

CITY OF HOLLYWOOD
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2014

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

April 15, 2015

Board of Trustees
c/o Ms. Jennifer V. Kerr
City of Hollywood
Firefighters' Pension Board
2741 Stirling Road
Hollywood, FL 33312

Re: City of Hollywood
Firefighters' Pension Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Hollywood Firefighters' 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 City of Hollywood 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.

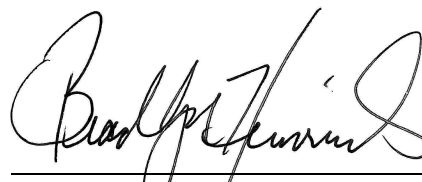
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Hollywood, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Hollywood Firefighters' 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:



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #14-6901

BRH/lke
Enclosures

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SUMMARY OF REPORT

The annual actuarial valuation of the City of Hollywood Firefighters' Pension Fund, performed as of October 1, 2014, has been completed and the results are presented in this Report. The contribution amounts developed in this valuation apply to the plan/fiscal year ending September 30, 2016.

The funding requirements for the applicable year, compared with amounts developed in the October 1, 2013 actuarial impact statement (issued on February 12, 2015) 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	\$15,535,193	\$16,294,237
Less Member Contributions (Est.)	1,224,602	1,356,196
Equals Required City and State	14,310,591	14,938,041
State Contribution *	1,562,180	1,562,180
Balance from City **	12,748,411	13,375,861

* The City may use up to \$1,562,180, if received, to offset their required contribution.

** Additionally, the City has a prepaid contribution of \$939,045, available for the fiscal year ending September 30, 2015.

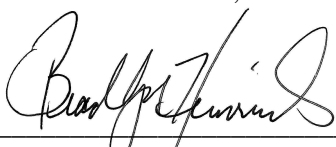
While the Total Required Contribution has increased as compared to last year, the requirement has decreased when expressed as a percentage of Total Annual Payroll. Overall, the Plan experienced net favorable actuarial experience on the basis of the Plan's actuarial assumptions. The favorable experience included lower than expected salary increases and the effect of an investment return of 12.79% (Actuarial Asset Basis), which exceeded the 7.60% assumption. Partially offsetting these gains were lower than expected inactive mortality and slightly higher than average termination and retirement activity.

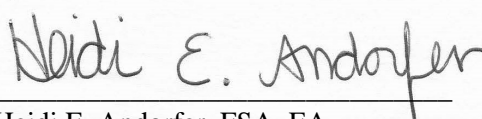
The interest rate was decreased from 7.60% down to 7.50%, finishing up the progression from 8.00% down to 7.50% as recommended by the Board based on the September 8, 2011 Experience Study performed by Cavanaugh Macdonald. Similarly, the salary scale also completed its phase-in to the recommended rates in the September 8, 2011 Experience Study.

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 answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Bradley R. Heinrichs, FSA, EA, MAAA

By: 
Heidi E. Andorfer, FSA, EA

CHANGES SINCE PRIOR VALUATION

Plan Changes Since Prior Valuation

It was assumed that the pending ordinance that would change the retirement eligibility to the earlier of the following for Tier 2 Members and Tier 1 Members with less than 10 years of Credited Service as of September 30, 2011 would be implemented:

- (1) 25 years of Credited Service regardless of age, or
- (2) The attainment of age 55 with 10 years of Credited Service.

Actuarial Assumption/Method Changes Since Prior Valuation

The following assumptions were updated in the October 1, 2014 valuation:

- The interest assumption change that was adopted by the Board in conjunction with the September 8, 2011 Experience Study performed by Cavanaugh Macdonald has completed its phase-in, lowering the investment return assumption from 7.60% to 7.50% net of investment related expenses.
- Along those same lines, the salary scale was updated to a full phase in of the rates recommended in the September 8, 2011 Experience Study performed by Cavanaugh Macdonald.
- The retirement rates for Members with 10 or more years of service as of September 30, 2011 have been slightly modified to make sense in conjunction with the plan design changes measured in the February 12, 2015 actuarial impact statement. This change was already reflected as part of the plan design in the actuarial impact statement.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2014</u>	Old Assump <u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data			
Number Included			
Actives	188	188	177
Service Retirees	169	169	163
DROP Retirees	24	24	29
Beneficiaries	41	41	40
Terminated Vested	9	9	4
Disability Retirees	20	20	20
Total	451	451	433
Total Annualized Non-DROP Payroll	\$15,549,137	\$15,493,427	\$13,968,031
Payroll Under Assumed Ret. Age	15,549,137	15,493,427	13,968,031
Annual Rate of Payments to:			
Service Retirees	11,760,432	11,760,432	11,187,217
DROP Retirees	1,704,522	1,704,522	2,047,531
Beneficiaries	846,439	846,439	799,447
Terminated Vested	221,808	221,808	212,715
Disability Retirees	921,097	921,097	909,871
B. Assets			
Actuarial Value ¹	185,267,661	185,267,661	170,200,925
Market Value ¹	202,590,551	202,590,551	189,054,093
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	103,704,154	97,867,915	90,134,330
Disability Benefits	5,200,033	4,900,851	4,474,598
Death Benefits	1,659,629	1,557,052	1,442,321
Vested Benefits	1,512,026	1,442,997	1,358,461
Refund of Contributions	294,738	291,309	285,292
Service Retirees	146,745,085	145,374,787	138,722,177
DROP Retirees ¹	104,441,699	104,153,248	106,487,331
Beneficiaries	8,359,347	8,293,556	7,924,283
Terminated Vested	2,704,830	2,665,967	2,587,618
Disability Retirees	10,416,454	10,321,701	10,570,452
Excess State Monies Reserve ²	11,040	11,040	707,270
Share Balance	62,925	62,925	0
Total	385,111,960	376,943,348	364,694,133

C. Liabilities - (Continued)	New Assump <u>10/1/2014</u>	Old Assump <u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	251,545,005	239,880,255	218,395,248
Present Value of Future Member Contributions	19,561,098	18,659,534	17,057,142
EAN Normal Cost (Retirement)	3,444,473	3,236,510	2,978,749
EAN Normal Cost (Disability)	314,648	303,310	280,556
EAN Normal Cost (Death)	76,949	73,717	67,613
EAN Normal Cost (Vesting)	121,735	116,305	107,074
EAN Normal Cost (Refunds)	47,780	47,525	49,380
Total Normal Cost (Entry Age Method)	<u>4,005,585</u>	<u>3,777,367</u>	<u>3,483,372</u>
Present Value of Future Normal Costs (Entry Age)	58,715,056	53,078,509	49,640,225
Accrued Liability (Retirement)	51,534,875	50,873,005	46,107,562
Accrued Liability (Disability)	1,200,085	1,187,297	1,071,997
Accrued Liability (Death)	445,930	441,564	403,415
Accrued Liability (Vesting)	445,934	450,220	446,039
Accrued Liability (Refunds)	28,700	29,529	25,764
Accrued Liability (Inactives) ¹	272,667,415	270,809,259	266,291,861
Excess State Monies Reserve	11,040	11,040	707,270
Share Balance	62,925	62,925	0
Total Actuarial Accrued Liability	<u>326,396,904</u>	<u>323,864,839</u>	<u>315,053,908</u>
Unfunded Actuarial Accrued Liability (UAAL)	141,129,243	138,597,178	144,852,983
 D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	272,667,415	270,809,259	266,291,861
Share Balance	62,925	62,925	0
Actives	23,435,456	22,852,478	20,459,626
Member Contributions	10,047,520	10,047,520	9,283,442
	<u>306,213,316</u>	<u>303,772,182</u>	<u>296,034,929</u>
Total	306,213,316	303,772,182	296,034,929
Non-vested Accrued Benefits	<u>13,182,183</u>	<u>12,823,678</u>	<u>12,583,236</u>
Total Present Value Accrued Benefits	319,395,499	316,595,860	308,618,165
 Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	2,799,639	0	
New Accrued Benefits	0	4,468,362	
Benefits Paid	0	(19,215,460)	
Interest	0	22,724,793	
Other	0	0	
	<u>2,799,639</u>	<u>7,977,695</u>	
Total:	2,799,639	7,977,695	

Valuation Date Applicable to Plan Year Ending	10/1/2014 <u>9/30/2016</u>	10/1/2014 <u>9/30/2016</u>	10/1/2013 <u>9/30/2015</u>
E. Pension Cost			
Normal Cost (with interest) ³	\$4,456,213	\$4,207,987	\$3,880,476
Administrative Expenses (with interest) ³	706,686	707,638	510,938
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (with interest) ³ (as of 10/1/2014)	11,131,338	11,069,025	11,143,779
Total Required Contribution ³	16,294,237	15,984,650	15,535,193
Expected Member Contributions ³	1,356,196	1,353,159	1,224,602
Expected City & State Contribution ³ % of Total Annual Payroll	14,938,041 96.1%	14,631,491 94.4%	14,310,591 102.5%
F. Past Contributions			
Plan Years Ending:	<u>9/30/2014</u>		
Total Required Contribution	13,130,630		
City and State Requirement	12,284,012		
Actual Contributions Made:			
Members	1,078,161		
City	10,721,832		
State	<u>1,562,180</u>		
Total	<u>13,362,173</u>		
G. Net Actuarial Gain (Loss)	7,567,878		

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

² The Excess Reserve was reduced by \$696,230 per the negotiated agreement.

³ Contributions developed as of 10/1/2014 and 10/1/2013 displayed above have been adjusted to account for 1.5 years of interest.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	141,129,243
2015	140,957,813
2016	140,450,839
2019	136,553,468
2024	119,463,360
2034	29,574,571
2044	0

I. (i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Earnings

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	7.05%	10.80%
Year Ended	9/30/2013	12.30%	10.40%
Year Ended	9/30/2012	-11.40%	N/A

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	12.79%	7.60%
Year Ended	9/30/2013	11.02%	7.70%
Year Ended	9/30/2012	6.80%	7.80%

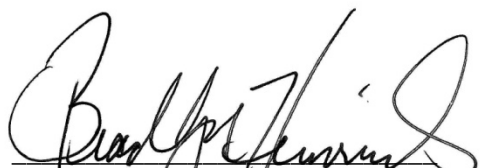
(iii) Average Annual Payroll Growth *

(a) Payroll as of:	10/1/2014	\$15,549,137
	10/1/2006	10,998,000
(b) Total Increase		41.38%
(c) Number of Years		8.00
(d) Average Annual Rate		4.42%

* Payroll prior to 10/1/2006 was unavailable.

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.



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #14-6901

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	\$144,852,983
(2)	City and State Normal Cost developed as of October 1, 2013	2,384,088
(3)	Expected administrative expenses for the year ended September 30, 2014	458,652
(4)	Expected interest on (1), (2) and (3)	11,207,446
(5)	Sponsor contributions to the System during the year ended September 30, 2014	12,284,012
(6)	Expected interest on (5)	454,101
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2014 (1)+(2)+(3)+(4)-(5)-(6)	146,165,056
(8)	Change to UAAL due to Assumption Change	2,532,065
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(7,567,878)
(10)	Unfunded Accrued Liability as of October 1, 2014	141,129,243

	<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>
Method Change	10/1/2002	18	\$44,998,084	\$3,508,663
Experience Gain	10/1/2003	19	(2,551,270)	(191,998)
Assumption Change	10/1/2003	19	3,952,546	297,452
Experience Loss	10/1/2004	20	16,374,646	1,192,466
Plan Amendment	10/1/2004	20	11,154,525	812,316
Experience Loss	10/1/2005	21	21,466,724	1,516,340
Experience Loss	10/1/2006	22	3,894,570	267,405
Experience Gain	10/1/2007	23	(4,699,956)	(314,281)
Experience Loss	10/1/2008	24	16,983,389	1,107,951
Experience Loss	10/1/2009	25	19,752,325	1,259,154
Plan Amendment	10/1/2009	25	(1,326,101)	(84,535)
Assumption Change	10/1/2010	26	6,001,012	374,354
Plan Amendment	10/1/2010	26	(30,461,661)	(1,900,253)
Experience Loss	10/1/2010	26	7,891,168	492,265
Assumption Change	10/1/2011	27	5,321,493	325,289
Experience Loss	10/1/2011	27	6,806,485	416,063
Assumption Change	10/1/2012	28	3,754,630	225,172
Plan Amendment	10/1/2012	28	(207,731)	(12,458)
Experience Loss	10/1/2012	28	997,303	59,810

	<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>
Reconciliation Base	10/1/2013	29	(137,182)	(8,081)
Experience Gain	10/1/2013	29	(1,374,880)	(80,987)
2012 13th Check	10/1/2013	29	3,038,759	178,998
13th Check Assump	10/1/2013	29	11,368,655	669,671
Assumption Change	10/1/2013	29	2,795,609	164,676
Plan Amendment	10/1/2013	29	371,914	21,908
Assumption Change	10/1/2014	30	2,532,065	146,652
Experience Gain	10/1/2014	30	<u>(7,567,878)</u>	<u>(438,315)</u>
			141,129,243	10,005,697

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	\$144,852,983
(2) Expected UAAL as of October 1, 2014	146,165,056
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(8,518,141)
Salary Increases	(105,663)
Active Decrements	939,865
Inactive Mortality	469,788
Other	<u>(353,727)</u>
Increase in UAAL due to (Gain)/Loss	(7,567,878)
(4) Increase in UAAL due to Assumption Changes	2,532,065
(5) Actual UAAL as of October 1, 2014	\$141,129,243

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates

Healthy Lives

RP-2000 Combined Healthy - Sex Distinct. Based on a study of over 650 public safety funds, the RP-2000 table reflects a 10% margin for future mortality improvements.

Disabled Lives

RP-2000 Disabled Table.

Interest Rate

7.50% per year compounded annually, net of investment related expenses (previously 7.60%).

13th Check Load

An underlying interest rate of 7.20% is used (0.3% lower than the assumed rate) to account for the 13th check. Additionally, since the DROP Balances are included in the computation of the 13th check, the resulting load on the accrued liabilities is increased by 60% to account for this.

Termination Rates

<u>Age</u>	<u>% Terminating During the Year</u>
20	10.30%
25	7.30
30	4.15
35	1.82
40	0.99
45	0.48

Disability Rates

<u>Age</u>	<u>Ordinary Disability Rate</u>	<u>Service Disability Rate</u>
20	0.04%	0.03%
25	0.06	0.05
30	0.09	0.07
35	0.12	0.10
40	0.18	0.14
45	0.32	0.26
50	0.55	0.44
55	0.79	0.63

Line of Duty Incidence

Death - 15% in the line of duty.

Disability – 45% in the line of duty.

Salary Increases

<u>Years of Service</u>	<u>Rate</u>
0	35.00%
1	12.00
2	10.00
3	9.00
4	8.50
5	8.00
6	7.50
7	7.25
8	7.25
9+	7.00

Payroll Growth

Up to 3.00% per year.

Administrative Expenses

Equivalent to those incurred in the prior year, \$635,223 for 2014.

Funding Method

Entry Age Normal Actuarial Cost Method.

Actuarial Asset Method

The Actuarial Value of Assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of 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.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Prepaid Expenses	4,762.00	4,762.00
Money Market	4,586,500.00	4,586,500.00
Cash	18,642.00	18,642.00
Total Cash and Equivalents	4,609,904.00	4,609,904.00
Receivables:		
State Contributions	1,625,106.00	1,625,106.00
Other	5,239.00	5,239.00
DROP Loan Repayments	846,531.00	846,531.00
From Broker for Investments Sold	249,221.00	249,221.00
Investment Income	265,446.00	265,446.00
Total Receivable	2,991,543.00	2,991,543.00
Investments:		
U. S. Bonds and Bills	14,899,979.00	14,899,979.00
Federal Agency Guaranteed Securities	11,390,078.00	11,390,078.00
Corporate Bonds	2,610,482.00	2,610,482.00
Stocks	85,562,220.00	85,562,220.00
Mutual Funds:		
Fixed Income	8,352,011.00	8,352,011.00
Equity	29,645,555.00	29,645,555.00
Pooled/Common/Commingled Funds:		
Fixed Income	13,663,624.00	13,663,624.00
Timber	7,239,208.00	7,239,208.00
Real Estate	22,963,748.00	22,963,748.00
Total Investments	196,326,905.00	196,326,905.00
Total Assets	203,928,352.00	203,928,352.00
<u>LIABILITIES</u>		
Payables:		
Supplemental Pension (13th check)	17,955.00	17,955.00
Investment Expenses	208,142.00	208,142.00
Administrative Expenses	8,675.00	8,675.00
To Broker for Investments Purchased	163,984.00	163,984.00
Prepaid City Contribution	939,045.00	939,045.00
Total Liabilities	1,337,801.00	1,337,801.00
NET POSITION RESTRICTED FOR PENSIONS	202,590,551.00	202,590,551.00
TOTAL LIABILITIES AND NET ASSETS	203,928,352.00	203,928,352.00

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

ADDITIONS

Contributions:		
Member	1,078,161.00	
City	10,721,832.00	
State	1,625,106.00	
Total Contributions		13,425,099.00
Investment Income:		
Net Increase in Fair Value of Investments	16,499,846.00	
Interest & Dividends	4,462,643.00	
Less Investment Expense ¹	(1,000,447.00)	
Net Investment Income		19,962,042.00
Total Additions		33,387,141.00
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	13,268,763.00	
Lump Sum DROP Distributions	4,322,578.00	
Supplemental Pension (13th check)	1,580,014.00	
Refunds of Member Contributions	44,105.00	
Total Distributions		19,215,460.00
Administrative Expense		635,223.00
Total Deductions		19,850,683.00
Net Increase in Net Position		13,536,458.00
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		189,054,093.00
End of the Year		202,590,551.00

¹Investment 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 90% nor greater than 110% 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	5,489,987	0	0	0	0	0
09/30/2011	(1,115,217)	(223,043)	0	0	0	0
09/30/2012	14,016,384	5,606,554	2,803,277	0	0	0
09/30/2013	12,239,285	7,343,571	4,895,714	2,447,857	0	0
09/30/2014	5,744,760	4,595,808	3,446,856	2,297,904	1,148,952	0
Total		17,322,890	11,145,847	4,745,761	1,148,952	0

<u>Development of Investment Gain/(Loss)</u>	
Market Value of Assets, including Prepaid Contrib, 09/30/2013	190,282,295
Contributions Less Benefit Payments & Expenses	(6,425,584)
Expected Investment Earnings*	14,217,282
Actual Investment Earnings	19,962,042
2014 Actuarial Investment Gain/(Loss)	<u>5,744,760</u>

*Expected Investment Earnings = $0.076 * [190,282,295 + 0.5 * (6,425,584)]$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2014	202,590,551
(2) Gains/(Losses) Not Yet Recognized	17,322,890
(3) Actuarial Value of Assets, 09/30/2014, (1) - (2)	<u>185,267,661</u>
(A) 09/30/2013 Actuarial Assets, including Prepaid Contribs:	171,429,127
(I) Investment Income:	
1. Interest and Dividends	4,468,551
2. Realized Gains (Losses)	0
3. Change in Actuarial Value	18,024,216
4. Investment Related Expenses	(1,000,447)
Total	<u>21,492,320</u>
(B) 09/30/2014 Actuarial Assets, incl Prepaid Contribs:	186,206,706
Actuarial Asset Rate of Return = $2I/(A+B-I)$:	12.79%
Market Value of Assets Rate of Return:	10.77%
10/01/2014 Limited Actuarial Assets, less Prepaid Contributions:	185,267,661

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

REVENUES

Contributions:		
Member	1,078,161.00	
City	10,721,832.00	
State	1,625,106.00	
Total Contributions		13,425,099.00
Earnings from Investments:		
Interest & Dividends	4,462,643.00	
Miscellaneous Income	5,908.00	
Change in Actuarial Value	18,024,216.00	
Total Earnings and Investment Gains		22,492,767.00
Other		0.00

EXPENDITURES

Distributions to Members:		
Benefit Payments	13,268,763.00	
Lump Sum DROP Distributions	4,322,578.00	
Supplemental Pension (13th check)	1,580,014.00	
Refunds of Member Contributions	44,105.00	
Total Distributions		19,215,460.00
Expenses:		
Investment Related ¹	1,000,447.00	
Administrative	635,223.00	
Total Expenses		1,635,670.00
Change in Net Assets for the Year		15,066,736.00
Net Assets Beginning of the Year		170,200,925.00
Net Assets End of the Year ²		185,267,661.00

¹Investment Related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

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

09/30/2013 Balance	75,287,362.02
Plus Additions	1,807,341.32
Investment Return Earned	5,666,300.06
Less Distributions	(4,322,578.56)
09/30/2014 Balance	78,438,424.84

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

(1) Total Required Contribution	\$13,130,630.00
(2) Less Expected Member Contributions	<u>(846,618.00)</u>
(3) Equals City and State Required Contribution	12,284,012.00
(4) Less Allowable State Contribution	<u>(1,562,180.00)</u>
(5) Equals Required City Contribution	10,721,832.00
(6) Less Prepaid Contribution	(1,228,202.00)
(7) Less Actual City Contributions	<u>(10,432,675.00)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2014	(\$939,045.00)

STATISTICAL DATA

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	153	157	177	188
Average Current Age	37.3	37.5	37.1	36.9
Average Age at Employment	27.4	27.3	27.8	27.5
Average Past Service	9.9	10.2	9.3	9.4
Average Annual Salary	\$78,295	\$66,058	\$78,915	\$82,708

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	6	3	2	0	0	0	0	0	0	0	0	11
25 - 29	10	13	2	3	0	7	0	0	0	0	0	35
30 - 34	2	6	4	3	0	19	2	0	0	0	0	36
35 - 39	0	1	3	3	0	8	11	0	0	0	0	26
40 - 44	0	0	0	0	0	14	10	13	1	0	0	38
45 - 49	0	0	0	0	0	1	1	13	9	6	0	30
50 - 54	0	0	0	0	0	0	1	3	2	6	0	12
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
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	18	23	11	9	0	49	25	29	12	12	0	188

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2013	177
b. Terminations	
i. Vested (partial or full) with deferred benefits	3
ii. Non-vested or full lump sum distribution received	3
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	2
f. DROP	0
g. Voluntary withdrawal	0
h. Continuing participants	169
i. New entrants	19
j. Total active life participants in valuation	188

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred	<u>Total</u>
a. Number prior valuation	163	29	40	20	4	256
Retired	7	(5)	0	0	0	2
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	3	3
Death, With Survivor	(1)	0	2	0	(1)	0
Death, No Survivor	0	0	(1)	0	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Data Corrections	0	0	0	0	3	3
d. Number current valuation	169	24	41	20	9	263

SUMMARY OF PLAN PROVISIONS
(Through Ord. No. O-2013-14 with pending provisions
from February 12, 2015 actuarial impact statement)

LATEST AMENDMENT	July, 3, 2013.
ELIGIBILITY	Full-time employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.
CREDITED SERVICE	Total years and fractional parts of years of employment with the City as a Firefighter with Member contributions (computed in quarters with one to three months being one-quarter, more than three but not more than six months being one-half of a year, more than six but not more than nine months being three-quarters of a year, and more than nine but not more than twelve months being one years as a Firefighter).
TIER 1 MEMBER	Hired prior to July 16, 2009.
TIER 2 MEMBER	Hired on or after July 16, 2009.
COMPENSATION	<p><u>For Compensation earned prior to October 1, 2011:</u> Fixed remuneration for services rendered to the City as a Firefighter, including accrued sick leave compensation up to 2,200 hours. Compensation for Tier 1 Members shall include workers' compensation/supplemental compensation, expense allowances, cash conversion of holiday benefits, up to 300 hours of overtime, 70% of the cash payment accumulated, unused annual leave paid at the time of retirement or entry into DROP, expense allowances, and education incentive payment from the Insurance Commissioner's Trust Fund.</p> <p><u>For Compensation earned after October 1, 2011:</u> Fixed remuneration for services rendered to the City as a Firefighter, including only wages and education incentive payment from the Insurance Commissioner's Trust Fund and <u>excluding</u> overtime, workers compensation/supplemental compensation, expense allowances, cash conversion of holiday benefits, accrued leave payouts and cash conversion of blood time and compensatory time.</p>

AVERAGE FINAL COMPENSATION (AFC)

Benefits accrued prior to October 1, 2011

Tier 1 Members: Average compensation of the three highest years of Credited Service.

Tier 2 Members: Average compensation of the five highest years of Credited Service.

Benefits accrued on and after October 1, 2011

Average compensation of the 60 highest consecutive months of the last 120 months of Credited Service.

MEMBER CONTRIBUTIONS

Tier 1 Members: 8.00% of compensation. Once Member has accrued the maximum benefit of 86% of AFC, their contribution percentage reduces to 0.50% of compensation.

Tier 2 Members: 7.50% of compensation. Once Member has accrued the maximum benefit of 82.50% of AFC, their contribution percentage reduces to 0.50% of compensation.

Notwithstanding the above, all Members hired on or after October 1, 2011 will contribute 7.50% of compensation.

NORMAL RETIREMENT

Date

Tier 1 Members: Less than 10 years of Credited Service as of 9/30/2011: Earlier of 1) Age 55 with 10 years of Credited Service, or 2) 25 years of Credited Service.

10 or more years of Credited Service as of September 30, 2011: Earlier of 1) Age 50 with 10 years of Credited Service, or 2) 23 Years of Credited Service, regardless of Age.

Tier 2 Members: Earlier of 1) Age 55 with 10 years of Credited Service, or 2) 25 years of Credited Service.

Benefit Amount

For benefits accrued prior to October 1, 2011 (“Frozen” piece):

Tier 1 Members: 3.30% of Average Final Compensation times Credited Service. Maximum benefit of 86% of Average Final Compensation.

Tier 2 Members: 3.20% of Average Final Compensation times Credited Service. Maximum benefit of 82.50% of Average Final Compensation.

For benefits accrued on and after October 1, 2011 (“Future service” piece):

Tier 1 Members: 3.00% of Average Final Compensation times Credited Service. Maximum benefit of 86% less 3.30% times the Credited Service accrued through 9/30/2011.

Tier 2 Members: 3.00% of Average Final Compensation times Credited Service. Maximum benefit of 73.60% of Average Final Compensation.

Form of Benefit For unmarried Members, Ten Year Certain and Life Annuity. For married Members, 50% Joint and Survivor annuity with Ten Years Certain.

COST OF LIVING INCREASES

“Frozen” Piece Retirees receive a 2.00% per year cost-of-living adjustment commencing three years after retiree’s benefit payments have begun.

“Future Service” Piece None.

VESTING

Schedule 100% after 10 years of Credited Service.

Benefit Amount Member will receive the vested portion of his (her) accrued benefit payable at age 50 if the Member has at least 10 years of service as of 9/30/11. Otherwise, the benefit is payable at age 55.

DISABILITY

Eligibility

Service Incurred Covered from Date of Employment.

Non-Service Incurred 5 years of Credited Service.

Benefit

Service Incurred 75% of compensation at the time of disability. The benefit will be offset by any worker's compensation, pension, or similar benefit payable to the Member or to his dependents.

Non-Service Incurred 25% of earnings at the time of determination of disability. The benefit will be offset by any worker's compensation, pension, or similar benefit payable to the Member or to his dependants. Upon attainment of normal retirement age, the benefit will be recomputed as a normal retirement benefit with service included for the period of time that the member was receiving a disability retirement benefit.

Form of Payment

10 Year Certain and Life annuity, with a 100% survivor annuity payable to the spouse until death or remarriage (in the case of a member who dies prior to age 50 while receiving a non-service connected disability) or with a 50% survivor annuity payable to the spouse until death or remarriage (for all other members).

DEATH BENEFITS

Service Connected 50% of compensation at the date of death payable as a monthly life and 10 years certain benefit to the spouse until death or remarriage.

Non-service Connected For Members with five years of service, greater of accrued benefit or 25% of compensation at the date of death payable as a monthly life and 10 years certain benefit to the spouse until death or remarriage.

DEFERRED RETIREMENT OPTION PLAN

Eligibility Only those Members were eligible to retire as of September 30, 2011. There is no DROP for other Members.

Participation Not to exceed 96 months, but pre-DROP service plus DROP service cannot exceed 33 years.

Rate of Return 6.00% for Tier 1 employees. 4.00% for Tier 2 employees.

Form of Distribution Cash lump sum (options available) at termination of employment.

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	12,284,012	
Plan Members	846,618	
Actuarially Determined Contribution (City/State)	12,284,012	
Contributions made	12,284,012	
Actuarial valuation date	10/1/2012	
Actuarial cost method	Entry Age Normal	
Amortization method	Level Percent of Pay, Closed	
Remaining amortization period	30 Years (as of 10/1/2012)	
Asset valuation method	5 Year Smooth (Market)	
Actuarial assumptions:		
Investment rate of return	7.70%	(as of 10/1/2012)
Projected salary increase ¹	Service Based	
¹ Includes inflation at	3.00%	
Post Retirement COLA	2.00% per year (with exceptions)	

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	12,282,353	100.01%	(94,611)
9/30/2013	11,148,268	102.64%	(92,952)
9/30/2012	10,401,407	99.98%	201,364

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

DEVELOPMENT OF NET PENSION OBLIGATION (NPO)

This municipal Defined Benefit Plan has been subject to the minimum funding standards since the adoption of the "Florida Protection of Public Employee Retirement Benefits Act" (Part VII of Chapter 112, Florida Statutes) in 1980. Accordingly, the sponsor has funded the actuarially determined required contributions for all years from October 1, 1987, through the transition date, October 1, 1997. Thus, the NPO on October 1, 1997, is 0.

The recent development of the Net Pension Obligation is as follows:

	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>
Actuarially Determined			
Contribution (A)	10,399,217	11,146,297	12,284,012
Interest on NPO	15,735	15,706	(7,157)
Adjustment to (A)	(13,545)	(13,735)	5,498
	-----	-----	-----
Annual Pension Cost	10,401,407	11,148,268	12,282,353
Contributions Made	10,399,217	11,442,584	12,284,012
	-----	-----	-----
Increase in NPO	2,190	(294,316)	(1,659)
NPO Beginning of Year	199,174	201,364	(92,952)
	-----	-----	-----
NPO End of Year	201,364	(92,952)	(94,611)