nonvested Benefits		
Inactive members	\$0	\$0
Active members	431,153	425,849
Total	\$431,153	\$425,849
Total Present Value of Accumulated Plan Benefits	\$151,668,364	\$148,486,723

There have been no changes in the plan benefits, actuarial cost method, or actuarial assumptions or procedures affecting comparability of costs between periods.

Change in Present Value of Accumulated Plan Benefits

Present Value of Accumulated Plan Benefits as of 10/01/2013	\$148,486,723
Increase (decrease) during the year due to:	
Increase for interest due to decrease in the discount period	11,507,721
Benefits paid	(10,021,946)
Benefits accumulated and plan experience	1,695,866
Change in assumptions	0
Plan amendment	0
Method changes	0
Present Value of Accumulated Plan Benefits as of 10/01/2014	\$151,668,364

Section IX-Plan Accounting Information (ASC 960)

Carryforward of Net Pension Obligation:

a)	Annual required contribution for 2013 plan year	\$3,829,070
b)	Interest on net pension obligation	(881,387)
c)	Adjustment to annual required contribution	(1,960,275)
d)	Annual pension cost for 2013 plan year (a+b-c)	4,907,958
e)	Actual contributions made	16,474,902
f)	Increase/(decrease) in net pension obligation	(11,566,944)
g)	2013 beginning of year net pension obligation	(11,372,733)
h)	2013 end of year net pension obligation	\$(22,939,677)

Annual Pension Cost for 2014 Plan Year:

a)	Normal cost with interest	\$2,707,856
b)	Amortization with interest	0
c)	Annual required contribution (a+b) but not less than zero	2,707,856
d)	Interest on net pension obligation	(1,777,825)
e)	Adjustment to annual required contribution	(3,954,026)
f)	Annual pension cost (c+d-e)	\$4,884,057

Section X-Accounting Disclosure Information (SGAS 27)

Calculation of Net Pension Obligation

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Val'n	Amort.		Interest	ARC	Amort.	APC	Actual	Loss/ (Gain)	Change	NPO
<u>Year</u>	<u>Rate</u>	<u>Period</u>	<u>ARC</u>	<u>(l py x b)</u>	<u>(l py / g)</u>	<u>(c yrs @ b%)</u>	<u>(d+e-f)</u>	<u>Deposit</u>	<u>(d-i)</u>	<u>(h-i)</u>	<u>(l py+k)</u>
1998	8.00%	11	2,336,107	0	0	7.1390	2,336,107	2,336,107	0	0	0
1999	8.00%	11	2,800,921	0	0	7.1390	2,800,921	2,800,921	0	0	0
2000	8.25%	13	3,361,081	0	0	7.7962	3,361,081	3,361,081	0	0	0
2001	8.25%	14	3,604,737	0	0	8.1259	3,604,737	3,604,737	0	0	0
2002	7.75%	14	4,273,282	0	0	8.3653	4,273,282	4,273,282	0	0	0
2003	7.75%	14	4,961,285	0	0	8.3653	4,961,285	24,332,209	(19,370,924)	(19,370,924)	(19,370,924)
2004	8.00%	13	6,152,234	(1,549,674)	(2,450,837)	7.9038	7,053,397	6,152,234	0	901,163	(18,469,761)
2005	8.00%	12	6,429,405	(1,477,581)	(2,450,838)	7.5361	7,402,662	6,429,405	0	973,257	(17,496,504)
2006	8.00%	12	7,418,930	(1,399,720)	(2,321,692)	7.5361	8,340,902	7,418,930	0	921,972	(16,574,532)
2007	8.00%	12	6,830,795	(1,325,963)	(2,199,351)	7.5361	7,704,183	6,830,795	0	873,388	(15,701,144)
2008	8.00%	12	7,736,872	(1,256,092)	(2,083,457)	7.5361	8,564,237	7,736,872	0	827,365	(14,873,779)
2009	7.50%	12	3,502,940	(1,115,533)	(1,922,844)	7.7353	4,310,251	3,502,940	0	807,311	(14,066,468)
2010	7.75%	8	3,317,993	(1,090,151)	(2,424,584)	5.8016	4,652,426	3,317,988	5	1,334,438	(12,732,030)
2011	7.75%	7	3,742,942	(986,732)	(2,424,594)	5.2512	5,180,804	3,742,942	0	1,437,862	(11,294,168)
2012	7.75%	8	6,674,902	(875,298)	(1,946,733)	5.8016	7,746,337	7,824,902	(1,150,000)	(78,565)	(11,372,733)
2013	7.75%	8	3,829,070	(881,387)	(1,960,275)	5.8016	4,907,958	16,474,902	(12,645,832)	(11,566,944)	(22,939,677)
2014	7.75%	8	2,707,856	(1,777,825)	(3,954,026)	5.8016	4,884,057				

Section XI-Florida Disclosures

This section provides information as required by Part VII of Chapter 112, and by Chapter 60T-1 of the Florida Statutes. To the best of our knowledge, we have reflected in our calculations and assumptions, any event or trend which would materially increase plan costs.

This section also provides the information used to determine the annual required contribution. Please see Section II-Summary of Actuarial Results of this valuation report for additional information.

Section XI-Florida Disclosures

Comparative Summary of Principal Valuation Results

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Participant data		
Active members	43	39
Total annual payroll ¹	\$3,163,848	\$3,197,951
Retired members and beneficiaries ²	375	357
Total annualized benefit	\$9,337,104	\$8,503,140
Disabled members receiving benefit	3	3
Total annualized benefit	\$38,768	\$38,768
Terminated vested members ³	285	309
Total annualized benefit	\$3,413,7401	\$3,888,816

Reconciliation of lives

	<u>Active</u>	<u>Inactive</u>	<u>Retired</u>
Total last valuation	39	312	357
New lives	6	0	0
Voluntary discontinuances	0	0	0
Vested terminations	-2	2	0
Non-vested terminations	0	0	0
Retirements	-1	-21	22
Deaths	0	0	-8
Other:	1	-5	4
Total this Valuation	43	288	375

Please refer to the demographic display of lives, which illustrates the number of participants by age group and includes years of vesting service, current year compensation, and projected normal retirement benefits. Please refer to Section VI-Emerging Retirement Liability of this valuation report for a projection of emerging liabilities/cash flow needs for the next 10 years.

¹ This amount includes payroll for those participants who are currently at retirement age.

² There are currently 313 participants under the direct fund provision and 62 participants under the benefit index provision. Last year there were 294 and 63, respectively.

³ There are currently 77 participants whose vested benefits are based upon only what their accumulations will buy.

Section XI-Florida Disclosures

Assets

Since these funds are commingled with other funds in the general and separate accounts of the Principal Financial Group, it is not possible to identify specific investments as being made for a particular customer. Refer to the reconciliation of assets in this section.

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Market Value of Assets		
Participants Fund ¹	\$0	\$0
Long-term Equity Investments	87,147,420	82,043,345
Short-term Investments	0	0
Real Estate	8,218,609	7,234,007
Bonds/Fixed Income	55,604,247	49,114,671
Other:	9,800,000	2,818,726
Total	\$160,770,276	\$141,210,749
 Actuarial Value of Assets²		
Participants Fund ¹		
Long-term Equity Investments		
Short-term Investments		
Real Estate		
Bonds/Fixed Income		
Other:		
Total	\$153,746,756	\$133,289,519

¹ The participant's fund under the FPI contract is included in total assets. These assets amounts do not include deposits received after the plan year-end.

² The actuarial value of assets used in determining annual funding requirements are determined as stated in Section VII—Actuarial Assumptions and Methods of this valuation report.

Three-year comparison of investment return.

The actual percentage was calculated using the Form 5500 Schedule B investment return method.

<u>Plan Year Beginning</u>	<u>Actual Return on Actuarial Basis</u>	<u>Assumed Return</u>
October 1, 2013	10.86%	11.13%
October 1, 2012	10.99%	11.25%
October 1, 2011	6.40%	19.31%

Section XI-Florida Disclosures

Liabilities

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Present value of all future expected benefit payments:		
Active Members		
Retirement benefits	\$13,785,537	\$13,903,565
Vesting benefits	2,593,818	2,895,890
Disability benefits	594,644	628,003
Death benefits	77,604	86,713
Return of contribution	0	0
Accumulated Leave	0	0
Total	\$17,051,603	\$17,514,171
Terminated vested members	\$24,060,968	\$27,329,803
Retired members and beneficiaries		
Retired (other than disabled) and beneficiaries	\$116,130,710	\$109,508,427
Disabled members	382,260	386,073
Total	\$116,512,970	\$109,894,500
Total present value of all future benefit payments	\$154,625,541	\$154,738,474
 Liabilities due and unpaid:		
Frozen Initial Liability (FIL)	N/A	N/A
Unfunded Frozen Initial Liability (UFIL)	N/A	N/A

A list of liability bases is shown in Section V–Development of Deposit Information of this valuation report.

Section XI-Florida Disclosures

Actuarial Present Value of Accrued Benefits

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Statement of actuarial value of all accrued benefits		
Vested Accrued Benefits		
Inactive members and beneficiaries	\$140,573,938	\$137,224,303
Active members (includes non-forfeitable accumulated member contributions in the amount of \$1,119,999)	10,663,273	10,836,571
Total value of all vested accrued benefits	\$151,237,211	\$148,060,874
Non-vested accrued benefits	431,153	425,849
Total actuarial present value of all accrued benefits	\$151,668,364	\$148,486,723

These values are based on the actuarial assumptions shown in Section VII–Actuarial Assumptions and Methods of this valuation report, except that the calculation of accrued benefits does not include a salary scale, (if any).

A Statement of changes in total actuarial present value of all accrued benefits is shown in Section IX – Accounting Disclosure Information for SFAS 35 of this valuation report.

10/01/2014 Volatility Assumption¹

Statement of actuarial value of all accrued benefits	
Vested Accrued Benefits	
Inactive members and beneficiaries	\$175,056,725
Active members	14,557,296
Total value of all vested accrued benefits	\$189,614,021
Non-vested accrued benefits	583,125
Total actuarial present value of all accrued benefits	\$190,197,146

¹ The volatility interest rate used is 5.75% which is 2.00% lower than the valuation interest rate as directed in the new Florida Statutes. All other assumptions are as shown in Section VII-Actuarial Assumptions and Methods.

Section XI-Florida Disclosures

Pension Cost

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Normal Cost:		
Base Normal Cost	\$2,632,131	\$3,833,856
Administrative expenses	44,000	88,000
Total Normal Cost	\$2,676,131	\$3,921,856
Payment to amortize unfunded liability(ies)	\$0	\$0
Expected plan sponsor contribution (including normal cost, amortization payment and interest, as applicable)	\$2,707,856	\$3,829,070
As % of payroll	83.697%	194.87%
Amount to be contributed by members	\$234,578	\$235,627
As % of payroll	7.25%	7.25%

For the current plan year:

Interest is based on 7.75% for current and prior year:

10/01/2014 **Volatility Assumption²**

Normal Cost:	
Base Normal Cost	\$617,485
Administrative expenses	44,000
Amortizations	5,796,229
Total Normal Cost	\$6,457,714
Adjusted Normal Cost ¹	\$7,107,657
Expected plan sponsor contribution (including normal cost, amortization payment, interest and credit balance offset, as applicable)	\$6,985,998
As % of payroll (full payroll shown on page XI-2)	215.91%
Amount to be contributed by members	\$234,578
As % of payroll	7.25%

¹Total normal cost and expected plan sponsor contributions reflect adjustments for salary and interest.

²The volatility interest rate used is 5.75% which is 2.00% lower than the valuation interest rate as directed in the new Florida Statutes. All other assumptions are as shown in Section VII-Actuarial Assumptions and Methods.

Section XI-Florida Disclosures

	Plan Year Beginning	
	<u>10/01/2013</u>	<u>10/01/2012</u>
Past Contributions		
Required plan sponsor contribution	\$3,829,070	\$6,674,902
Required member contributions	235,627	206,268
Actual contributions made by		
Plan sponsor	\$16,474,902	\$7,824,902
Members	235,112	240,893
Other:		
Net Actuarial gain(loss) (if applicable)	N/A	N/A

Section XI-Florida Disclosures

Other Disclosures

Actuarial Valuation Prepared as of

	<u>10/01/2014</u>	<u>10/01/2013</u>
Present values of active members:		
Future salaries	\$16,721,400	\$17,126,404
at attained age	13,559,647	13,228,794
at entry age		
Future contributions	1,168,010	1,196,300
at attained age	947,157	924,047
at entry age		
	N/A	N/A
Present value of future contributions from other sources	\$2,450,477	\$2,190,921
Present value of future expected benefit payments for active members at entry age	\$16,721,400	\$17,126,404

The numerical development of total normal cost for the current plan year is shown in Section V—Development of Deposit Information of this valuation report.

Three year comparison of actual and assumed salary increases.

<u>Plan Year Beginning</u>	<u>Actual Increases</u>	<u>Assumed Increases</u>
October 1, 2013	3.78%	4.67%
October 1, 2012	6.14%	4.73%
October 1, 2011	0.91%	4.68%

Other Disclosures (Continued)

Changes in costs during the year due to a change in assumptions, cost method, benefits, or other, as specified. See page IX-1 of this report.

Cost of \$1.00/month Benefit on Normal Form

Retirement	Valuation Assumptions ¹		Contract Purchase Rates ²		Current Purchase Rates ³	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	\$165.95	\$168.86	\$238.22	\$256.75	\$226.75	\$261.40
60	151.44	155.78	218.66	238.32	196.76	232.62
62	144.94	149.94	210.52	230.60	184.56	220.84

¹ Assumes 2.0% COLA.

² Rates guaranteed by the contract.

³ Non-guaranteed rates in effect 10/01/2014. These rates may change daily.