

CITY OF PENSACOLA  
FIREFIGHTERS' RELIEF AND PENSION FUND

ACTUARIAL VALUATION AND REPORT  
AS OF OCTOBER 1, 2014

CONTRIBUTIONS APPLICABLE TO THE PLAN/  
FISCAL YEAR ENDED SEPTEMBER 30, 2016



January 20, 2015

Board of Trustees  
City of Pensacola  
Firefighters' Relief and Pension Fund  
222 West Main Street  
Pensacola, FL 32502

Re: City of Pensacola  
Firefighters' Relief and Pension Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Pensacola Firefighters' Relief and Pension Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Board of Trustees, financial reports prepared by the custodian banks and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.


The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Pensacola, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Pensacola Firefighters' Relief and Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:   
\_\_\_\_\_  
Jason L. Franken  
Enrolled Actuary #14-06888

JLF/lke  
Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Pensacola Firefighters' Relief and Pension Fund, performed as of October 1, 2014, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2016.

The contribution requirements developed in this valuation, compared with amounts developed in the October 1, 2013 actuarial valuation report, are as follows:

Valuation Date	10/1/2013	10/1/2014
Applicable Plan/Fiscal Year End	<u>9/30/2015</u>	<u>9/30/2016</u>
Total Required Contribution	4,852,989	4,984,501
Member Contributions (Est.)	518,725	492,972
City and State Required Contribution	4,334,264	4,491,529
State Contribution	742,106	742,106
Balance from City*	3,592,158	3,749,423

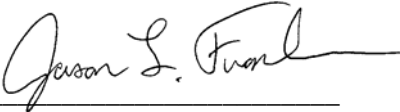
\* As requested by the Division of Retirement, the required contribution from the combination of City and State sources for the year ending September 30, 2015 is \$4,334,264. The City has a prepaid contribution of \$652,224.36 available to offset the current year's requirements. The City and State contribution for the fiscal year ending September 30, 2016 is \$4,491,529 based on the City's policy of contributing on October 1<sup>st</sup>. This approach saves approximately \$180,000 over the prior approach of contributing uniformly throughout the year.

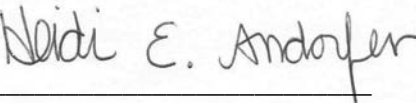
The Plan experience was favorable during the last 12 months, relative to the actuarial assumptions. The principal components of favorable experience were a 9.02% investment return (Actuarial Asset Basis) which exceeded the 8.00% assumption and an actual COLA increase that was lower than the 2.875% assumption. These gains were partially offset by less than anticipated inactive mortality and earlier retirements than expected.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
Jason L. Franken, FSA, EA, MAAA

By:   
Heidi E. Andorfer, FSA, EA

Plan Changes Since Prior Valuation

There have been no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

The following change was made since the prior valuation:

1. The payroll growth assumption used for amortizing the Unfunded Actuarial Accrued Liabilities is limited to the historical 10-year average and decreased from 0.60% per year in last year's valuation to 0% per year in this valuation.

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	89	93
Service Retirees	74	68
DROP Retirees	24	21
Beneficiaries	34	35
Terminated Vested	0	1
Disability Retirees	<u>56</u>	<u>57</u>
 Total	 277	 275
 Total Annual Payroll	 \$4,280,067	 \$4,574,063
Payroll Under Assumed Ret. Age	\$4,187,986	\$4,412,953
 Annual Rate of Payments to:		
Service Retirees	3,876,944	3,478,826
DROP Retirees	1,255,460	1,117,610
Beneficiaries	930,339	922,763
Terminated Vested	0	0
Disability Retirees	1,803,877	1,814,280
 B. Assets		
Actuarial Value <sup>1</sup>	104,901,428	100,691,872
Market Value <sup>1</sup>	112,540,740	106,296,804
 C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	33,386,043	37,763,382
Disability Benefits	2,865,608	2,825,492
Death Benefits	303,992	302,332
Vested Benefits	474,974	481,081
Refund of Contributions	58,524	55,556
Service Retirees	47,127,160	41,930,700
DROP Retirees <sup>1</sup>	22,562,124	20,565,422
Beneficiaries	8,298,098	8,114,660
Terminated Vested	0	22,459
Disability Retirees	18,994,941	19,351,128
Excess State Monies Reserve	<u>0</u>	<u>0</u>
 Total	 134,071,464	 131,412,212



C. Liabilities - (Continued)	<u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	42,708,937	42,079,528
Present Value of Future Member Contributions	4,697,983	4,628,748
EAN Normal Cost (Retirement)	1,210,776	1,289,636
EAN Normal Cost (Disability)	201,356	207,085
EAN Normal Cost (Death)	21,681	23,170
EAN Normal Cost (Vesting)	27,317	29,110
EAN Normal Cost (Refunds)	<u>11,849</u>	<u>11,534</u>
Total Normal Cost (Entry Age Method)	1,472,979	1,560,535
Present Value of Future Normal Costs (Entry Age)	14,723,849	14,558,800
Accrued Liability (Retirement)	21,012,190	25,469,144
Accrued Liability (Disability)	1,040,586	1,073,664
Accrued Liability (Death)	94,701	98,378
Accrued Liability (Vesting)	215,885	226,163
Accrued Liability (Refunds)	1,930	1,695
Accrued Liability (Inactives) <sup>1</sup>	96,982,323	89,984,369
Excess State Monies Reserve	<u>0</u>	<u>0</u>
Total Actuarial Accrued Liability	119,347,615	116,853,413
Unfunded Actuarial Accrued Liability (UAAL)	14,446,187	16,161,541
Funded Ratio	87.90%	86.17%
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives <sup>1</sup>	96,982,323	89,984,369
Actives	6,858,098	10,685,897
Member Contributions	<u>4,262,025</u>	<u>4,977,917</u>
Total	108,102,446	105,648,183
Non-vested Accrued Benefits	<u>5,808,529</u>	<u>6,436,648</u>
Total Present Value Accrued Benefits	113,910,975	112,084,831
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	1,348,988	
Benefits Paid	(8,163,106)	
Interest	8,640,262	
Other	<u>0</u>	
Total:	1,826,144	

Valuation Date Applicable to Fiscal Year Ending	10/1/2014 <u>9/30/2016</u>	10/1/2013 <u>9/30/2015</u>
E. Pension Cost		
Normal Cost (with interest) <sup>2</sup>	\$1,576,235	\$1,667,588
Administrative Expenses (with interest) <sup>2</sup>	92,632	99,580
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years <sup>2</sup> (as of 10/1/2014)	3,315,634	3,085,821
Total Required Contribution	4,984,501	4,852,989
Expected Member Contributions <sup>2</sup>	492,972	518,725
Expected City & State Contribution	4,491,529	4,334,264
F. Past Contributions		
Plan Years Ending:	<u>9/30/2014</u>	
Total Required Contribution	3,554,949	
City and State Requirement	3,097,587	
Actual Contributions Made:		
	Members	457,361
	City	2,355,481
	State	<u>742,106</u>
	Total	3,554,948
G. Net Actuarial Gain (Loss)	953,728	

<sup>1</sup>The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014 and 9/30/2013.

<sup>2</sup> Contributions developed as of 10/1/2014 include adjustments for assumed salary increases.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability  
as of:

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	\$14,446,187
2015	12,255,575
2016	12,224,287
2019	11,841,590
2024	11,586,640
2034	2,034,329
2044	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	5.98%	6.86%
Year Ended	9/30/2013	-4.15%	6.62%
Year Ended	9/30/2012	6.19%	6.58%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	9.02%	8.00%
Year Ended	9/30/2013	8.64%	8.00%
Year Ended	9/30/2012	3.40%	8.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$4,280,067
	10/1/2004	4,390,437
(b) Total Increase		-2.51%
(c) Number of Years		10.00
(d) Average Annual Rate		-0.25%

## STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



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Jason L. Franken, FSA, EA, MAAA  
Enrolled Actuary #14-06888

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman  
Bureau of Local  
Retirement Systems  
Post Office Box 9000  
Tallahassee, FL 32315-9000

Ms. Sarah Carr  
Municipal Police and Fire  
Pension Trust Funds  
Division of Retirement  
Post Office Box 3010  
Tallahassee, FL 32315-3010

## RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$16,161,541
(2)	Sponsor Normal Cost developed as of October 1, 2013	1,057,388
(3)	Expected administrative expenses for the year ended September 30, 2014	93,187
(4)	Expected interest on (1), (2) and (3)	1,381,242
(5)	Sponsor contributions to the System during the year ended September 30, 2014	3,097,587
(6)	Expected interest on (5)	195,856
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2014 (1)+(2)+(3)+(4)-(5)-(6)	15,399,915
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(953,728)
(10)	Unfunded Accrued Liability as of October 1, 2014	14,446,187

	<u>Date</u> <u>Established</u>	<u>Years</u> <u>Remaining</u>	<u>10/1/2014</u> <u>Amount</u>	<u>Amortization</u> <u>Amount</u>
Original	1/1/1975	1	\$2,150,987	\$2,150,987
Method Change	10/1/1985	1	10,657	10,657
Assump Change	10/1/1986	2	(483,995)	(251,305)
Plan Change	10/1/1987	3	753,436	270,702
Method Change	10/1/1994	10	(860,014)	(118,674)
Assump Change	10/1/1994	10	(5,426,312)	(748,778)
Assump Change	10/1/1999	15	(3,791,392)	(410,136)
Plan Change	10/1/1999	15	10,869,299	1,175,792
Plan Change	10/1/2001	17	179,102	18,180
Plan Change	10/1/2001	17	82,993	8,425
Method Change	10/1/2005	21	7,615,422	703,949
Actuarial Gain	10/1/2006	22	(63,754)	(5,787)
Assump Change	10/1/2006	22	1,561,767	141,762
Actuarial Gain	10/1/2007	23	(3,291,310)	(293,847)
Actuarial Loss	10/1/2008	24	5,806,780	510,663
Actuarial Gain	10/1/2009	25	(6,615,722)	(573,845)
Actuarial Loss	10/1/2010	26	778,572	66,688
Actuarial Loss	10/1/2011	27	5,869,319	496,980
Assump Change	10/1/2011	27	(367,005)	(31,076)
Actuarial Loss	10/1/2012	28	4,964,618	415,966
Actuarial Gain	10/1/2013	29	(4,343,533)	(360,427)
Actuarial Gain	10/1/2014	30	<u>(953,728)</u>	<u>(78,442)</u>
			14,446,187	3,098,434

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	\$16,161,541
(2) Expected UAAL as of October 1, 2014	15,399,915
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(1,028,697)
Salary Increases	105,098
Active Decrements	521,207
Inactive Mortality	641,705
COLA - difference from assumption	(1,367,224)
Other	<u>174,183</u>
Increase in UAAL due to (Gain)/Loss	(953,728)
(4) Actual UAAL as of October 1, 2014	\$14,446,187

## PROJECTED UNFUNDED ACTUARIAL ACCRUED LIABILITY

<u>Plan Year</u>	<u>Fiscal Year</u>	<u>Expected UAAL</u>	Expected Amortization Payment UAAL	Expected UAAL on 9/30
9/30/2014	9/30/2016	14,446,187	3,098,434	12,255,575
9/30/2015	9/30/2017	12,255,575	936,790	12,224,287
9/30/2016	9/30/2018	12,224,287	1,188,096	11,919,086
9/30/2017	9/30/2019	11,919,086	917,393	11,881,828
9/30/2018	9/30/2020	11,881,828	917,393	11,841,590
9/30/2019	9/30/2021	11,841,590	917,393	11,798,131
9/30/2020	9/30/2022	11,798,131	917,393	11,751,197
9/30/2021	9/30/2023	11,751,197	917,393	11,700,507
9/30/2022	9/30/2024	11,700,507	917,393	11,645,767
9/30/2023	9/30/2025	11,645,767	917,396	11,586,640
9/30/2024	9/30/2026	11,586,640	1,784,845	10,585,939
9/30/2025	9/30/2027	10,585,939	1,784,845	9,505,180
9/30/2026	9/30/2028	9,505,180	1,784,845	8,337,961
9/30/2027	9/30/2029	8,337,961	1,784,845	7,077,365
9/30/2028	9/30/2030	7,077,365	1,784,855	5,715,913
9/30/2029	9/30/2031	5,715,913	1,019,189	5,072,464
9/30/2030	9/30/2032	5,072,464	1,019,189	4,377,538
9/30/2031	9/30/2033	4,377,538	992,584	3,655,751
9/30/2032	9/30/2034	3,655,751	992,584	2,876,221
9/30/2033	9/30/2035	2,876,221	992,584	2,034,329
9/30/2034	9/30/2036	2,034,329	992,576	1,125,094
9/30/2035	9/30/2037	1,125,094	288,649	903,360
9/30/2036	9/30/2038	903,360	152,629	810,790
9/30/2037	9/30/2039	810,790	446,506	393,426
9/30/2038	9/30/2040	393,426	(64,166)	494,199
9/30/2039	9/30/2041	494,199	509,722	(16,766)
9/30/2040	9/30/2042	(16,766)	442,991	(496,537)
9/30/2041	9/30/2043	(496,537)	(22,947)	(511,478)
9/30/2042	9/30/2044	(511,478)	(438,859)	(78,429)
9/30/2043	9/30/2045	(78,429)	(78,429)	0
9/30/2044	9/30/2046	0	0	0

## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP-2000 Combined Healthy Projected to 2011 - Sex Distinct. Based on a study of over 650 public safety funds, the RP-2000 table (with no projection) reflects a 10% margin for future mortality improvements.
<u>Disability Mortality Rates</u>	RP-2000 Disabled Mortality Projected to 2011 – Sex Distinct.
<u>Termination Rates</u>	See Table 1 below.
<u>Disability Rates</u>	See Table 2 below. 66.7% of disabilities are assumed to be In Line of Duty (ILOD).
<u>Assumed Retirement Age</u>	See Table 3 below. In addition to this table, 75% of members with 25 or more years of service are assumed to retire.
<u>Interest Rate</u>	8.00% per year, compounded annually, net of investment related expenses.
<u>Salary Increases</u>	See Table 4 below.
<u>Cost-of-Living Adjustment</u>	2.875% per year.
<u>Payroll Growth</u>	0.60% per year (in 2014, capped at 0.00% per year as limited by historical 10 year payroll growth).
<u>Administrative Expenses</u>	\$86,564 annually.
<u>Actuarial Asset Method</u>	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual actuarial value investment return against expected actuarial value investment return) over a five-year period.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. A load based on the salary increase at the current 7.01% assumption is used to develop the dollar funding requirements. There is no interest adjustment to reflect the October 1 <sup>st</sup> deposit.



Table 1: Termination Table

<u>Years of Service</u>	<u>Termination Rates</u>
1	3.25%
2	3.00%
3	2.75%
4	2.50%
5	2.25%
6	2.00%
7	1.75%
8	1.50%
9	1.25%
10	1.00%
11+	0.50%

Table 2: Disability Table

<u>Age</u>	<u>Disability Rates</u>
20	0.15%
25	0.17%
30	0.19%
35	0.32%
40	0.45%
45	1.33%
50	2.20%
55	2.63%
60	3.05%

Table 3: Retirement Table

<u>Age</u>	<u>Retirement Rates</u>
50	5%
51	10%
52 - 55	25%
56	100%

Table 4: Salary Increase Table

<u>Age</u>	<u>Increase Rates</u>
20	12.68%
25	11.09%
30	8.55%
35	6.73%
40	6.09%
45	5.64%
50	5.32%
55	5.00%

## VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of the valuation date for all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

- (a) The normal cost accrual rate equals
  - (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
  - (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age .
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

## PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	435,288.82	_____%
1999	446,175.43	2.5%
2000	430,632.86	-3.5%
2001	398,542.75	-7.5%
2002	467,483.17	17.3%
2003	426,820.13	-8.7%
2004	587,798.91	37.7%
2005	579,685.92	-1.4%
2006	674,181.18	16.3%
2007	766,923.14	13.8%
2008	799,134.89	4.2%
2009	530,169.21	-33.7%
2010	638,919.66	20.5%
2011	635,647.22	-0.5%
2012	667,019.50	4.9%
2013	666,509.03	-0.1%
2014	742,106.25	11.3%

## RECENT COMPENSATION AND INVESTMENT EXPERIENCE

Valuation Date	Compensation		Investment Return*		
	% Increase (Decrease)	Assumed Increase	Market Value	Actuarial Value	Assumed
10/1/2014	5.98%	6.86%	10.49%	9.02%	8.00%
10/1/2013	(4.15%)	6.62%	13.88%	8.64%	8.00%
10/1/2012	6.19%	6.58%	18.62%	3.40%	8.00%
10/1/2011	6.55%	7.28%	(2.24%)	2.93%	8.00%
10/1/2010	0.94%	7.50%	10.19%	5.09%	8.00%
10/1/2009	(0.49%)	7.50%	6.71%	5.13%	8.00%
10/1/2008	12.80%	7.70%	(13.30%)	5.70%	8.00%
10/1/2007	6.30%	7.20%	14.50%	11.10%	8.00%
10/1/2006	1.60%	5.90%	9.20%	7.30%	8.00%
10/1/2005	15.30%	5.50%	10.60%	4.00%	8.00%
Last 5 Years	3.02%	6.97%	9.96%	5.79%	8.00%
Last 10 Years	4.95%	6.86%	7.48%	6.20%	8.00%

\*Computed as  $2I/(A+B-I)$ , where A is beginning value, B is ending value and I is investment return

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2014

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	841,099.01	841,099.01
Checking Account	238,726.00	238,726.00
Money Market	1,379,311.06	1,379,311.06
Cash	16.00	16.00
 Total Cash and Equivalents	 2,459,152.07	 2,459,152.07
Receivables:		
Member Contributions in Transit	19,490.19	19,490.19
City Contributions in Transit	177.24	177.24
Commission Recapture	57.00	57.00
Investment Income	259,561.27	259,561.27
 Total Receivable	 279,285.70	 279,285.70
Investments:		
U. S. Bonds and Bills	387,521.36	389,642.32
Federal Agency Guaranteed Securities	5,931,319.75	6,019,318.73
Fixed Income	8,434,696.09	8,268,082.53
Equities	53,284,824.76	64,228,920.77
Municipal Obligations	3,096,254.40	3,086,426.20
Mutual Funds:		
Fixed Income	9,172,784.63	9,450,238.43
Equity	3,882,149.20	8,222,360.87
Pooled/Common/Commingled Funds:		
Master Limited Partnership	2,559,503.85	2,939,939.46
Partnerships	2,054,128.52	2,392,534.33
Real Estate	5,261,389.09	5,977,524.30
 Total Investments	 94,064,571.65	 110,974,987.94
 Total Assets	 96,803,009.42	 113,713,425.71
 <u>LIABILITIES</u>		
Payables:		
DROP Distributions	193,322.83	193,322.83
Investment Expenses	154,403.66	154,403.66
Administrative Expenses	6,589.34	6,589.34
To Broker for Investments Purchased	166,145.35	166,145.35
Prepaid City Contribution	652,224.36	652,224.36
 Total Liabilities	 1,172,685.54	 1,172,685.54
 NET POSITION RESTRICTED FOR PENS	 95,630,323.88	 112,540,740.17
 TOTAL LIABILITIES AND NET ASSETS	 96,803,009.42	 113,713,425.71

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
Market Value Basis

ADDITIONS

Contributions:

Member	457,361.33
City	2,355,480.62
State	742,106.25

Total Contributions 3,554,948.20

Investment Income:

Net Increase in Fair Value of Investments	8,994,217.74
Interest & Dividends	2,669,987.55
Less Investment Expense <sup>1</sup>	(725,547.96)

Net Investment Income 10,938,657.33

Total Additions 14,493,605.53

DEDUCTIONS

Distributions to Members:

Benefit Payments	6,355,483.27
Lump Sum DROP Distributions	1,763,130.61
Refunds of Member Contributions	44,492.23

Total Distributions 8,163,106.11

Administrative Expense 86,563.52

Total Deductions 8,249,669.63

Net Increase in Net Position 6,243,935.90

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 106,296,804.27

End of the Year 112,540,740.17

<sup>1</sup>Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION  
September 30, 2014

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/(Losses) Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2014	2015	2016	2017	2018
09/30/2010	977,892	0	0	0	0	0
09/30/2011	(9,539,860)	(1,907,972)	0	0	0	0
09/30/2012	7,864,114	3,145,646	1,572,823	0	0	0
09/30/2013	5,633,537	3,380,122	2,253,415	1,126,707	0	0
09/30/2014	3,776,895	3,021,516	2,266,137	1,510,758	755,379	0
Total		7,639,312	6,092,375	2,637,465	755,379	0

<u>Development of Investment Gain/(Loss)</u>	
Market Value of Assets, 09/30/2013, including Prepaid Contributions	106,397,048
Actuarial Value of Assets, 09/30/2013, including Prepaid Contributions	100,792,116
Contributions Less Benefit Payments & Admin Expenses	(4,694,721)
Expected Investment Earnings on Actuarial Value*	7,875,580
Actual Net Investment Earnings	<u>11,652,475</u>
2014 Actuarial Investment Gain/(Loss)	<u>3,776,895</u>

\*Expected Investment Earnings =  $0.08 * [100,792,116 + 0.5 * -4,694,721]$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2014	112,540,740
(2) Gains/(Losses) Not Yet Recognized	<u>7,639,312</u>
(3) Actuarial Value of Assets, 09/30/2014, (1) - (2)	<u>104,901,428</u>
(A) 09/30/2013 Actuarial Asset, including Prepaid Contributions:	100,792,116
(I) Net Investment Income:	
1. Interest and Dividends	2,669,988
2. Realized Gains (Losses)	9,708,036
3. Change in Actuarial Value	(2,748,198)
4. Investment Expenses	<u>(725,548)</u>
Total	<u>8,904,277</u>
(B) 09/30/2014 Actuarial Assets, including Prepaid Contributions:	105,553,653
Actuarial Asset Rate of Return = $2I/(A+B-I)$ :	9.02%
Market Value of Assets Rate of Return:	10.49%
10/01/2014 Limited Actuarial Assets:	104,901,428



CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2014  
 Actuarial Asset Basis

REVENUES		
Contributions:		
Member	457,361.33	
City	2,355,480.62	
State	742,106.25	
Total Contributions		3,554,948.20
Earnings from Investments:		
Interest & Dividends	2,669,987.55	
Net Realized Gain (Loss)	9,708,035.61	
Change in Actuarial Value	(2,748,197.87)	
Total Earnings and Investment Gains		9,629,825.29
EXPENDITURES		
Distributions to Members:		
Benefit Payments	6,355,483.27	
Lump Sum DROP Distributions	1,763,130.61	
Refunds of Member Contributions	44,492.23	
Total Distributions		8,163,106.11
Expenses:		
Investment Related <sup>1</sup>	725,547.96	
Administrative	86,563.52	
Total Expenses		812,111.48
Change in Net Assets for the Year		4,209,555.90
Net Assets Beginning of the Year		100,691,872.27
Net Assets End of the Year <sup>2</sup>		104,901,428.17

<sup>1</sup>Investment Related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2013 to September 30, 2014

09/30/2013 Balance	2,664,186.02
Plus Additions	1,304,327.59
Investment Return Earned	106,696.75
Less Distributions	(1,763,130.61)
09/30/2014 Balance	2,312,079.75

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION  
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2014

(1) City and State Required Contribution Rate (from the October 1, 2010 Actuarial Valuation Report)	74.5%
(2) Pensionable Payroll Derived from Member Contributions	\$4,157,834.73
(3) Required City and State Contribution (1) x (2)	3,097,586.87
(4) Less Allowable State Contribution	<u>(742,106.25)</u>
(5) Equals Required City Contribution	2,355,480.62
(6) Less 2013 Prepaid Contribution	(100,243.79)
(7) Less Actual City Contributions	<u>(2,907,461.19)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2014	(\$652,224.36)

## STATISTICAL DATA \*

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	93	88	93	89
Average Current Age	41.1	41.5	40.6	37.4
Average Age at Employment	25.9	25.6	25.6	25.9
Average Past Service	15.1	15.9	15.1	11.5
Average Annual Salary	\$50,493	\$55,084	\$49,183	\$48,091

\* Prior to 10/1/2014, averages were salary weighted.

## AGE AND SERVICE DISTRIBUTION

## PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	3	1	0	1	0	0	0	0	0	0	0	5
25 - 29	5	3	1	0	0	7	0	0	0	0	0	16
30 - 34	2	1	0	2	0	9	4	0	0	0	0	18
35 - 39	0	1	0	0	0	5	4	1	0	0	0	11
40 - 44	1	0	0	0	0	2	7	4	5	0	0	19
45 - 49	0	0	0	0	0	0	3	3	7	0	0	13
50 - 54	0	0	0	0	0	0	0	2	3	1	0	6
55 - 59	0	0	0	0	0	0	0	0	0	0	1	1
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	11	6	1	3	0	23	18	10	15	1	1	89

## VALUATION PARTICIPANT RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/2013	93
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	5
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	10
g. Voluntary withdrawal	0
h. Continuing participants	78
i. New entrants	11
j. Total active life participants in valuation	89

## 2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested Deferred	Total
a. Number prior valuation	68	21	35	57	1	182
Retired	7	(7)	0	0	0	0
DROP	0	10	0	0	0	10
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	(1)	0	1	0	0	0
Death, No Survivor	0	0	(2)	(1)	0	(3)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	(1)	(1)
Rehires	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0
d. Number current valuation	74	24	34	56	0	188

## SUMMARY OF PLAN PROVISIONS

(Through Ordinance No.02-11)

<u>Eligibility</u>	Employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a Firefighter.
<u>Salary</u>	Regular wages, longevity pay, overtime, station or watch captain pay, special duty pay, bonuses, lump-sum payments not made at termination, inclusive of elective deferrals, deferred compensation or tax-sheltered annuity programs.
<u>Average Final Compensation</u>	Average Salary for the best 2 years out of the last 5 years of Credited Service.
<u>Member Contributions</u>	11.00% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, <u>Florida Statutes</u> .
<u>Normal Retirement</u>	
Date	Earlier of Age 52 and 10 years of Credited Service, or 25 years of Credited Service.
Benefit	At 25 years of service, the retirement benefit is 75% of average final compensation. Otherwise, the benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 2% for each of the first 18 years, 4% for the next year and 6% for each of the next 5 years by which service is less than 25 years.
Form of Benefit	If single, single life annuity (options available). If married, 75% joint and survivor annuity.
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Accrued benefit multiplied by the number of years of service at termination (maximum 25 years) divided by 25 years. Payable at age 52.

Disability

Eligibility	Total and permanent disability.
Benefit	
Service Incurred	The benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 1% for each of the first 18 years, 2% for the next year and 4% for each of the next 5 years by which service is less than 25 years. Minimum benefit is 42% of AFC.
Non-Service Incurred	The benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 2% for each of the first 18 years, 4% for the next year and 6% for each of the next 5 years by which service is less than 25 years. Minimum benefit is 25% of AFC.
Duration	Payable as a 75% joint and survivor benefit. Options available.

Death Benefits

Pre-Retirement	
Vested	75% of monthly accrued benefit payable to designated beneficiary for life.
Non-Vested	Refund of accumulated contributions without interest.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 appointed by Commission.



Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (Earlier of Age 52 and 10 years of Credited Service, or 25 years of Credited Service).
Participation	Not to exceed 60 months.
Rate of Return	4.00% annually.
Form of Distribution	Cash lump sum (options available) at termination of employment.

Cost-of-Living Adjustment

Eligibility	All members in payment status.
Increase	Increased annually based on Consumer Price Index, limited to 3.00% per year.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2014			
City & State		74.5%	
Plan Members		11.0%	
Annual Pension Cost		3,097,587	
Contributions made		3,097,587	
Actuarial valuation date		10/1/2010	
Actuarial cost method		Entry Age Normal	
Amortization method		Level Percent of Pay, Closed	
Remaining amortization period		30 Years (as of 10/1/2010)	
Asset valuation method		5 Year Smoothed Market Value	
Actuarial assumptions:			
Investment rate of return		8.00%	(as of 10/1/2010)
Projected salary increase*		7.28%	
* Includes inflation at		3.00%	
Post Retirement COLA		2.875%	

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of (APC)</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2014	3,097,587	100%	0
9/30/2013	3,234,358	100%	0
9/30/2012	3,494,389	102%	0

Annual Pension Cost and Contributions Made include State Monies beginning with the fiscal year ending 9/30/2012.

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	841,099.01
Checking Account	238,726.00
Money Market	1,379,311.06
Cash	16.00
Total Cash and Equivalents	2,459,152.07
Receivables:	
Member Contributions in Transit	19,490.19
City Contributions in Transit	177.24
Commission Recapture	57.00
Investment Income	259,561.27
Total Receivable	279,285.70
Investments:	
U. S. Bonds and Bills	389,642.32
Federal Agency Guaranteed Securities	6,019,318.73
Fixed Income	8,268,082.53
Equities	64,228,920.77
Municipal Obligations	3,086,426.20
Mutual Funds:	
Fixed Income	9,450,238.43
Equity	8,222,360.87
Pooled/Common/Commingled Funds:	
Master Limited Partnership	2,939,939.46
Partnerships	2,392,534.33
Real Estate	5,977,524.30
Total Investments	110,974,987.94
Total Assets	113,713,425.71
<u>LIABILITIES</u>	
Payables:	
DROP Distributions	193,322.83
Investment Expenses	154,403.66
Administrative Expenses	6,589.34
To Broker for Investments Purchased	166,145.35
Prepaid City Contribution	652,224.36
Total Liabilities	1,172,685.54
NET POSITION RESTRICTED FOR PENSIONS	112,540,740.17

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
Market Value Basis

ADDITIONS

Contributions:

Member	457,361.33
City	2,355,480.62
State	742,106.25

Total Contributions 3,554,948.20

Investment Income:

Net Increase in Fair Value of Investments	8,994,217.74
Interest & Dividends	2,669,987.55
Less Investment Expense <sup>1</sup>	(725,547.96)

Net Investment Income 10,938,657.33

Total Additions 14,493,605.53

DEDUCTIONS

Distributions to Members:

Benefit Payments	6,355,483.27
Lump Sum DROP Distributions	1,763,130.61
Refunds of Member Contributions	44,492.23

Total Distributions 8,163,106.11

Administrative Expense 86,563.52

Total Deductions 8,249,669.63

Net Increase in Net Position 6,243,935.90

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 106,296,804.27

End of the Year 112,540,740.17

<sup>1</sup>Investment Related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS  
(For the Year Ended September 30, 2014)

Plan Description

*Plan Administration*

Board of Trustees:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 appointed by Commission.

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	181
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1
Active Plan Members	93
	275

*Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of Age 52 and 10 years of Credited Service, or 25 years of Credited Service.

Benefit: At 25 years of service, the retirement benefit is 75% of average final compensation. Otherwise, the benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 2% for each of the first 18 years, 4% for the next year and 6% for each of the next 5 years by which service is less than 25 years.

Early Retirement:

Date: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Accrued benefit multiplied by the number of years of service at termination (maximum 25 years) divided by 25 years. Payable at age 52.

Disability:

Eligibility: Total and permanent disability.

Service Incurred: The benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 1% for each of the first 18 years, 2% for the next year and 4% for each of the next 5 years by which service is less than 25 years. Minimum benefit is 42% of AFC.

Non-Service Incurred: The benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 2% for each of the first 18 years, 4% for the next year and 6% for each of the next 5 years by which service is less than 25 years. Minimum benefit is 25% of AFC.

Pre-Retirement Death Benefits:

Vested: 75% of monthly accrued benefit payable to designated beneficiary for life.

Non-Vested: Refund of accumulated contributions without interest.

Cost of Living Adjustment:

Eligibility: All members in payment status.

Increase: Increased annually based on Consumer Price Index, limited to 3.0% per year.

*Contributions*

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

## Investments

### *Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	40.00%
International Equity	15.00%
Bonds	25.00%
Convertibles	10.00%
Private Real Estate	5.00%
MLPs	5.00%
Total	100.00%

### *Concentrations:*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

### *Rate of Return:*

For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.16 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (Earlier of Age 52 and 10 years of Credited Service, or 25 years of Credited Service).

Participation: Not to Exceed 60 Months.

Rate of Return: 4.0% annually.

The DROP balance as September 30, 2014 is \$2,312,080.

## NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2014 were as follows:

Total Pension Liability	\$ 118,988,333
Plan Fiduciary Net Position	\$ (112,540,739)
Sponsor's Net Pension Liability	\$ 6,447,594
Plan Fiduciary Net Position as a percentage of Total Pension Liability	94.58%

### *Actuarial Assumptions:*

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	5% - 12.68%
Investment Rate of Return	8.00%

RP-2000 Combined Healthy Projected to 2011 - Sex Distinct. Based on a study of over 650 public safety funds, the RP-2000 table (with no projection) reflects a 10% margin for future mortality improvements.

RP-2000 Disabled Mortality Projected to 2011 - Sex Distinct.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1999-2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.80%
International Equity	2.20%
Bonds	3.70%
Convertibles	5.30%
Private Real Estate	4.90%
MLPs	12.70%



## Discount Rate:

The discount rate used to measure the total pension liability was 8.00 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Sponsor's Net Pension Liability	\$ 19,835,720	\$ 6,447,594	\$ (4,693,641)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
Last 10 Fiscal Years

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	1,578,578
Interest	9,116,288
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(8,163,106)
Net Change in Total Pension Liability	<u>2,531,760</u>
Total Pension Liability - Beginning	116,456,573
Total Pension Liability - Ending (a)	<u><u>\$ 118,988,333</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	2,355,481
Contributions- State	742,106
Contributions - Employee	457,361
Net Investment Income	10,938,657
Benefit Payments, Including Refunds of Employee Contributions	(8,163,106)
Administrative Expense	(86,564)
Other	-
Net Change in Plan Fiduciary Net Position	<u>6,243,935</u>
Plan Fiduciary Net Position - Beginning	106,296,804
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 112,540,739</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 6,447,594</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.58%
Covered Employee Payroll	\$ 4,157,835
Net Pension Liability as a Percentage of covered Employee Payroll	155.07%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>	<u>09/30/2012</u>	<u>09/30/2011</u>	<u>09/30/2010</u>
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions	3,097,587	3,234,358	3,494,389	3,286,284	3,441,454
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (68,588)</u>	<u>\$ (35,169)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,157,835	\$ 4,574,063	\$ 4,847,354	\$ 4,695,857	\$ 5,009,434
Contributions as a Percentage of Covered Employee Payroll	74.50%	70.71%	73.50%	70.73%	68.70%
	<u>09/30/2009</u>	<u>9/30/2008*</u>	<u>9/30/2007*</u>	<u>9/30/2006*</u>	<u>9/30/2005*</u>
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contributions	3,691,271	3,704,687	3,605,366	3,181,675	2,533,919
Contribution Deficiency (Excess)	<u>\$ (7,862)</u>	<u>\$ (37,047)</u>	<u>\$ (180,268)</u>	<u>\$ (445,434)</u>	<u>\$ (481,445)</u>
Covered Employee Payroll	\$ 5,175,498	\$ 5,512,891	\$ 5,041,086	\$ 4,840,218	\$ 4,994,112
Contributions as a Percentage of Covered Employee Payroll	71.47%	67.20%	71.52%	65.73%	50.74%

\* October 1, 2008 valuation report and older prepared by Gabriel Roeder Smith & Company.

Notes to Schedule

Valuation Date: 10/01/2010

Actuarially determined contribution rates are calculated as of October 1, four years prior to the end of the fiscal year in

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level % of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2010).
Asset Valuation Method:	5 Year Smoothed Market Value.
Inflation:	3.0% per year.
Salary Increases:	See Table 4 below.
Interest Rate:	8% per year, compounded annually, net of investment related expenses.
Payroll Growth:	4% per year (limited to the 10-year historical average of actual payroll growth of 1.7% in 2010).
Cost-of-Living Adjustment:	2.875% per year.
Assumed Retirement Age:	See table 3 below. In addition to this table, 90% of members with 25 or more years of service are assumed to retire.
Early Retirement:	Commencing at the member's eligibility for Early Retirement (age 50), members are assumed to retire with an immediate, subsidized benefit at the rate of 3% per year.
Termination Rates:	See table 1 below.
Disability Rates:	See table 2 below. 66.7% of disabilities are assumed to be In Line of Duty (ILOD).
Mortality:	1994 UP Mortality Projected to 2006 - Sex Distinct.
Disability Mortality Rates:	RP-2000 Disabled Mortality Projected to 2006 – Sex Distinct.

## Assumption Tables:

**Table 1: Termination Table**

Years of Service	Termination Rates
1	3.25%
2	3.00%
3	2.75%
4	2.50%
5	2.25%
6	2.00%
7	1.75%
8	1.50%
9	1.25%
10	1.00%
11+	0.50%

**Table 2: Disability Table**

Age	Disability Rates:
20	0.60%
25	0.67%
30	0.74%
35	1.27%
40	1.80%
45	5.31%
50	8.81%
55	10.50%
60	12.19%

**Table 3: Retirement Table**

Age	Retirement Rates
50	5%
51	10%
52-55	25%
56	100%

**Table 4: Salary Increase Table**

Age	Increase Rates
20	13.95%
25	12.20%
30	9.40%
35	7.40%
40	6.70%
45	6.20%
50	5.85%
55	5.50%

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return	
Net of Investment Expense	10.16%

NOTES TO THE FINANCIAL STATEMENTS  
(For the Year Ended September 30, 2014)

General Information about the Pension Plan

*Plan Description*

Employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.

Board of Trustees:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 appointed by Commission.

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	181
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1
Active Plan Members	93
	275

*Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of Age 52 and 10 years of Credited Service, or 25 years of Credited Service.

Benefit: At 25 years of service, the retirement benefit is 75% of average final compensation. Otherwise, the benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 2% for each of the first 18 years, 4% for the next year and 6% for each of the next 5 years by which service is less than 25 years.

Early Retirement:

Date: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Accrued benefit multiplied by the number of years of service at termination (maximum 25 years) divided by 25 years. Payable at age 52.

Disability:

Eligibility: Total and permanent disability.

Service Incurred: The benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 1% for each of the first 18 years, 2% for the next year and 4% for each of the next 5 years by which service is less than 25 years. Minimum benefit is 42% of AFC.

Non-Service Incurred: The benefit is 75% of first \$2,400 of average final compensation, plus 70% of the next \$1,200 of average final compensation, plus 65% of any additional amount. This benefit is reduced by 2% for each of the first 18 years, 4% for the next year and 6% for each of the next 5 years by which service is less than 25 years. Minimum benefit is 25% of AFC.

Pre-Retirement Death Benefits:

Vested: 75% of monthly accrued benefit payable to designated beneficiary for life.

Non-Vested: Refund of accumulated contributions without interest.

Cost of Living Adjustment:

Eligibility: All members in payment status.

Increase: Increased annually based on Consumer Price Index, limited to 3.0% per year.

*Contributions*

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.



## Net Pension Liability

The Sponsor's net pension liability was measured as of September 30, 2014.

The total pension liability used to calculate the net pension liability was determined as of that date.

### *Actuarial Assumptions:*

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	5% - 12.68%
Investment Rate of Return	8.00%

RP-2000 Combined Healthy Projected to 2011 - Sex Distinct. Based on a study of over 650 public safety funds, the RP-2000 table (with no projection) reflects a 10% margin for future mortality improvements.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1999-2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September, 30 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	40.00%	7.80%
International Equity	15.00%	2.20%
Bonds	25.00%	3.70%
Convertibles	10.00%	5.30%
Private Real Estate	5.00%	4.90%
MLPs	5.00%	12.70%
Total	<u>100.00%</u>	

### Discount Rate:

The discount rate used to measure the total pension liability was 8.00 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2013	116,456,573	\$ 106,296,804	\$ 10,159,769
Changes for a Year:			
Service Cost	1,578,578		1,578,578
Interest	9,116,288		9,116,288
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Contributions - Employer		2,355,481	(2,355,481)
Contributions -State		742,106	(742,106)
Contributions - Employee		457,361	(457,361)
Net Investment Income		10,938,657	(10,938,657)
Benefit Payments, Including Refunds of Employee Contributions	(8,163,106)	(8,163,106)	-
Administrative Expense		(86,564)	86,564
Other Changes	-	-	-
New Changes	2,531,760	6,243,935	(3,712,175)
Balances at September 30, 2014	\$ 118,988,333	112,540,739	6,447,594

*Sensitivity of the net pension liability to changes in the discount rate.*

	Current Discount		
	1% Decrease	Rate	1% Increase
	7.00%	8.00%	9.00%
Sponsor's Net Pension Liability	\$ 19,835,720	\$ 6,447,594	\$ (4,693,641)

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended September 30, 2015 the Sponsor will recognize a pension expense of \$741,467. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,098,162
Total	<u>\$ -</u>	<u>\$ 2,098,162</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2016	\$ (524,540)
2017	\$ (524,540)
2018	\$ (524,540)
2019	\$ (524,542)
2020	\$ -
Thereafter	\$ -

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
Last 10 Fiscal Years

	<u>09/30/2014</u>
Total Pension Liability	
Service Cost	1,578,578
Interest	9,116,288
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(8,163,106)
Net Change in Total Pension Liability	<u>2,531,760</u>
Total Pension Liability - Beginning	116,456,573
Total Pension Liability - Ending (a)	<u><u>\$ 118,988,333</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	2,355,481
Contributions- State	742,106
Contributions - Employee	457,361
Net Investment Income	10,938,657
Benefit Payments, Including Refunds of Employee Contributions	(8,163,106)
Administrative Expense	(86,564)
Other	-
Net Change in Plan Fiduciary Net Position	<u>6,243,935</u>
Plan Fiduciary Net Position - Beginning	106,296,804
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 112,540,739</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 6,447,594</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.58%
Covered Employee Payroll	\$ 4,157,835
Net Pension Liability as a Percentage of covered Employee Payroll	155.07%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>	<u>09/30/2012</u>	<u>09/30/2011</u>	<u>09/30/2010</u>
Actuarially Determined Contribution	3,097,587	3,234,358	3,494,389	3,286,284	3,441,454
Contributions in Relation to the					
Actuarially Determined Contributions	3,097,587	3,234,358	3,562,977	3,321,453	3,441,454
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (68,588)</u>	<u>\$ (35,169)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,157,835	\$ 4,574,063	\$ 4,847,354	\$ 4,695,857	\$ 5,009,434
Contributions as a Percentage of					
Covered Employee Payroll	74.50%	70.71%	73.50%	70.73%	68.70%
	<u>09/30/2009</u>	<u>9/30/2008*</u>	<u>9/30/2007*</u>	<u>9/30/2006*</u>	<u>9/30/2005*</u>
Actuarially Determined Contribution	3,691,271	3,704,687	3,605,366	3,181,675	2,533,919
Contributions in Relation to the					
Actuarially Determined Contributions	3,699,133	3,741,734	3,785,634	3,627,109	3,015,364
Contribution Deficiency (Excess)	<u>\$ (7,862)</u>	<u>(37,047)</u>	<u>(180,268)</u>	<u>(445,434)</u>	<u>(481,445)</u>
Covered Employee Payroll	\$ 5,175,498	\$ 5,512,891	\$ 5,041,086	\$ 4,840,218	\$ 4,994,112
Contributions as a Percentage of	71.47%	67.20%	71.52%	65.73%	50.74%

\* October 1, 2008 valuation report and older prepared by Gabriel Roeder Smith & Company.

Notes to Schedule

Valuation Date: 10/01/2010

Actuarially determined contribution rates are calculated as of October 1, four years prior to the end of the fiscal year in

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level % of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2010).
Asset Valuation Method:	5 Year Smoothed Market Value.
Inflation:	3.0% per year.
Salary Increases:	See Table 4 below.
Interest Rate:	8% per year, compounded annually, net of investment related expenses.
Payroll Growth:	4% per year (limited to the 10-year historical average of actual payroll growth of 1.7% in 2010).
Cost-of-Living Adjustment:	2.875% per year.
Assumed Retirement Age:	See table 3 below. In addition to this table, 90% of members with 25 or more years of service are assumed to retire.
Early Retirement:	Commencing at the member's eligibility for Early Retirement (age 50), members are assumed to retire with an immediate, subsidized benefit at the rate of 3% per year.
Termination Rates:	See table 1 below.
Disability Rates:	See table 2 below. 66.7% of disabilities are assumed to be In Line of Duty (ILOD).
Mortality:	1994 UP Mortality Projected to 2006 - Sex Distinct.
Disability Mortality Rates:	RP-2000 Disabled Mortality Projected to 2006 – Sex Distinct.

## Assumption Tables:

**Table 1: Termination Table**

Years of Service	Termination Rates
1	3.25%
2	3.00%
3	2.75%
4	2.50%
5	2.25%
6	2.00%
7	1.75%
8	1.50%
9	1.25%
10	1.00%
11+	0.50%

**Table 2: Disability Table**

Age	Disability Rates:
20	0.60%
25	0.67%
30	0.74%
35	1.27%
40	1.80%
45	5.31%
50	8.81%
55	10.50%
60	12.19%

**Table 3: Retirement Table**

Age	Retirement Rates
50	5%
51	10%
52-55	25%
56	100%

**Table 4: Salary Increase Table**

Age	Increase Rates
20	13.95%
25	12.20%
30	9.40%
35	7.40%
40	6.70%
45	6.20%
50	5.85%
55	5.50%

COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	10,159,769	-	2,355,481	
Total pension liability factors:				
Service cost	1,578,578			1,578,578
Interest	9,116,288			9,116,288
Change in Excess State Money	-			-
Share Plan Allocation	-			-
Changes in benefit terms	-			-
Differences between expected and actual experience with regard to economic or demographic assumptions				
Current year amortization	-	-	-	-
Changes in assumptions about future economic or demographic factors or other inputs				
Current year amortization	-	-	-	-
Benefit payments	(8,163,106)			(8,163,106)
Net change	<u>2,531,760</u>	<u>-</u>	<u>-</u>	<u>2,531,760</u>
Plan fiduciary net position:				
Contributions - employer	2,355,481		(2,355,481)	
Contributions - state	742,106			(742,106)
Contributions - employee	457,361			(457,361)
Net investment income	8,315,955			(8,315,955)
Difference between projected and actual earnings on pension plan investments				
Current year amortization	2,622,702	2,622,702	-	(524,540)
Benefit payments	(8,163,106)			8,163,106
Administrative expenses	(86,564)			86,564
Other	-			-
Net change	<u>6,243,935</u>	<u>2,098,162</u>	<u>(2,355,481)</u>	<u>(1,790,293)</u>
Ending Balance	<u>6,447,594</u>	<u>2,098,162</u>	<u>-</u>	<u>741,467</u>