



March 20, 2014

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, 2013 Projection Actuarial Valuation Report**

Dear Jim:

As requested, we are pleased to enclose fifteen (15) bound copies and one (1) unbound copy of the October 1, 2013 Projection Actuarial Valuation Report for the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines, Florida.

As you are aware, the Board should file a copy of this Report with the following State Department Heads upon approval:

Mr. Douglas E. Beckendorf, A.S.A.  
Bureau of Local Retirement Services  
Division of Retirement  
Building 8  
Post Office Box 9000  
Tallahassee, Florida 32315-9000

Ms. Sara Carr  
Office of Municipal Police Officers'  
& Firefighters' Pension Fund  
Building 8  
Post Office Box 3010  
Tallahassee, Florida 32315-3010

We appreciate the opportunity to have performed this important assignment on behalf of the Board and look forward to presenting the key results at today's Board Meeting.

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**

*ACTUARIAL VALUATION AS OF OCTOBER 1, 2013*

This Valuation Determines the Annual Contribution for the Fund Year October 1, 2014 through September 30, 2015 to be paid in Fiscal Year October 1, 2014 to September 30, 2015

March 20, 2014



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

<b>TABLE OF CONTENTS</b>
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	<u>Page</u>
Commentary	1
I. Summary of Retirement Fund Costs .....	5
II. Comparison of Cost Data of Current and Prior Valuations.....	8
III. Characteristics of Participants in Actuarial Valuation .....	9
IV. Statement of Assets .....	10
V. Reconciliation of Fund Assets.....	11
VI. Actuarial Gains (Losses) .....	13
VII. Historic Actuarial Gains (Losses) .....	14
VIII. Amortization of Unfunded Actuarial Accrued Liability .....	15
IX. Accounting Disclosure Exhibit .....	16
X. Outline of Principal Provisions of the Retirement Fund .....	24
XI. Actuarial Assumptions and Actuarial Cost Methods Used .....	33
XII. Distribution of Fund Participants by Attained Age Groups and Service Groups.....	38
XIII. Statistics for Participants Entitled to Deferred Benefits and Participants Receiving Benefits .....	41
XIV. Reconciliation of Employee Data.....	42
XV. Projected Retirement Benefits.....	45
XVI. Recent Fund Experience.....	46
XVII. Employer Contribution Information.....	49
XVIII. State Required Exhibit .....	50

March 20, 2014

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

Dear Board Members:

### **October 1, 2013 Actuarial Valuation**

We are pleased to present our October 1, 2013 Projection Actuarial Valuation for the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines, Florida. The purpose of this report is to indicate appropriate contribution levels, comment on the actuarial stability of the Fund and to satisfy State requirements. The Board of Trustees has retained Gabriel, Roeder, Smith and Company (GRS) to prepare an annual actuarial valuation under Section 34.60 of the Fund Ordinance.

This report consists of this commentary, detailed Tables I through XVII and the State Required Exhibit on Table XVIII. The Tables contain basic Fund cost figures plus significant details on the benefits, liabilities and experience of the Fund. We suggest that you thoroughly review the report at your convenience and contact us with any questions that may arise.

### **Retirement Fund Costs**

Our Projection Actuarial Valuation develops the required minimum Retirement Fund payment under the Florida Protection of Public Employee Retirement Benefits Act and for Fire and Police Retirement Chapters 175 and 185. The minimum payment consists of payment of annual normal costs including amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. The **minimum payment for fiscal year ending September 30, 2015 is \$28,984,649 (83.9% / 103.1%)**. The figures in parentheses are the Fund cost expressed as a percentage of projected covered annual payroll including DROP payroll (\$34,536,318) and projected covered annual payroll excluding DROP payroll (\$28,113,142), respectively as of October 1, 2014.

This total cost is to be met by member, City and State contributions. We anticipate that member contributions will be **\$2,923,767 (8.5% / 10.4%)**, the State will contribute **\$2,458,939 (7.1% / 8.7%)** and the resulting minimum required City contribution will be **\$23,601,943 (68.3% /**

**84.0%**). The City contribution includes an interest adjustment and must be increased if State contributions are less than \$2,458,939.

### **Changes in Actuarial Assumptions, Methods and Fund Benefits**

Fund provisions are unchanged from the October 1, 2012 Actuarial Valuation. Fund benefits are summarized on Table X.

The actuarial assumptions and methods are unchanged from the October 1, 2012 Actuarial Valuation Report. DROP accounts balances are included in the assets and liabilities. Inclusion of DROP Account balances in assets and liabilities does not affect contribution requirements. The actuarial assumptions and methods are outlined on Table XI.

Projected Government Accounting Standards Board Statement Number 67 (GASB 67) disclosures are included. GASB67 requires inclusion of DROP Account balances in assets and liabilities for accounting purposes.

### **Comparison of October 1, 2012 and October 1, 2013 Valuation Results**

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated for October 1, 2012. The right columns indicate the costs as calculated for October 1, 2013.

Comparing the left and right columns of Table II shows the effect of Fund experience during the year. The number of active participants increased by approximately 1%. Covered payroll including DROP payroll decreased by approximately 1%. Covered payroll net of DROP payroll increased by approximately 2%. Total Fund membership increased by approximately 1.5%. Total normal cost increased both as a dollar amount and as a percentage of covered payrolls (both including and excluding DROP payroll). The unfunded actuarial accrued liability decreased both as a dollar amount and as a percentage of payrolls (both including and excluding DROP payroll). The net City minimum funding requirement decreased both as a dollar amount and as a percentage of payrolls (both including and excluding DROP payroll).

The value of vested accrued benefits exceeds Fund assets, resulting in a Vested Benefit Security Ratio (VBSR) of 74.1% which is an increase from 68.0% as of the October 1, 2012 Actuarial Valuation Report. The VBSR is measured on a market value of assets basis.

### **Fund Experience**

The Fund experienced an actuarial gain in the amount of \$643,561 this year. This indicates net Fund experience was more favorable than expected based upon the actuarial assumptions.

Table XVI (salary, turnover and investment yield) provides figures on recent Fund experience.

Salary experience indicates actual salary increases (excluding DROP payroll) averaged approximately 4.0% for Fund Year ended September 30, 2013. The average salary increase assumption was 4.6%. Salary increase experience was generally a source of actuarial gain. Three, five and ten year average annual salary increases are 3.1%, 3.5% and 5.6%, respectively.

Employee turnover this year was approximately 100% of the assumed and was generally neither a source of actuarial gain or loss. Three, five and ten year average annual turnover is 60%, 50% and 50% of assumed, respectively.

This year's smoothed value investment return of 7.9% was slightly less than the Fund's investment return assumption of 8.0%. Investment return was a minor offsetting source of actuarial loss during the year. Three, five and ten year average annual investment returns are 6.0%, 5.2% and 6.2%, respectively on a smoothed actuarial value basis. Average annual market value returns for the one, three, five and ten year periods have been 14.2%, 10.7%, 7.7% and 6.5%, respectively.

Table VIII provides figures on recent Fund payroll growth experience. Recent Fund covered payroll growth experience, excluding DROP payroll, indicates actual payroll growth averaged approximately 1.9% annually for the ten fiscal years ended September 30, 2013. The payroll growth assumption is 5.3%, not in excess of the ten (10) year average annual payroll growth assumption. The cap on payroll growth assumption is provided under Florida Statute. The increase in payroll growth assumption from 1.2% to 1.9% decreased current year amortization payment amounts.

### **Member Census and Financial Data**

The City submitted the Member census data as of October 1, 2013 used for this actuarial valuation to us. This information contains name, Social Security number, date of birth, date of hire, October 1, 2013 rate of pay, actual salary paid and member contributions for the previous year. Dates of termination and retirement are provided where applicable. The Board updated information on inactive participants including retirees, beneficiaries and vested terminees.

We received financial information as of September 30, 2013 concerning Fund assets from the Fund Auditors. We do not audit the Member census data and asset information that is provided to us. However, we perform certain reasonableness checks and on this basis we believe that the information that we received is reliable.

### **Summary**

In our opinion the benefits provided for under the current Fund will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. We will continue to update you on the future payment requirements for the Fund through our actuarial reports. These reports will also continue to monitor the future experience of the Fund.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Fund 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); and changes in Fund provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

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 fairly presents the actuarial position of the Fund as of the valuation date. 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.

This report may be provided to parties other than the Board only in its entirety and only with the permission of an approved representative of the Board.

The signing actuaries are independent of the Fund sponsor.

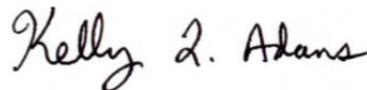
The undersigned are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. We are available to respond to any questions with regards to matters covered in this report.

Very truly yours,



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



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Kelly L. Adams, A.S.A.  
Consultant and Actuary

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

**Summary of Retirement Plan Costs as of October 1, 2013**

	<b>Hired after April 30, 2010</b>			<b>Hired before May 1, 2010</b>			<b>Total</b>		
	<b><u>Cost Data</u></b>	<b><u>% of Base Payroll</u></b>	<b><u>% of Total Payroll</u></b>	<b><u>Cost Data</u></b>	<b><u>% of Base Payroll</u></b>	<b><u>% of Total Payroll</u></b>	<b><u>Cost Data</u></b>	<b><u>% of Base Payroll</u></b>	<b><u>% of Total Payroll</u></b>
A. Participant Data Summary (Table III)									
1. Active Employees	51	N/A	N/A	307	N/A	N/A	358	N/A	N/A
2. Terminated Vested	0	N/A	N/A	5	N/A	N/A	5	N/A	N/A
3. Receiving Benefits (including DROPs)	0	N/A	N/A	303	N/A	N/A	303	N/A	N/A
4. Total Annual Payroll of Active Employees Excluding DROPs	\$ 2,869,965	100.0%	N/A	\$ 24,718,987	100.0%	N/A	\$ 27,588,952	100.0%	81.4%
5. Total Annual Payroll of Active Employees Including DROPs	N/A	N/A	N/A	N/A	N/A	N/A	\$ 33,892,363	122.8%	100.0%
B. Total Normal Costs									
1. Age Retirement Benefits	\$ 654,458	N/A	N/A	\$ 9,075,084	N/A	N/A	\$ 9,729,542	35.3%	28.7%
2. Termination Benefits	22,167	N/A	N/A	127,939	N/A	N/A	150,106	0.5%	0.4%
3. Death Benefits	11,440	N/A	N/A	85,884	N/A	N/A	97,324	0.4%	0.3%
4. Disability Benefits	75,524	N/A	N/A	578,909	N/A	N/A	654,433	2.4%	1.9%
5. Subtotal	\$ 763,589	26.6%	N/A	\$ 9,867,816	39.9%	N/A	\$ 10,631,405	38.5%	31.4%
6. Estimated Expenses	N/A			N/A			428,854	1.6%	1.3%
7. Total Annual Normal Costs	N/A			N/A			\$ 11,060,259	40.1%	32.6%

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

**Summary of Retirement Plan Costs as of October 1, 2013**

	<b>Cost</b>	<b>Total</b>	
	<b><u>Data</u></b>	<b><u>% of</u></b>	<b><u>% of</u></b>
		<b><u>Base</u></b>	<b><u>Total</u></b>
		<b><u>Payroll</u></b>	<b><u>Payroll</u></b>
C. Total Actuarial Accrued Liability			
1. Age Retirement Benefits Active Employees	\$ 164,728,655	597.1%	486.0%
2. Termination Benefits Active Employees	830,434	3.0%	2.5%
3. Death Benefits Active Employees	442,536	1.6%	1.3%
4. Disability Benefits Active Employees	2,715,792	9.8%	8.0%
5. Retired or Terminated Vested Participants Receiving Benefits (including DROPs)	449,571,539	1629.5%	1326.5%
6. Terminated Vested Participants Entitled to Future Benefits	814,089	3.0%	2.4%
7. Deceased Participants Whose Beneficiaries are Receiving Benefits	4,073,121	14.8%	12.0%
8. Disabled Participants Receiving Benefits	12,461,678	45.2%	36.8%
9. Miscellaneous Liability (Refunds in Process)	17,221	0.1%	0.1%
10. Total Actuarial Accrued Liability	<u>\$ 635,655,065</u>	2304.0%	1875.5%
D. Net Assets (Table V)			
1. Smoothed Actuarial Value of Assets	\$ 437,914,935	1587.3%	1292.1%
2. Market Value of Assets	\$ 436,512,061	1582.2%	1287.9%
E. Unfunded Actuarial Accrued Liability (C. - D.1.)	\$ 197,740,130	716.7%	583.4%
F. Preliminary Minimum Required Contribution			
1. Total Normal Cost (including expenses)	\$ 11,060,259	40.1%	32.6%
2. Amortization of Unfunded Liability	16,082,599	58.3%	47.5%
3. Interest Adjustment	1,313,631	4.8%	3.9%
4. Total Preliminary Minimum Required Contribution	<u>\$ 28,456,489</u>	103.1%	84.0%

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

**Summary of Retirement Plan Costs as of October 1, 2013**

	<b><u>Cost Data</u></b>	<b><u>% of Base Payroll</u></b>	<b><u>% of Total Payroll</u></b>
<b>G. Expected Payroll of Active Employees for 2014-2015 Fund Year</b>			
Excluding DROPs: \$27,588,952 x 1.019	\$ 28,113,142	100.0%	81.4%
Including DROPs: \$33,892,363 x 1.019	\$ 34,536,318	122.8%	100.0%
<b>H. Contribution Sources for Fiscal Year Ending September 30, 2015</b>			
1. City	\$ 23,601,943	84.0%	68.3%
2. State	\$ 2,458,939	8.7%	7.1%
3. Member	\$ 2,923,767	10.4%	8.5%
<b>I. Actuarial Gains (Losses)</b>	<b>\$ 643,561</b>	<b>2.3%</b>	<b>1.9%</b>
<b>J. Actuarial Present Value of Vested Accrued Benefits</b>			
1. Retired, Terminated Vested, Beneficiaries and Disabled Receiving Benefits (including DROPs)	\$ 466,106,338	1689.5%	1375.3%
2. Terminated Vested Participants Entitled to Future Benefits and Miscellaneous	831,310	3.0%	2.5%
3. Active Participants Entitled to Future Benefits	<u>122,082,130</u>	442.5%	360.2%
4. Total Actuarial Present Value of Vested Accrued Benefits	\$ 589,019,778	2135.0%	1737.9%
<b>K. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - D.2., not less than zero)</b>	<b>\$ 152,507,717</b>	<b>552.8%</b>	<b>450.0%</b>
<b>L. Vested Benefit Security Ratio (D.2. ÷ J.)</b>	<b>74.1%</b>	<b>N/A</b>	<b>N/A</b>

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

**Comparison of Cost Data of October 1, 2012 and October 1, 2013 Valuations**

	October 1, 2012			October 1, 2013		
	Cost Data	% of Base Annual Compensation <sup>1</sup>	% of Total Annual Compensation <sup>2</sup>	Cost Data	% of Base Annual Compensation <sup>1</sup>	% of Total Annual Compensation <sup>2</sup>
A. Participants						
1. Active Employees	356	N/A	N/A	358	N/A	N/A
2. Terminated Vested	4	N/A	N/A	5	N/A	N/A
3. Receiving Benefits (including DROPs)	296	N/A	N/A	303	N/A	N/A
4. Annual Payroll of Active Employees excluding DROPs	\$ 27,011,016	100.0%	79.3%	\$ 27,588,952	100.0%	81.4%
5. Annual Payroll of Active Employees including DROPs	\$ 34,082,075	126.2%	100.0%	\$ 33,892,363	122.8%	100.0%
B. Total Normal Costs	\$ 10,627,979	39.3%	31.2%	\$ 11,060,259	40.1%	32.6%
C. Actuarial Accrued Liability (EAN)	\$ 599,892,404	2220.9%	1760.1%	\$ 635,655,065	2304.0%	1875.5%
D. Present Value of Future Benefits	\$ 679,203,240	2514.5%	1992.8%	\$ 711,976,229	2580.7%	2100.7%
E. Smoothed Actuarial Value of Assets	\$ 399,960,017	1480.7%	1173.5%	\$ 437,914,935	1587.3%	1292.1%
F. Unfunded Actuarial Accrued Liability (EAN)	\$ 199,932,387	740.2%	586.6%	\$ 197,740,130	716.7%	583.4%
G. City Minimum Funding Payment						
For Fiscal Year Ending September 30, 2014	\$ 23,872,328	86.5% <sup>3</sup>	70.4% <sup>3</sup>	N/A	N/A	N/A
For Fiscal Year Ending September 30, 2015	N/A	N/A	N/A	\$ 23,601,943	84.0% <sup>4</sup>	68.3% <sup>4</sup>
H. Vested Benefit Security Ratio	68.0%	N/A	N/A	74.1%	N/A	N/A

<sup>1</sup> Excludes DROP payroll

<sup>2</sup> Includes DROP payroll

<sup>3</sup> Percent of expected 2013-2014 covered payroll (\$27,588,952 / \$33,892,363)

<sup>4</sup> Percent of expected 2014-2015 covered payroll (\$28,113,142 / \$34,536,318)

**Table III**

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

**Characteristics of Participants in  
Actuarial Valuation as of October 1, 2013**

**A. Active Plan Participants Summary**

1. Active participants fully vested	188
2. Active participants partially vested	0
3. Active participants non-vested	170
4. Total active participants	<u>358</u>
5. Annual rate of pay of active participants excluding DROPs	\$ 27,588,952
6. Annual rate of pay of active participants including DROPs	\$ 33,892,363

**B. Retired and Terminated Vested Participant Summary**

1. Retired or terminated vested participants receiving benefits (including DROPs)	270
2. Terminated vested participants entitled to future benefits	5
3. Deceased participants whose beneficiaries are receiving benefits	14
4. Disabled participants receiving benefits	19

**C. Projected Annual Retirement Benefits**

1. Retired or terminated vested receiving benefits (including DROPs)	\$ 23,279,857
2. Terminated vested entitled to future benefits	\$ 121,223
3. Beneficiaries of deceased participants	\$ 349,853
4. Disabled participants	\$ 852,365

**Table IV**

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

**Statement of Assets as of October 1, 2013**

<u>Assets</u>	<u>Market Value</u>
A. <u>Cash and Cash Equivalents</u>	\$ 17,841,888
B. <u>General Investments</u>	
1. U.S. Government Securities	\$ 16,116,394
2. Corporate Bonds	82,952,051
3. Common Stocks	223,251,893
4. International Stocks	2,276,902
5. Mutual Funds	86,804,112
6. Foreign Bonds	4,421,815
7. Property and Equipment, net	388,496
8. DROP Participant Loans	1,622,080
C. <u>Receivables</u>	
1. Accrued Interest	\$ 1,027,398
2. Contributions Receivable	116,998
3. Accounts Receivable	607,445
D. <u>Payables</u>	
1. Accounts Payable	\$ 380,127
2. Due to Broker	535,284
E. <u>Total Base Fund</u> (A. + B. + C. - D.)	\$ 436,512,061
F. <u>Reserve for Excess State Funds</u>	0
G. <u>Plan Assets</u> (E. - F.)	\$ 436,512,061

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

**Reconciliation of Plan Assets**

A. <u>Total Market Value of Assets as of October 1, 2012</u>		\$ 376,680,848
B. <u>Receipts During Period</u>		
1. Contributions		
a. Member	\$ 2,951,917	
b. City	22,754,765	
c. State	2,458,939	
d. Total	\$ 28,165,621	
2. Investment Income		
a. Interest and dividends	\$ 7,517,946	
b. DROP loan interest	70,540	
c. Net realized and unrealized gains	48,355,832	
d. Investment expenses	(2,179,293)	
e. Net investment income	\$ 53,765,025	
3. Total receipts during period		\$ 81,930,646
C. <u>Disbursements During Period</u>		
1. Pension payments	\$ 17,410,063	
2. DROP distributions	4,172,666	
3. Contribution refunds	83,421	
4. Administrative expenses	415,911	
5. Depreciation expense	17,372	
6. Total disbursements during period		\$ 22,099,433
D. <u>Total Market Value of Net Assets as of September 30, 2013</u>		\$ 436,512,061
E. <u>Excess State Funds</u>		
1. Balance as of October 1, 2012	\$ 0	
2. Increase for current year	0	
3. Purchase of additional benefits	0	
4. Balance as of September 30, 2013		\$ 0
F. <u>Net Market Value of Assets as of September 30, 2013</u> (D. - E.)		\$ 436,512,061
G. <u>Reconciliation of DROP Account Balances</u>		
1. DROP Accounts Balance as of October 1, 2012	\$ 83,957,384	
2. Benefit Payments into DROP Accounts during Year	6,133,798	
3. Loan Interest during Year	70,540	
4. Investment Gains (Losses) during Year	6,765,867	
5. ESI Payments during Year	(9,609)	
6. Distributions from DROP Accounts during Year	(4,172,666)	
7. DROP Accounts Balance as of September 30, 2013		\$ 92,745,314

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

**Development of Actuarial Value of Assets as of September 30**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
A. Preliminary actuarial value from prior year	290,025,451	314,433,367	343,549,647	367,319,792	399,960,017
B. Market value end of year	261,936,168	298,347,976	308,419,102	376,680,848	436,512,061
C. Market value beginning of year	250,713,260	261,936,168	298,347,976	308,419,102	376,680,848
D. Non-investment net cash flow	13,779,019	14,675,028	10,587,832	8,725,417	6,066,188
E. Expected investment return [A. x .08] + [D. x .04]	23,753,197	25,741,670	27,907,485	29,734,600	32,239,449
F. Expected actuarial value of assets A. + D. + E.	327,557,667	354,850,065	382,044,964	405,779,809	438,265,654
G. Excess of market value over expected actuarial value B. - F.	(65,621,499)	(56,502,089)	(73,625,862)	(29,098,961)	(1,753,593)
H. 20% adjustment towards market value .20 x G.	(13,124,300)	(11,300,418)	(14,725,172)	(5,819,792)	(350,719)
I. Preliminary actuarial value end of year F. + H.	314,433,367	343,549,647	367,319,792	399,960,017	437,914,935
J. Upper corridor limit: 120% of B.	314,323,402	358,017,571	370,102,922	452,017,018	523,814,473
K. Lower corridor limit: 80% of B.	209,548,934	238,678,381	246,735,282	301,344,678	349,209,649
L. Actuarial value end of year I., not more than J., nor less than K.	314,323,402	343,549,647	367,319,792	399,960,017	437,914,935
M. Smoothed actuarial value rate of return	3.6%	4.5%	3.8%	6.4%	7.9%
N. Market value rate of return	(1.0%)	8.1%	(0.2%)	19.0%	14.2%
O. Excess State Funds	0	0	0	0	0
P. Net smoothed actuarial value end of year: (L. - O.)	314,323,402	343,549,647	367,319,792	399,960,017	437,914,935
Q. Excess of net market value over net smoothed actuarial value end of year (B. - L.)	(52,387,234)	(45,201,671)	(58,900,690)	(23,279,169)	(1,402,874)

Table VI

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

**Actuarial Gains (Losses) for Plan Year  
Ending September 30, 2013**

**A. Derivation of Actuarial Gain (Loss)**

1. Employer normal cost previous actuarial valuation	\$ 7,785,124
2. Unfunded actuarial accrued liability previous actuarial valuation	\$ 199,932,387
3. Contributions previous year:	
(a) City	\$ 22,754,765
(b) State	2,458,939
(c) Total	\$ 25,213,704
4. Interest on:	
(a) Employer normal cost	\$ 622,810
(b) Unfunded actuarial accrued liability	15,994,591
(c) Contributions	737,517
(d) Net total: (a) + (b) - (c)	\$ 15,879,884
5. Expected unfunded actuarial liability current year: (1. + 2. - 3. + 4.)	\$ 198,383,691
6. Actual unfunded actuarial liability current year	197,740,130
7. Actuarial gain (loss): (5. - 6.)	\$ 643,561

**B. Approximate Portion of Gain (Loss) Due to Investments**

1. Smoothed actuarial value of net assets previous year	\$ 399,960,017
2. Contributions during period	28,165,621
3. Benefits, refunds and admin expenses during period	22,099,433
4. Expected net appreciation for period	31,968,418
5. Expected smoothed actuarial value assets current year: (1. + 2. - 3. + 4.)	\$ 437,994,623
6. Actual smoothed actuarial value of net assets current year	\$ 437,914,935
7. Approximate gain (loss): (6. - 5.)	\$ (79,688)

**C. Approximate Portion of Gain (Loss) due to Liabilities: (A. - B.)** \$ 723,249

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

**Historic Actuarial Gains (Losses)**

Historic Gains (Losses)

<b><u>Year Ended</u></b>	<b><u>Actuarial Gain (Loss)</u></b>
09/30/2013	\$ 643,561
09/30/2012	\$ (4,435,113)
09/30/2011	\$ (10,855,137)
09/30/2010	\$ (13,820,665)
09/30/2009	\$ (23,430,002)
09/30/2008	\$ (21,456,556)
09/30/2007	\$ 2,084,686
09/30/2006	\$ (14,201,369)
09/30/2005	\$ (10,226,167)
09/30/2004	\$ (9,403,506)
09/30/2003	\$ (4,856,940)

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

**Amortization of Unfunded Actuarial Accrued Liability**

A. Unfunded Actuarial Accrued Liability

<u>Date</u>	<u>Unfunded Liability</u>	<u>Amortization Payment</u>
October 1, 2013	\$ 197,740,130	\$ 16,082,599
October 1, 2014	\$ 196,190,133	\$ 16,388,168
October 1, 2015	\$ 194,186,122	\$ 16,699,543
October 1, 2016	\$ 191,685,505	\$ 17,016,834
October 1, 2017	\$ 188,642,165	\$ 17,340,154
...		
...		
October 1, 2043	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll *</u>	<u>Annual Increase</u>
October 1, 2013	\$ 27,588,952	2.1%
October 1, 2012	\$ 27,011,016	0.6%
October 1, 2011	\$ 26,857,833	(1.0%)
October 1, 2010	\$ 27,129,273	(1.4%)
October 1, 2009	\$ 27,528,175	3.4%
October 1, 2008	\$ 26,616,124	0.0%
October 1, 2007	\$ 26,610,708	2.2%
October 1, 2006	\$ 26,040,640	7.2%
October 1, 2005	\$ 24,294,435	3.2%
October 1, 2004	\$ 23,530,488	2.6%
October 1, 2003	\$ 22,934,597	N/A
Ten-Year Average Annual Increase		1.9%

\* Excludes DROP payroll

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

**Accounting Disclosure Exhibit**

	10/01/2012	10/01/2013
I. <u>Number of Plan Members</u>		
a. Retirees and beneficiaries receiving benefits	296	303
b. Terminated plan members entitled to but not yet receiving benefits	4	5
c. Active plan members	356	358
d. Total	656	666
II. <u>Financial Accounting Standards Board Allocation as of October 1, 2013</u>		
A. <u>Statement of Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated vested plan benefits		
a. Participants currently receiving benefits	\$ 442,350,854	\$ 466,106,338
b. Other participants	111,609,922	122,913,440
c. Total	\$ 553,960,776	\$ 589,019,778
2. Actuarial present value of accumulated non-vested plan benefits	\$ 13,036,161	\$ 13,791,686
3. Total actuarial present value of accumulated plan benefits	\$ 566,996,937	\$ 602,811,464
B. <u>Statement of Change in Accumulated Plan Benefits</u>		
1. Actuarial present value of accumulated plan benefits as of October 1, 2012		\$ 566,996,937
2. Increase (decrease) during year attributable to:		
a. Plan amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds		(21,666,150)
d. Other, including benefits accumulated, increase for interest due to decrease in the discount period		57,480,677
e. Net increase		\$ 35,814,527
3. Actuarial present value of accumulated plan benefits as of October 1, 2013		\$ 602,811,464
C. <u>Significant Matters Affecting Calculations</u>		
1. Assumed rate of return used in determining actuarial present values		8%
2. Change in plan provisions		None.
3. Change in actuarial assumptions		None.

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

**Accounting Disclosure Exhibit**

III. Actuarial Assumptions and Methods:

Actuarial valuation date	October 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	20 years
Asset valuation method	5 year smoothed market

Actuarial assumptions:

Investment rate of return *		8.0%
Projected salary increases *		3.75% - 12.0%
Payroll growth		1.9%
Cost of living adjustments	Firefighters:	0.0%, 1.5%, 2.0% or 3.0%
	Police:	0.0%, 1.5%, 2.0%, 2.5% or 3.0%

\* Includes anticipated inflation of 3.5%

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

**Accounting Disclosure Exhibit**

IV. Historical Trend Information

Schedule of Employer Costs (GASB No. 27)

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation/(Asset)</u>
09/30/2008	\$ 20,209,235	88%	\$ (49,588,177)
09/30/2009	\$ 24,229,082	91%	\$ (47,294,098)
09/30/2010	\$ 23,707,076	104%	\$ (48,125,435)
09/30/2011	\$ 22,798,202	102%	\$ (48,617,100)
09/30/2012	\$ 23,438,326	102%	\$ (49,060,890)
09/30/2013	\$ 25,176,384	100%	\$ (49,098,210)

V. Annual Pension Cost and Net Pension Asset (GASB No. 27)

<u>Fiscal Year Ended</u>	<u>9/30/2013</u>	<u>9/30/2014</u>
Annual Required Contribution (ARC)	\$ 25,213,704	\$ 26,214,407
Interest on Net Pension Asset (NPA)	(3,924,871)	(3,927,857)
Adjustment to ARC	3,887,551	4,094,930
APC	\$ 25,176,384	\$ 26,381,480
City and State Contributions	\$ (25,213,704)	
(Increase) Decrease in NPA	\$ (37,320)	
NPA (beginning of year)	(49,060,890)	
NPA (end of year)	\$ (49,098,210)	

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

**Schedule of Funding Progress  
(Dollar Amounts in Thousands)**

VI. Schedule of Funding Progress (GASB No. 27)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (EAN) (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Payroll		UAAL as a Percentage of Payroll	
					Base <sup>1</sup> (c)	Total <sup>2</sup> (d)	Base <sup>1</sup> ((b-a)/c)	Total <sup>2</sup> ((b-a)/d)
10/01/2008	\$ 246,182	\$ 412,143	\$ 165,961	59.7%	\$ 26,616	\$ 33,207	623.5%	499.8%
10/01/2009	\$ 261,948	\$ 434,353	\$ 172,405	60.3%	\$ 27,528	\$ 36,665	626.3%	470.2%
10/01/2010	\$ 280,776	\$ 467,205	\$ 186,429	60.1%	\$ 27,129	\$ 36,040	687.2%	517.3%
10/01/2011	\$ 294,227	\$ 490,104	\$ 195,877	60.0%	\$ 26,858	\$ 35,276	729.3%	555.3%
10/01/2012	\$ 316,003	\$ 515,935	\$ 199,932	61.2%	\$ 27,011	\$ 34,082	740.2%	586.6%
<u>10/01/2013</u> <sup>3</sup>	\$ 437,915	\$ 635,655	\$ 197,740	68.9%	\$ 27,589	\$ 33,892	716.7%	583.4%

<sup>1</sup> Excludes DROP payroll

<sup>2</sup> Includes DROP payroll

<sup>3</sup> Includes DROP accounts in assets and liabilities

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

**Accounting Disclosure Exhibit**

VII. Net Pension Liability and Related Ratios (GASB No. 67)

Fiscal year ending	<u>Projected 9/30/2014*</u>
A. <u>Total Pension Liability</u>	
Service Cost	\$ 10,631,405
Interest	50,712,141
Benefit Changes	0
Difference Between Actual and Expected Experience	(654,697)
Assumption Changes	0
Benefit Payments, including Refunds of Member Contributions	(24,769,417)
Net Change in Total Pension Liability	<u>35,919,432</u>
Total Pension Liability (TPL) - (beginning of year)	<u>636,309,762</u>
Total Pension Liability (TPL) - (end of year)	<u><u>\$ 672,229,194</u></u>
B. <u>Plan Fiduciary Net Position</u>	
Contributions - City and State	\$ 26,214,407
Contributions - Member	2,869,251
Net Investment Income	35,076,898
Benefit Payments, including Refunds of Member Contributions	(24,769,417)
Administrative Expenses	(415,911)
Other	0
Net Change in Plan Fiduciary Net Position	<u>38,975,228</u>
Plan Fiduciary Net Position - (beginning of year)	<u>436,512,061</u>
Plan Fiduciary Net Position - (end of year)	<u><u>\$ 475,487,289</u></u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	196,741,905
D. <u>Plan Fiduciary Net Position as a Percentage of TPL: (B) / (A)</u>	70.73 %
E. <u>Covered Employee Payroll**</u>	\$ 33,892,363
F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u>	580.49 %
G. <u>Notes to Schedule:</u>	
None	

\* Projected - actual amounts will be available after fiscal year end

\*\* Includes DROP payroll

**Table IX  
(Cont'd)**

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

**Accounting Disclosure Exhibit**

VIII. Schedule of the Employer's Net Pension Liability (GASB No. 67)

<u>Fiscal Year End</u>	<u>Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll**</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
9/30/2014*	\$ 672,229,194	\$ 475,487,289	\$ 196,741,905	70.73%	\$ 33,892,363	580.49%

\* Projected - actual amounts will be available after fiscal year end

\*\* Includes DROP payroll

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

**Accounting Disclosure Exhibit**

**IX. Schedule of Employer Contributions (GASB No. 67)**

<u>Fiscal Year End</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll**</u>	<u>Actual Contribution as a % of Covered Payroll</u>
9/30/2014*	\$ 26,214,407	\$ 26,214,407	\$ 0	\$ 33,892,363	77.35%

\* Projected - actual amounts will be available after fiscal year end

\*\* Includes DROP payroll

**X. Notes to Schedule of Contributions (GASB No. 67)**

**Valuation Date:**

Notes Actuarially determined contributions are calculated as of October 1st - two year(s) prior the fiscal year end in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage, Closed
Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.50%
Salary Increases	3.75% - 12.0%
Investment Rate of Return	8.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition

Mortality Healthy Members: RP 2000 Combined Mortality Table with Blue Collar Adjustment, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale AA

Disabled Members: RP 2000 Disabled Mortality Table, separate for male and female, with fully generational mortality improvements projected to each future payment date with Scale AA

Cost-of-Living Increases Firefighters: 0.0%, 1.5%, 2.0% or 3.0%  
Police: 0.0%, 1.5%, 2.0%, 2.5% or 3.0%

**Other Information:**

Notes No benefit or assumption changes during the year.

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

**Accounting Disclosure Exhibit**

XI. Discount Rate (GASB No. 67)

A discount rate of 8.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on Fund investments of 8.00%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Fund investments was applied to all periods of projected benefit payments to determine the total pension liability.

XII. Sensitivity of the Net Pension Liability to the Discount Rate Assumption\* (GASB No. 67)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	7.00%	8.00%	9.00%
Net Pension Liability	\$ 276,473,726	\$ 196,741,905	\$ 132,244,078

\* Projected - actual amounts will be available after fiscal year end

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

**Outline of Principal Provisions of the Retirement Plan**

A. Effective Date:

October 1, 1973, revised and restated as of February 19, 1981. Most recently amended Ordinance 1709.

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 \$255,000 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**

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**

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**

**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**

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**

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**

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**

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**

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. Changes Since Previous Valuation

None.

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

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

A. Mortality

For healthy participants, the RP-2000 Combined Mortality Table 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:

<u>Age</u>	<u>Withdrawal Rates Per 100 Employees</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 Actuarial Cost Methods  
Used in the Valuation**

**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 (1.9% as of October 1, 2013).

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

**Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation**

H. 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 Actuarial Cost Methods  
Used in the Valuation**

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 Actuarial Cost Methods  
Used in the Valuation**

I. 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.

J. 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.

K. 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.

L. 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.

M. Changes Since Previous Valuation

The DROP accounts balance was excluded from assets and liabilities.

Table XII

**City Pension Fund for Firefighters and Police Officers  
in the City of Pembroke Pines, Florida  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2013**

**Active Firefighters**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	4	-	-	-	-	-	-	4
25-29	7	9	-	-	-	-	-	16
30-34	2	22	11	-	-	-	-	35
35-39	-	17	22	4	-	-	-	43
40-44	2	11	16	14	-	-	-	43
45-49	-	5	13	12	1	-	-	31
50-54	-	1	3	-	-	-	-	4
55-59	-	-	-	-	-	-	-	0
60-64	-	-	-	-	-	-	-	0
65 & Over	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>15</b>	<b>65</b>	<b>65</b>	<b>30</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>176</b>
				<u>10/01/2012</u>		<u>10/01/2013</u>		
Average Attained Age				37.07 years		37.96 years		
Average Hire Age				27.18 years		27.14 years		
Average Pay				\$ 76,737		\$ 78,138		
Percent Female				5.0%		4.5%		

**Table XII  
(Cont'd)**

**City Pension Fund for Firefighters and Police Officers  
in the City of Pembroke Pines, Florida  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2013**

**Active Police Officers**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	8	-	-	-	-	-	-	8
25-29	21	3	-	-	-	-	-	24
30-34	7	16	5	-	-	-	-	28
35-39	5	13	16	5	-	-	-	39
40-44	1	9	17	33	-	-	-	60
45-49	2	2	3	8	-	-	-	15
50-54	1	2	2	3	-	-	-	8
55-59	-	-	-	-	-	-	-	0
60-64	-	-	-	-	-	-	-	0
65 & Over	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>45</b>	<b>45</b>	<b>43</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>182</b>
				<u>10/01/2012</u>		<u>10/01/2013</u>		
Average Attained Age				37.61 years		37.50 years		
Average Hire Age				27.81 years		27.70 years		
Average Pay				\$ 74,991		\$ 76,025		
Percent Female				15.9%		15.9%		

**Table XII  
(Cont'd)**

**City Pension Fund for Firefighters and Police Officers  
in the City of Pembroke Pines, Florida  
Distribution by Attained Age Groups  
and Service Groups as of October 1, 2013**

**All Active Members**

<u>Attained Age Group</u>	-----COMPLETED YEARS OF SERVICE-----							<u>Total</u>
	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30 &amp; Over</u>	
Under 25	12	-	-	-	-	-	-	12
25-29	28	12	-	-	-	-	-	40
30-34	9	38	16	-	-	-	-	63
35-39	5	30	38	9	-	-	-	82
40-44	3	20	33	47	-	-	-	103
45-49	2	7	16	20	1	-	-	46
50-54	1	3	5	3	-	-	-	12
55-59	-	-	-	-	-	-	-	0
60-64	-	-	-	-	-	-	-	0
65 & Over	-	-	-	-	-	-	-	0
<b>TOTAL</b>	<b>60</b>	<b>110</b>	<b>108</b>	<b>79</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>358</b>

	<u>10/01/2012</u>	<u>10/01/2013</u>
Average Attained Age	37.34 years	37.73 years
Average Hire Age	27.49 years	27.43 years
Average Pay	\$ 75,874	\$ 77,064
Percent Female	10.4%	10.3%

Table XIII

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

**Statistics for Participants Entitled to Deferred Benefits  
and Participants Receiving Benefits**

A. Entitled to Deferred Benefits

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
<b>Less than 40</b>	2	\$ 52,146	\$ 26,073
40-44	1	24,171	24,171
45-49	2	44,906	22,453
50-54	-	-	-
55-59	-	-	-
60-64	-	-	-
65 & Over	-	-	-
<b>TOTAL</b>	5	\$ 121,223	\$ 24,245

B. Receiving Benefits (including DROPs)

<b><u>Current Age Group</u></b>	<b><u>Count</u></b>	<b><u>Total Annual Benefit</u></b>	<b><u>Average Annual Benefit</u></b>
<b>Less than 50</b>	95	\$ 8,766,097	\$ 92,275
50-54	95	8,251,250	86,855
55-59	58	4,595,768	79,237
60-64	20	1,544,855	77,243
65-69	16	740,255	46,266
70-74	9	348,979	38,775
75 & Over	10	234,871	23,487
<b>TOTAL</b>	303	\$ 24,482,075	\$ 80,799

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

**Reconciliation of Employee Data - Firefighters**

<b>A. <u>Active Participants</u></b>	
1. Active participants previous year	180
2. Retired during year	0
3. Entered DROP	(3)
4. Died during year	0
5. Disabled during year	0
6. Terminated during year	(1)
7. New active participants	0
8. Transferred from General plan	0
9. Reinstated during year	0
10. Active participants current year	<u>176</u>
<b>B. <u>Participants Receiving Benefits</u></b>	
1. Participants receiving benefits previous year	106
2. New retired participants	0
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	0
5. New beneficiaries receiving benefits	0
6. Former DROPs now receiving benefits	9
7. Died or ceased payment during year	(1)
8. Retired or terminated vested receiving benefits current year	<u>114</u>
<b>C. <u>DROP Participants</u></b>	
1. DROP participants previous year	32
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	(9)
5. Entered DROP during year	3
6. DROP participants current year	<u>26</u>
<b>D. <u>Terminated Vested Participants Entitled to Future Benefits</u></b>	
1. Terminated vested entitled previous year	2
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	0
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	<u>2</u>

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

**Reconciliation of Employee Data - Police Officers**

<b>A. <u>Active Participants</u></b>	
1. Active participants previous year	176
2. Retired during year	0
3. Entered DROP	(5)
4. Died during year	0
5. Disabled during year	(1)
6. Terminated during year	(3)
7. New active participants	15
8. Transferred from General plan	0
9. Reinstated during year	0
10. Active participants current year	<u>182</u>
<b>B. <u>Participants Receiving Benefits</u></b>	
1. Participants receiving benefits previous year	118
2. New retired participants	0
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	1
5. New beneficiaries receiving benefits	1
6. Former DROPs now receiving benefits	16
7. Died or ceased payment during year	(2)
8. Retired or terminated vested receiving benefits current year	<u>134</u>
<b>C. <u>DROP Participants</u></b>	
1. DROP participants previous year	40
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	(16)
5. Entered DROP during year	5
6. DROP participants current year	<u>29</u>
<b>D. <u>Terminated Vested Participants Entitled to Future Benefits</u></b>	
1. Terminated vested entitled previous year	2
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	1
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	<u>3</u>

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

Reconciliation of Employee Data - All Members

A. <u>Active Participants</u>	
1. Active participants previous year	356
2. Retired during year	0
3. Entered DROP	(8)
4. Died during year	0
5. Disabled during year	(1)
6. Terminated during year	(4)
7. New active participants	15
8. Transferred from General plan	0
9. Reinstated during year	0
10. Active participants current year	<u>358</u>
B. <u>Participants Receiving Benefits</u>	
1. Participants receiving benefits previous year	224
2. New retired participants	0
3. New terminated vested receiving benefits	0
4. New disabled receiving benefits	1
5. New beneficiaries receiving benefits	1
6. Former DROPs now receiving benefits	25
7. Died or ceased payment during year	(3)
8. Retired or terminated vested receiving benefits current year	<u>248</u>
C. <u>DROP Participants</u>	
1. DROP participants previous year	72
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	(25)
5. Entered DROP during year	8
6. DROP participants current year	<u>55</u>
D. <u>Terminated Vested Participants Entitled to Future Benefits</u>	
1. Terminated vested entitled previous year	4
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	1
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	<u>5</u>

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

**Projected Retirement Benefits**

<b><u>Fiscal Year</u></b>	<b><u>Projected Total Annual Payout</u></b>
2014	\$ 24,769,417
2015	\$ 26,022,713
2016	\$ 27,735,332
2017	\$ 30,193,470
2018	\$ 32,706,135
2019	\$ 34,655,965
2020	\$ 36,494,940
2021	\$ 38,544,891
2022	\$ 40,180,487
2023	\$ 43,194,789

The above projected payout of Plan benefits during the next ten years is based on assumptions involving all decrements. Actual payouts may differ from the above estimates depending upon the death, salary and retirement experience of the Plan. However, since the projected payment is recomputed each valuation date, there is an automatic correction to the extent that actual experience varies from expected experience.

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

**Analysis of Investment Yield as of October 1, 2013**

This Table sets forth the results of an analysis made of investment yields on the assets held under the Pension Plan for Firefighters and Police Officers of the City of Pembroke Pines.

The basic sources for this analysis were the Statements produced by the Plan Auditors.

The basic data was initially checked for internal consistency. Since no difficulties were encountered with the data, yield rates were calculated directly from the transaction information submitted. A summary of the transaction information is set forth on the following page.

**Table XVI  
(Cont'd)**

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

**Summary of Transaction Information**

Year Ending	Benefits Paid <sup>1</sup>	Administrative Expenses	Employee Contributions	City Contributions	State Contributions	Smoothed Actuarial Value <sup>2,3</sup>
09/30/2013	\$ 21,666,150	\$ 415,911	\$ 2,951,917	\$ 22,754,765	\$ 2,458,939	\$ 437,914,935
09/30/2012	22,423,335	423,570	2,945,195	21,540,037	2,342,079	316,002,633
09/30/2011	20,419,430	447,082	3,002,699	21,020,757	2,269,110	294,227,027
09/30/2010	18,268,505	572,279	3,012,468	22,200,904	2,337,509	280,775,729
09/30/2009	16,256,428	461,151	3,153,447	19,505,427	2,429,576	261,948,320
09/30/2008	13,835,750	403,851	3,333,603	15,214,031	2,581,143	246,182,224
09/30/2007	12,327,080	394,778	3,240,932	11,812,342	2,442,108	229,650,770
09/30/2006	9,586,049	376,632	3,474,437	8,205,196	2,028,350	205,102,670
09/30/2005	7,956,368	346,802	4,041,657	6,461,387	1,861,332	186,347,282
09/30/2004	10,865,749	372,004	3,123,907	29,374,983	1,730,676	168,315,697
09/30/2003	11,167,454	740,669	3,019,022	40,192,188	1,426,440	134,868,154
09/30/2002	2,392,216	529,831	2,683,777	3,643,183	1,233,840	96,599,615
09/30/2001	1,801,729	450,439	2,563,794	3,257,207	1,013,126	89,587,047
09/30/2000	1,498,201	430,328	2,113,222	2,580,359	970,129	81,679,522
09/30/1999	1,198,877	379,577	1,971,856	1,762,362	988,366	68,869,101
09/30/1998	1,143,202	310,971	1,790,908	1,450,517	915,599	58,718,121
09/30/1997	842,191	286,905	1,667,877	1,608,478	858,522	50,565,572
09/30/1996	694,974	237,252	1,563,652	1,588,045	671,056	39,919,818
09/30/1995	605,296	208,915	1,294,421	1,934,238	540,655	33,180,866

<sup>1</sup> Effective for year ending September 30, 2013, includes DROP distributions (previously included DROP benefit payments)

<sup>2</sup> Effective for year ending September 30, 2013, includes DROP account balances

<sup>3</sup> Market value prior to 2001

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

**Recent Compensation, Termination and Investment Return Experience**

Valuation Date	Compensation*		Termination	Investment Return		
	% Increase (Decrease)	Assumed Increase	Ratio of Actual to Expected	Net Market Value Yield	Net Actuarial Value Yield	Assumed Rate of Return
10/01/2013	4.0%	4.6%	1.0	14.2%	7.9%	8.0%
10/01/2012	3.8%	4.6%	1.1	19.0%	6.4%	8.0%
10/01/2011	1.6%	5.5%	0.2	(0.2%)	3.8%	8.0%
10/01/2010	3.6%	5.7%	0.2	8.1%	4.5%	8.0%
10/01/2009	4.6%	6.2%	1.0	(1.0%)	3.6%	8.0%
10/01/2008	8.1%	6.3%	1.2	(13.7%)	4.4%	8.0%
10/01/2007	5.3%	6.4%	0.7	14.8%	9.2%	8.0%
10/01/2006	10.8%	6.0%	0.4	6.9%	7.8%	8.0%
10/01/2005	6.8%	6.0%	0.5	12.3%	8.0%	8.0%
10/01/2004	7.5%	6.0%	0.2	8.4%	6.9%	8.0%
Last 3 Years	3.1%	4.9%	0.6	10.7%	6.0%	8.0%
Last 5 Years	3.5%	5.3%	0.5	7.7%	5.2%	8.0%
Last 10 Years	5.6%	5.7%	0.5	6.5%	6.2%	8.0%

\* Excludes DROP payroll

**Table XVII**

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

**Employer Contribution Information**

<u>Valuation Date</u>	<u>Contribution Fiscal Year End</u>	<u>Minimum Required Employer Contributions</u>	<u>Actual City Contributions Made</u>	<u>Actual State Contributions Made</u>	<u>Actual Employer Contributions Made</u>
10/01/2013	09/30/2015	\$ 26,060,882	N/A	N/A	N/A
10/01/2012	09/30/2014	\$ 26,214,407	N/A	N/A	N/A
10/01/2011	09/30/2013	\$ 25,213,704	\$ 22,754,765	\$ 2,458,939	\$ 25,213,704
10/01/2010	09/30/2012	\$ 23,882,116	\$ 21,540,037	\$ 2,342,079	\$ 23,882,116
10/01/2010	09/30/2011	\$ 23,289,867	\$ 21,020,757	\$ 2,269,110	\$ 23,289,867
10/01/2009	09/30/2010	\$ 24,538,413	\$ 22,200,904	\$ 2,337,509	\$ 24,538,413
10/01/2008	09/30/2009	\$ 21,935,003	\$ 19,505,427	\$ 2,429,576	\$ 21,935,003
10/01/2007	09/30/2008	\$ 17,795,174	\$ 15,214,031	\$ 2,581,143	\$ 17,795,174
10/01/2006	09/30/2007	\$ 14,254,450	\$ 11,812,342	\$ 2,442,108	\$ 14,254,450
10/01/2005	09/30/2006	\$ 10,233,546	\$ 8,205,196	\$ 2,028,350	\$ 10,233,546
10/01/2004	09/30/2005	\$ 8,322,719	\$ 6,461,387	\$ 1,861,332	\$ 8,322,719

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

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit - Firefighters**

	<u>10/01/2012</u>	<u>10/01/2013</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	180	176
2. Retired participants and beneficiaries receiving benefits (including DROPs)	130	132
3. Disabled participants receiving benefits	8	8
4. Terminated vested participants	2	2
5. Annual payroll of active participants excluding DROPs	\$ 13,812,626	\$ 13,752,322
6. Annual payroll of active participants including DROPs	\$ 17,009,429	\$ 16,818,350
7. Annual benefits payable to those currently receiving benefits (including DROPs)	\$ 11,261,634	\$ 11,745,031
<b>B. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 115,471,208	\$ 119,081,619
b. Vesting benefits	1,057,873	988,240
c. Death benefits	606,735	579,455
d. Disability benefits	3,767,055	3,623,346
e. Total	<u>\$ 120,902,871</u>	<u>\$ 124,272,660</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 271,308	\$ 293,448
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired (includes DROPs)	\$ 211,735,932	\$ 221,807,805
b. Disability retired	5,360,141	5,456,694
c. Beneficiaries	2,998,988	3,020,653
d. Miscellaneous (Refunds in Process)	8,488	10,422
e. Total	<u>\$ 220,103,549</u>	<u>\$ 230,295,574</u>

**Table XVIII  
(Cont'd)**

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

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit - Firefighters**

	<u>10/01/2012</u>	<u>10/01/2013</u>
4. Total actuarial present value of future expected benefit payments	\$ 341,277,728	\$ 354,861,682
5. Actuarial accrued liabilities (EAN)	\$ 300,392,815	\$ 317,123,758
<b>C. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 220,095,061	\$ 230,285,152
b. Other participants	55,816,726	62,032,266
c. Total	<u>\$ 275,911,787</u>	<u>\$ 292,317,418</u>
2. Actuarial present value of accumulated non-vested plan benefits	<u>6,806,525</u>	<u>7,724,958</u>
3. Total actuarial present value of accumulated plan benefits	\$ 282,718,312	\$ 300,042,376
<b>D. <u>Disclosure of Following Items:</u></b>		
1. Actuarial present value of future salaries - attained age	\$ 108,812,698	\$ 101,365,118
2. Actuarial present value of future employee contributions - attained age	\$ 11,902,557	\$ 11,154,102
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 13,702,427	\$ 15,114,994
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

**Table XVIII  
(Cont'd)**

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

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit - Police Officers**

	<b>10/01/2012</b>	<b>10/01/2013</b>
<b>A. <u>Participant Data</u></b>		
1. Active participants	176	182
2. Retired participants and beneficiaries receiving benefits (including DROPs)	148	152
3. Disabled participants receiving benefits	10	11
4. Terminated vested participants	2	3
5. Annual payroll of active participants excluding DROPs	\$ 13,198,390	\$ 13,836,630
6. Annual payroll of active participants including DROPs	\$ 17,072,646	\$ 17,074,013
7. Annual benefits payable to those currently receiving benefits (including DROPs)	\$ 12,041,152	\$ 12,737,044
 <b>B. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 109,782,581	\$ 115,059,802
b. Vesting benefits	1,057,562	1,075,162
c. Death benefits	584,765	600,286
d. Disability benefits	3,864,103	4,030,671
e. Total	\$ 115,289,011	\$ 120,765,921
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 350,364	\$ 520,641
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired (includes DROPs)	\$ 215,108,858	\$ 227,763,734
b. Disability retired	6,179,996	7,004,984
c. Beneficiaries	966,939	1,052,468
d. Miscellaneous (Refunds in Process)	30,344	6,799
e. Total	\$ 222,286,137	\$ 235,827,985

**Table XVIII  
(Cont'd)**

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

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit - Police Officers**

	<b>10/01/2012</b>	<b>10/01/2013</b>
4. Total actuarial present value of future expected benefit payments	\$ 337,925,512	\$ 357,114,547
5. Actuarial accrued liabilities (EAN)	\$ 299,499,589	\$ 318,531,307
 <b>C. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 222,255,793	\$ 235,821,186
b. Other participants	55,793,196	60,881,174
c. Total	\$ 278,048,989	\$ 296,702,360
2. Actuarial present value of accumulated non-vested plan benefits	6,229,636	6,066,728
3. Total actuarial present value of accumulated plan benefits	\$ 284,278,625	\$ 302,769,088
 <b>D. <u>Disclosure of Following Items:</u></b>		
1. Actuarial present value of future salaries - attained age	\$ 104,096,140	\$ 108,555,722
2. Actuarial present value of future employee contributions - attained age	\$ 11,349,572	\$ 11,837,442
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 13,720,931	\$ 14,632,150
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

**Table XVIII**  
**(Cont'd)**

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

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit - All Members**

	<b>10/01/2012</b>	<b>10/01/2013</b>
<b>A. <u>Participant Data</u></b>		
1. Active participants	356	358
2. Retired participants and beneficiaries receiving benefits (including DROPs)	278	284
3. Disabled participants receiving benefits	18	19
4. Terminated vested participants	4	5
5. Annual payroll of active participants excluding DROPs	\$ 27,011,016	\$ 27,588,952
6. Annual payroll of active participants including DROPs	\$ 34,082,075	\$ 33,892,363
7. Annual benefits payable to those currently receiving benefits (including DROPs)	\$ 23,302,786	\$ 24,482,075
<b>B. <u>Value of Assets (Net)</u></b>		
1. Smoothed Actuarial Value	\$ 399,960,017	\$ 437,914,935
2. Market Value	\$ 376,680,848	\$ 436,512,061
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 225,253,789	\$ 234,141,421
b. Vesting benefits	2,115,435	2,063,402
c. Death benefits	1,191,500	1,179,741
d. Disability benefits	7,631,158	7,654,017
e. Total	\$ 236,191,882	\$ 245,038,581
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 621,672	\$ 814,089
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired (includes DROPs)	\$ 426,844,790	\$ 449,571,539
b. Disability retired	11,540,137	12,461,678
c. Beneficiaries	3,965,927	4,073,121
d. Miscellaneous (Refunds in Process)	38,832	17,221
e. Total	\$ 442,389,686	\$ 466,123,559

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

**Actuarial Valuation as of October 1, 2013**

**State Required Exhibit - All Members**

	<b>10/01/2012</b>	<b>10/01/2013</b>
4. Total actuarial present value of future expected benefit payments	\$ 679,203,240	\$ 711,976,229
5. Actuarial accrued liabilities (EAN)	\$ 599,892,404	\$ 635,655,065
6. Unfunded actuarial liabilities (EAN)	\$ 199,932,387	\$ 197,740,130
 <b>D. <u>Statement of Accumulated Plan Benefits</u></b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits	\$ 442,350,854	\$ 466,106,338
b. Other participants	111,609,922	122,913,440
c. Total	\$ 553,960,776	\$ 589,019,778
2. Actuarial present value of accumulated non-vested plan benefits	13,036,161	13,791,686
3. Total actuarial present value of accumulated plan benefits	\$ 566,996,937	\$ 602,811,464
 <b>E. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 10,627,979	\$ 11,060,259
2. Payment required to amortize unfunded liability	16,757,161	16,082,599
3. Interest adjustment	1,324,841	1,313,631
4. Total required contribution	\$ 28,709,981	\$ 28,456,489
5. a. Item 4 as a percentage of base payroll <sup>1</sup>	106.3%	103.1%
b. Item 4 as a percentage of total payroll <sup>2</sup>	84.2%	84.0%
6. Estimated employee contributions	\$ 2,869,251 <sup>3</sup>	\$ 2,923,767 <sup>5</sup>
7. a. Item 4 as a percentage of base payroll <sup>1</sup>	10.4%	10.4%
b. Item 4 as a percentage of total payroll <sup>2</sup>	8.5% <sup>4</sup>	8.5% <sup>6</sup>
8. Estimated State contributions	\$ 2,342,079	\$ 2,458,939
9. a. Item 4 as a percentage of base payroll <sup>1</sup>	8.5% <sup>4</sup>	8.7% <sup>6</sup>
b. Item 4 as a percentage of total payroll <sup>2</sup>	6.9% <sup>4</sup>	7.1% <sup>6</sup>
10. Net amount payable by City	\$ 23,872,328	\$ 23,601,943
11. a. Item 4 as a percentage of base payroll <sup>1</sup>	86.5% <sup>4</sup>	84.0% <sup>6</sup>
b. Item 4 as a percentage of total payroll <sup>2</sup>	70.4% <sup>4</sup>	68.3% <sup>6</sup>

<sup>1</sup> Excludes DROP payroll

<sup>2</sup> Includes DROP payroll

<sup>3</sup> Percent of pay applied to expected 2013-2014 base payroll excluding DROP payroll (\$27,588,952)

<sup>4</sup> Percent of expected 2013-2014 covered payroll (\$27,588,952 / \$33,892,363)

<sup>5</sup> Percent of pay applied to expected 2014-2015 base payroll excluding DROP payroll (\$28,113,142)

<sup>6</sup> Percent of expected 2014-2015 covered payroll (\$28,113,142 / \$34,536,318)

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

Actuarial Valuation as of October 1, 2013

State Required Exhibit - All Members

	<u>10/01/2012</u>	<u>10/01/2013</u>
<u>F. Past Contributions</u>		
1. Total contribution required (prior valuation)	\$ 28,051,610	\$ 29,057,262
2. Actual contributions made:		
a. Members	\$ 2,951,917	N/A
b. City	22,754,765	N/A
c. State	2,458,939	N/A
d. Total	<u>\$ 28,165,621</u>	N/A
<u>G. Disclosure of Following Items:</u>		
1. Actuarial present value of future salaries excluding DROP payroll -attained age	\$ 212,908,838	\$ 209,920,840
2. Actuarial present value of future employee contributions - attained age	\$ 23,252,129	\$ 22,991,544
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 27,423,358	\$ 29,747,144
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

**Table XVIII  
(Cont'd)**

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

**State Required Exhibit**

Amortization balances are written down in proportion to amortization payments.

	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/01/2003	Gain and Loss Bases	\$ 15,155,505	\$ 1,704,317	12.000 years
10/01/2003	Others	883,567	99,362	12.000 years
10/01/2003	Plan Amendment	66,255,693	5,444,132	20.000 years
10/01/2004	Plan Amendment	41,624,603	3,334,577	21.000 years
10/01/2004	Plan Amendment	379,728	30,420	21.000 years
10/01/2006	Assumption Change	7,300,170	559,144	23.000 years
10/01/2006	Plan Amendment	31,764,150	2,432,920	23.000 years
10/01/2006	Plan Amendment	2,489,533	190,681	23.000 years
10/01/2009	Assumption Change	13,539,121	981,091	26.000 years
10/01/2009	Method Change	26,675,760	1,933,017	26.000 years
05/01/2010	Plan Amendment	(35,466,696)	(2,546,016)	26.583 years
10/01/2010	Actuarial (Gain) / Loss	14,079,901	1,004,229	27.000 years
10/01/2011	Actuarial (Gain) / Loss	10,961,326	770,367	28.000 years
10/01/2011	Assumption Change	(1,707,806)	(120,025)	28.000 years
10/01/2012	Actuarial (Gain) / Loss	4,449,136	308,431	29.000 years
10/01/2013	Actuarial (Gain) / Loss	(643,561)	(44,048)	30.000 years
	<b>TOTAL</b>	<b>\$ 197,740,130</b>	<b>\$ 16,082,599</b>	

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, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or other wise provided for in the valuation. All known events or trends which may require material increase in plan costs or required contribution rates have been taken into account in the valuation.

Enrollment Number: 11-02802  
Dated: March 20, 2014

  
\_\_\_\_\_  
Lawrence F. Wilson, A.S.A.



March 27, 2014

Mr. Rene Gonzalez  
Finance Director  
City of Pembroke Pines  
10100 Pines Blvd.  
Pembroke Pines, Florida 33026

**Re: Adjusted Schedule of Funding Progress**

Dear Rene:

As requested, we are pleased to enclose an adjusted Schedule of Funding Progress for the City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines, Florida for the City's CAFR.

This adjusted schedule includes DROP account balances in the actuarial value of assets and in the actuarial accrued liability as requested. DROP account balance amounts included are the DROP account balance amounts reported in the annual audits prepared by the Fund Auditors.

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

Enclosure

cc: Mr. James F. Fisher

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

**Adjusted Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (EAN) (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of of Covered Payroll ((b-a)/c)
10/01/2012	\$ 398,262,629	\$ 598,195,016	\$ 199,932,387	66.6%	\$ 27,011,016	740.2%
10/01/2011	366,541,010	562,418,145	195,877,135	65.2%	26,857,833	729.3%
10/01/2010	343,549,647	529,979,045	186,429,398	64.8%	27,129,273	687.2%
10/01/2009	314,323,402	486,728,333	172,404,931	64.6%	27,528,175	626.3%
10/01/2008	290,025,451	455,986,052	165,960,601	63.6%	26,616,124	623.5%
10/01/2007	266,086,485	407,096,774	141,010,289	65.4%	26,610,708	529.9%
10/01/2006	234,813,827	332,628,046	97,814,219	70.6%	26,040,640	375.6%
10/01/2005	210,958,282	288,219,172	77,260,890	73.2%	24,294,435	318.0%
10/01/2004	188,374,577	254,414,202	66,039,625	74.0%	23,530,488	280.7%
10/01/2003	146,555,458	220,682,676	74,127,218	66.4%	22,934,597	323.2%

Based upon City CAFR - adds DROP Accounts as reported by Fund Auditor to Actuarial Value of Assets and to Actuarial Accrued Liability