



# CITY OF POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

Overview of 10/1/2017 Valuation Results  
City Commission Meeting  
April 24, 2018



# Certification

This report was prepared for the Police and Firefighters' Retirement System for the City of Pompano Beach as of October 1, 2017. This is meant to be a summary of the valuation results, and may not be appropriate for other uses. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than the intended use.

Except where indicated otherwise, the results included in this report are based on the same data, assumptions, methods, and plan provisions as the 10/1/2017 valuation. As a result, these sections of the 2017 report should be considered part of this report.

This report has been prepared in accordance with generally accepted actuarial principles and practice.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.



**Tayt Odom, FSA, MAAA**



# Annual Contribution Requirement

## Firefighters - City

- The contribution requirement for the City on behalf of firefighters for the fiscal year ending September 30, 2019 is as follows:

Firefighters	FYE 9/30/2018	FYE 9/30/2019	Increase (Decrease)
Required City/State Contribution	\$ 6,591,607	\$ 6,903,910	\$ 312,303
Estimated Amount of Ch. 175 Revenue to be Taken as a Credit	821,230	821,230	0
Required City Contribution (paid in one installment on 12/31)	\$ 5,770,377	\$ 6,082,680	\$ 312,303
% of Expected Payroll	44.2%	43.6%	(0.6%)
Expected Payroll	\$13,041,483	\$13,945,799	6.9%





# Annual Contribution Requirement

## Police Officers - BSO



- The contribution requirement for BSO on behalf of police officers for the fiscal year ending September 30, 2019 is as follows:

Police Officers	FYE 9/30/2018	FYE 9/30/2019	Increase (Decrease)
Required City/State Contribution	\$ 5,931,061	\$ 5,911,097	\$ (19,964)
Estimated Amount of Ch. 185 Revenue to be Taken as a Credit	966,486	992,141	25,655
Required City Contribution (paid in one installment on 12/31)	\$ 4,964,575	\$ 4,918,956	\$( 45,619)

- The contribution requirement for FYE 2019 is increased to \$5,053,465 if the contribution is satisfied by making quarterly payments throughout the fiscal year.
- Plan closed to new Police Officers since 1999
- Active Police Officers in Plan decreased from 5 to 4



# Annual Contribution Requirement

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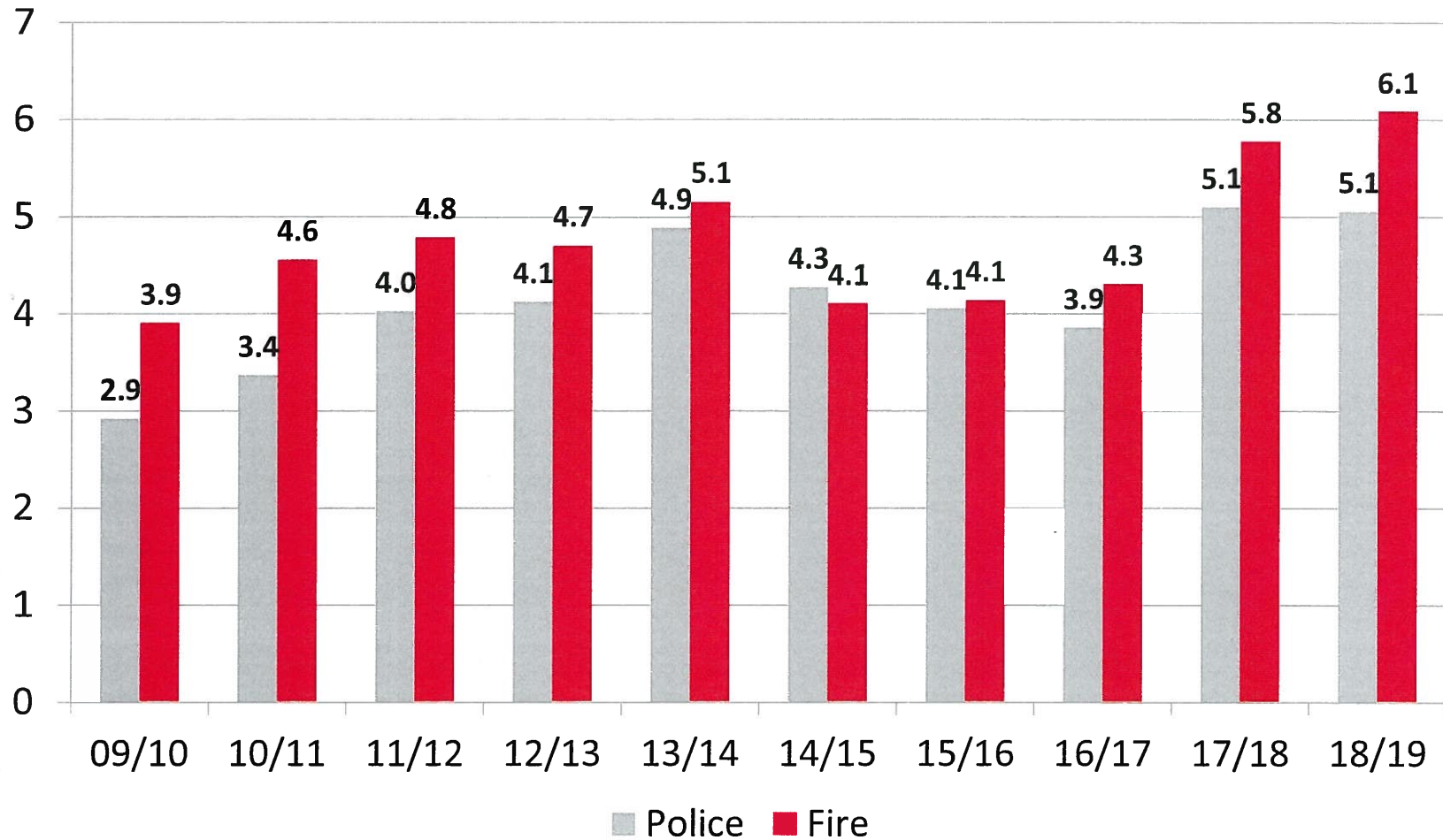
## Total

- The contribution requirement for the City and BSO for the fiscal years ending September 30, 2019 and September 30, 2018 is as follows:

	For FYE 9/30/18 Based on 10/1/16 Valuation	For FYE 9/30/19 Based on 10/1/17 Valuation	Increase (Decrease)
Required Total Contribution	\$ 12,522,668	\$ 12,815,007	\$ 292,339
Estimated Chapter 175/185 Credit	\$ 1,787,716	\$ 1,813,371	\$ 25,655
Required Employer Contribution	\$ 10,734,952	\$ 11,001,636	\$ 266,684



## Funding Requirement (\$millions)





## Funded Ratio

- The funded ratio is one measure of the health of the retirement system
  - This ratio shows the percentage of the actuarial accrued liability that is covered by the actuarial value of assets

Date	Pompano Beach Police & Fire <sup>(1)</sup>	Florida Public Safety Plans <sup>(2)</sup> (All)	Florida Public Safety Plans <sup>(2)</sup> (Assets > \$100MM)
10/1/2017	68.0%		
10/1/2016	67.0%	85%	77%
10/1/2015	72.2%	86%	78%
10/1/2014	70.7%	84%	75%
10/1/2013	68.5%	78%	74%

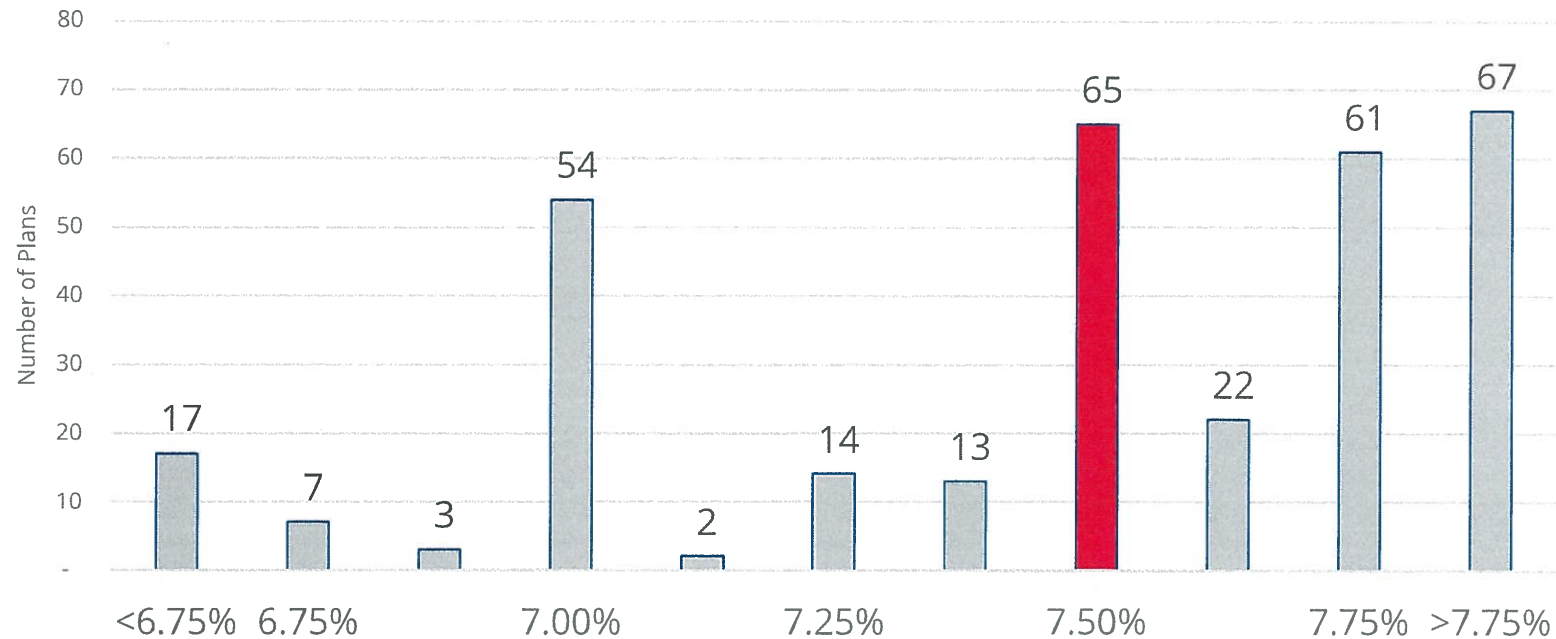
(1) Drop in ratio 10/1/2016 due to legislated requirement to use FRS mortality tables.

(2) Plans covering police and/or fire with valuation dates 9/30 – 1/1, as reported by the Department of Management Services



## Benchmarking Rates of Return

Rate of Return Assumptions for Florida Public Plans



Source: Florida Department of Management Services, return rates for Florida plans with valuation dates of 9/30/2016 to 1/1/2017.

The average return assumption was 7.44%, a decline from the average assumption of 7.49% derived from the previous year.





## Legislation: SB 376

Provides for worker's compensation to cover treatment for PTSD:

- Expands workers compensation benefits for first responders to mental and nervous injuries
- More liberal definition of total disability than the FRS standard
- Likely result is higher incidence of line-of-duty disability/death benefit awards.
- Employing agencies of first responders required to provide educational training related to mental health awareness, prevention, mitigation, and treatment
- Effective October 1, 2018



## Future Recommendations

### Recommendation to Board:

- *Reduce future amortization periods to 20 years*

### Rationale:

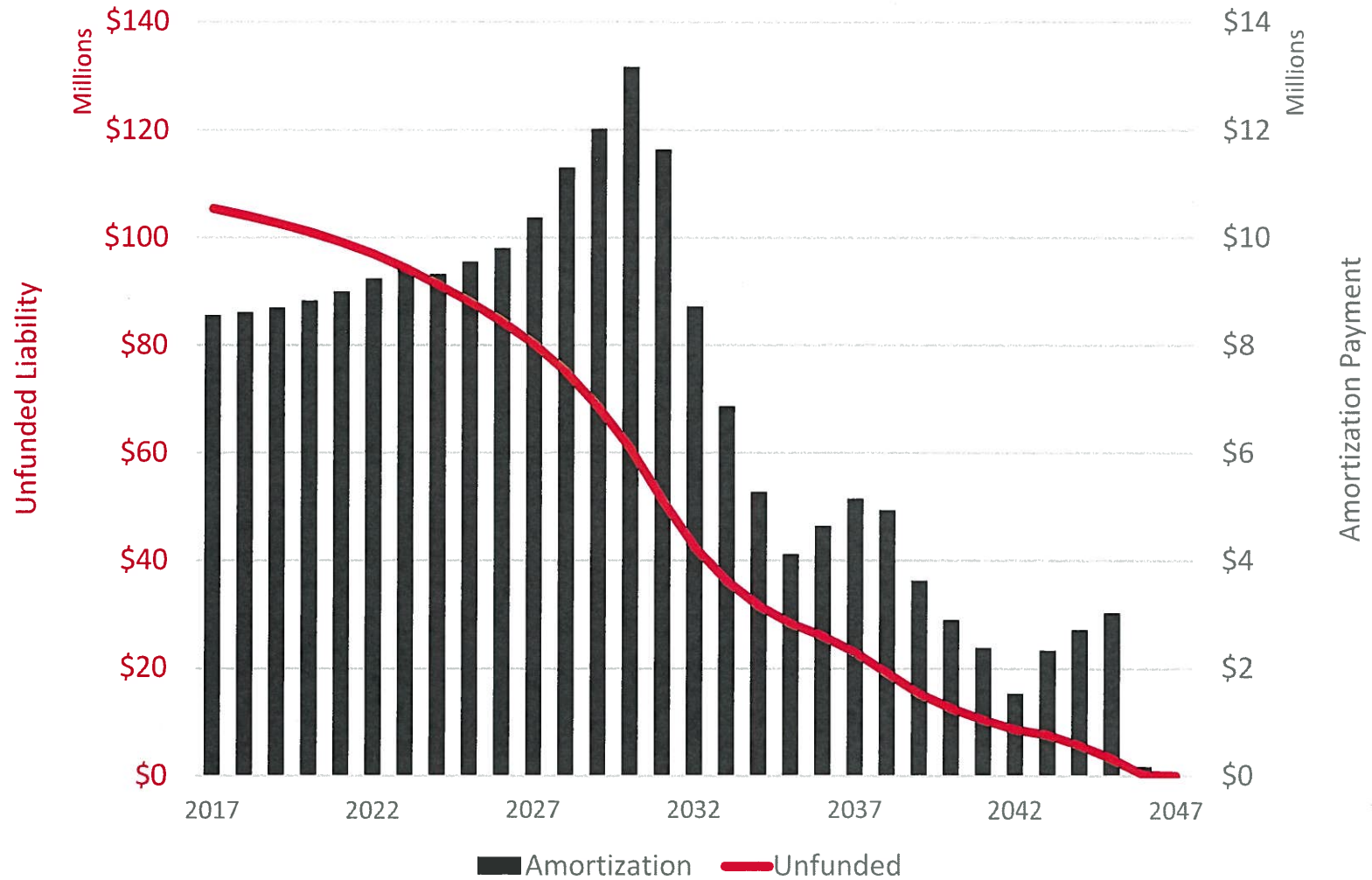
- *Current practice results in generational equity issues*
- *Negative amortization for Fire Plan for many years*
- *Unfunded liabilities currently amortized over 30 years*
  - *longest period allowed under Florida law*
- *Actuarial “model practices”*
  - *15-20 years for gains/losses*
  - *15-25 years for assumptions changes*

### Impact:

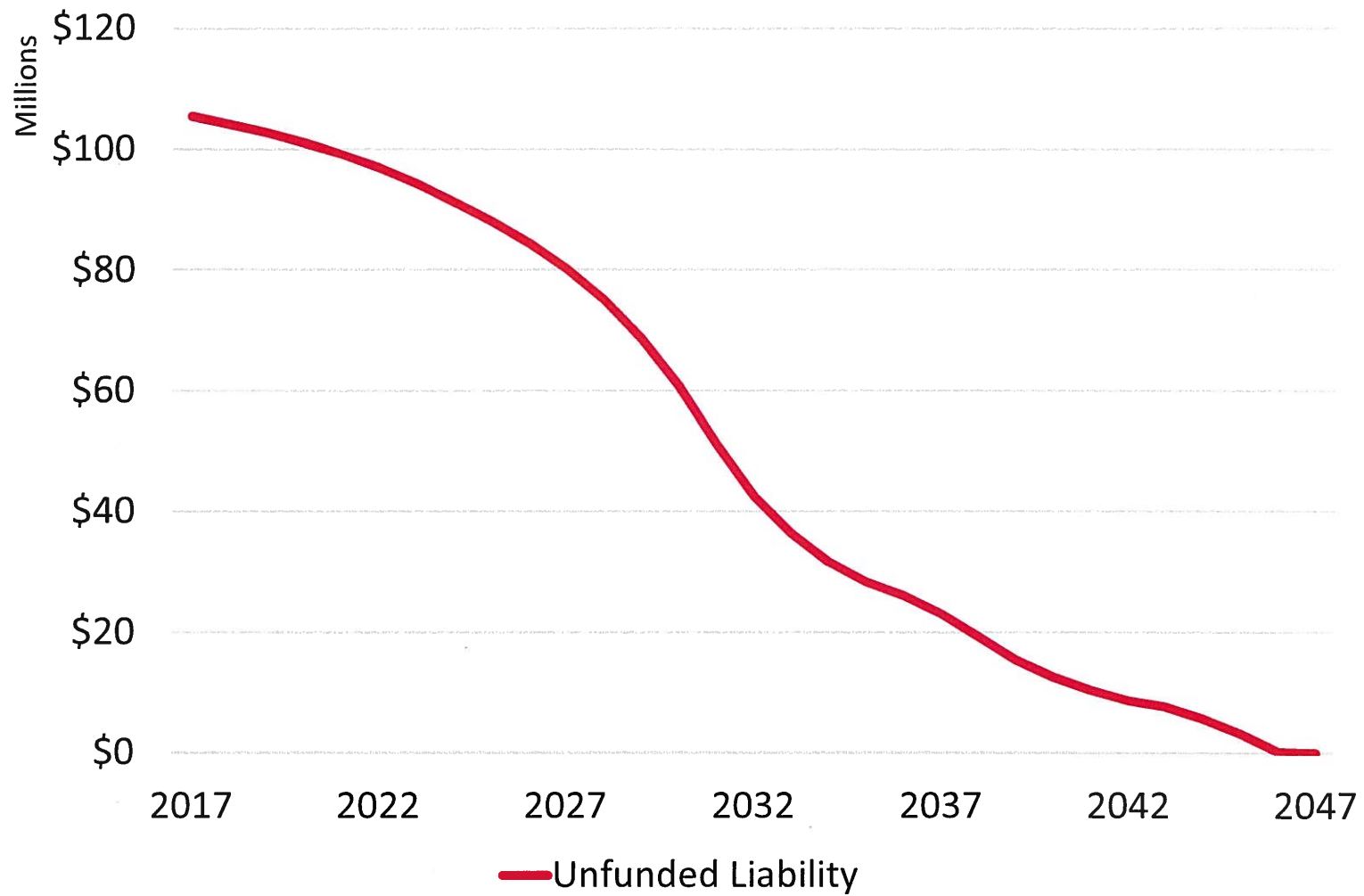
*Amortization charges/credits are approximately 6% higher using 25-year vs. 30-year period*



## Amortization of Unfunded

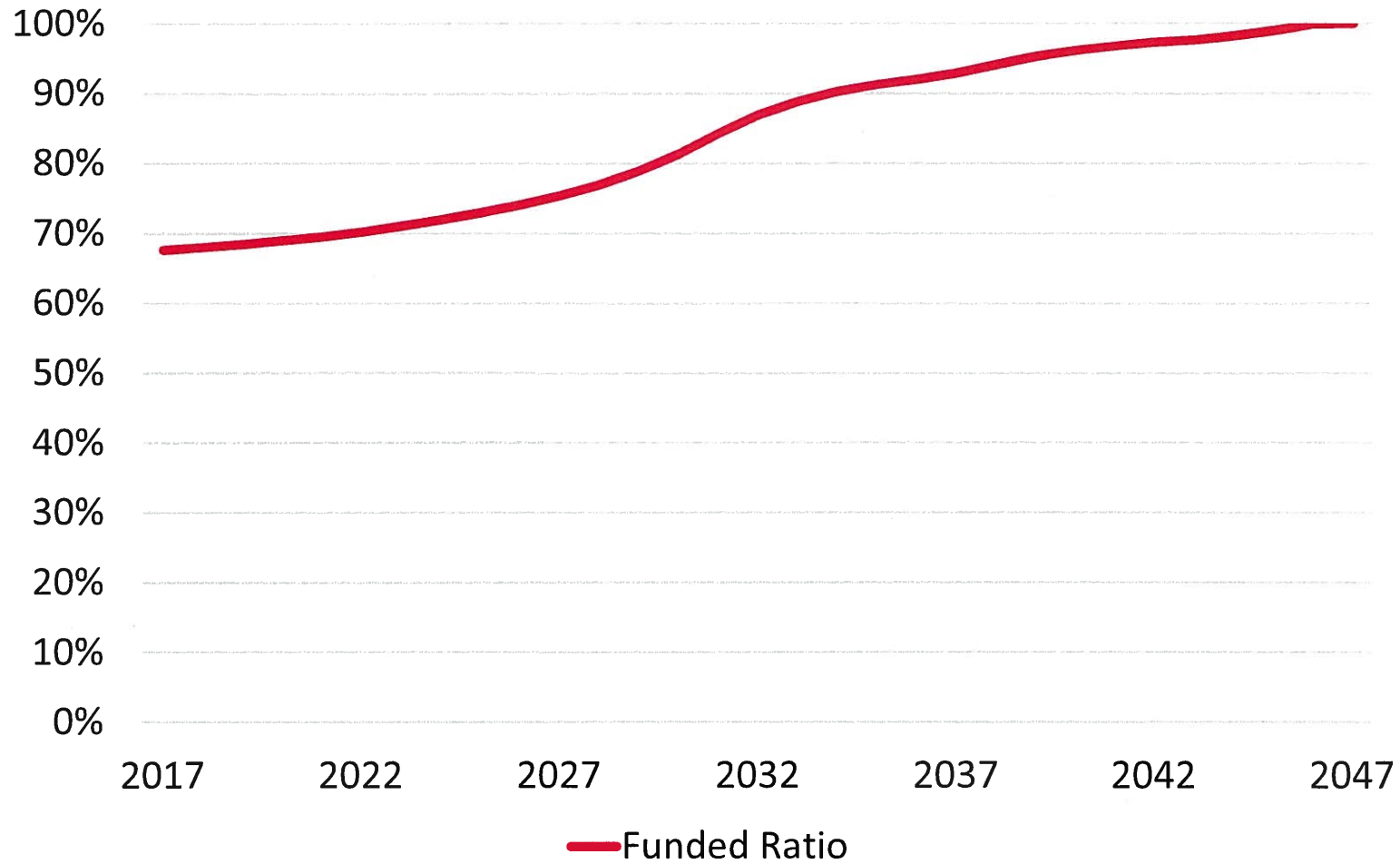


# Projected Unfunded Liability





# Projected Funded Ratio





# Questions?