

CITY OF FORT LAUDERDALE
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT
AS OF OCTOBER 1, 2014



March 10, 2015

Board of Trustees
City of Fort Lauderdale
Police and Firefighters' Retirement System
888 South Andrews Ave., Suite 202
Fort Lauderdale, FL 33316

Re: City of Fort Lauderdale
Police and Firefighters' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System. 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, 175, and 185, 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, financial reports, and asset information supplied by the Board of Trustees, in addition to 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 opinion.

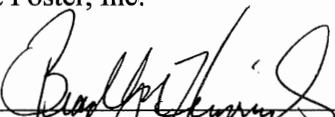
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Fort Lauderdale, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Fort Lauderdale Police and Firefighters' Retirement System. 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, MAAA
Enrolled Actuary #14-6901

BRH/lke

Enclosures

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SUMMARY OF REPORT

The annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System, performed as of October 1, 2014, has been completed, and the results are presented in this Report. The contribution amounts developed in this valuation are applicable to the pension fund plan year and City fiscal year ending September 30, 2016.

The contribution requirements, compared with amounts developed in the March 14, 2014 Actuarial Impact Statement and funding impact letter dated March 10, 2015 (determined as of October 1, 2013), are as follows:

Valuation Date	10/1/2014	10/1/2013	10/1/2013
Applicable Pension Fund Plan Year Ended	9/30/2016	9/30/2015	9/30/2014
Applicable City Fiscal Year Ended	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2015</u>
Assumed City Contribution Date	October 1, 2015	March 31, 2015	October 15, 2014
Total Required Contribution	\$23,568,049	\$24,824,609	\$24,663,659
Less Expected Member Contributions	6,059,968	5,911,140	5,651,185
Equals Expected City and State Required Contribution	17,508,081	18,913,469	19,012,474
Less Expected State Contribution ¹	3,313,553	3,313,553	3,313,553
Equals Expected Balance from City ²	\$14,194,528	\$15,599,916	\$15,698,921
As % of Covered Payroll ³	20.3%	22.8%	23.0%
As % of Total Payroll (incl.DROP) ³	17.8%	20.2%	20.3%

¹ Reflects allowable State Contributions received in Calendar 2014 based on the traditional interpretation of Chapter 99-1, Florida Statutes.


² The required Sponsor (City and State) contribution will be \$17,508,081 for the pension fund's plan year ended September 30, 2016. The precise City requirement will be this amount, less actual allowable State contributions. Similarly, the required Sponsor contribution will be \$18,913,469 for the pension fund's plan year ended September 30, 2015. It is important to keep in mind that a slight adjustment to the City's bottom line funding requirement may be necessary, based on actual allowable State Monies received.

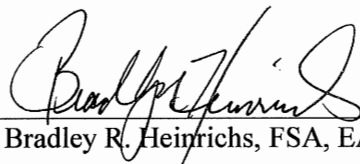
³ Please note the percentage-of-payroll rates included in the table shown above are for illustration purposes only. The City should budget based on the actual dollar contribution requirements.

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 to discuss the Report and answer any questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By: 
Drew D. Ballard, EA, MAAA

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

CHANGES SINCE PRIOR REPORT

1. Benefit Provisions

Since the prior valuation, a number of benefits were amended for Police Officers hired on or after April 1, 2014. Additionally, the entire balance of the Chapter 185 premium tax revenues reserve account in the Plan as of December 31, 2013 was applied to reduce the City's annual required contribution for the October 15, 2014 payment. Additionally, all future Chapter 185 premium tax revenues received shall be available to reduce the City's annual contribution requirements.

For the specific changes made to the Police Officers' benefit structure and the impact these changes had on the valuation results, please refer to our March 14, 2014 Actuarial Impact Statement.

2. Actuarial Assumptions/Methods

Since the prior valuation, the Board approved to begin utilizing the projection method for purposes of calculating funding requirements. This change is effective for the pension fund's plan year ended September 30, 2015. For further information regarding this change, please refer to our correspondence letter dated March 10, 2015.

Also, in conjunction with this valuation, the Board approved utilizing a revised methodology for purposes of calculating the cumulative gain/loss experience position. For specific details regarding this change, please refer to our correspondence letter dated July 14, 2014.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2014</u>	<u>10/1/2013</u>	<u>10/1/2013</u>
<u>A. Participant Data</u>			
Number Included			
Actives	798	780	780
Service Retirees	745	740	740
Beneficiaries	144	143	143
Terminated Vested	19	20	20
Disability Retirees	25	24	24
DROP Retirees	89	81	81
Total	<u>1,820</u>	<u>1,788</u>	<u>1,788</u>
Total Annual Payroll	70,629,176	69,103,541	69,103,541
Payroll Under Assumed Ret. Age	69,945,417	68,314,824	68,314,824
Annual Rate of Payments to:			
Service Retirees	34,306,597	33,728,207	33,728,207
Beneficiaries	3,190,954	3,344,743	3,344,743
Terminated Vested	592,348	589,566	589,566
Disability Retirees	1,005,654	908,067	908,067
DROP Retirees	6,426,802	5,506,630	5,506,630
<u>B. Assets</u>			
Actuarial Value	754,116,298	718,167,660	718,167,660
Market Value	760,851,264	719,094,298	719,094,298
<u>C. Liabilities</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	387,926,529	379,584,220	379,584,220
Disability Benefits	11,443,535	11,380,219	11,380,219
Death Benefits	4,644,633	4,548,740	4,548,740
Vested Benefits	9,789,344	9,627,490	9,627,490
Refund of Contributions	1,715,929	1,611,770	1,611,770
Service Retirees	368,561,011	364,770,041	364,770,041
Beneficiaries	26,038,792	27,516,305	27,516,305
Terminated Vested	5,772,670	5,909,907	5,909,907
Disability Retirees	11,159,699	10,044,812	10,044,812
DROP Retirees	101,510,426	88,138,561	88,138,561
Total	<u>928,562,568</u>	<u>903,132,065</u>	<u>903,132,065</u>

<u>C. Liabilities - (Continued)</u>	<u>10/1/2014</u>	<u>10/1/2013</u>	<u>10/1/2013</u>
Present Value of Future Salaries	590,355,256	581,204,334	581,204,334
Normal Cost (Entry Age)			
Retirement Benefits	15,707,751	15,367,448	15,367,448
Disability Benefits	1,207,174	1,195,664	1,195,664
Death Benefits	379,732	370,331	370,331
Vested Benefits	697,099	686,060	686,060
Refunds	351,258	305,634	305,634
Total Normal Cost	<u>18,343,014</u>	<u>17,925,137</u>	<u>17,925,137</u>
Present Value of Future Normal Costs	149,777,477	148,001,451	148,001,451
Actuarial Accrued Liability			
Retirement Benefits	256,251,943	249,536,318	249,536,318
Disability Benefits	3,024,465	2,931,460	2,931,460
Death Benefits	1,329,783	1,260,651	1,260,651
Vested Benefits	4,832,086	4,747,280	4,747,280
Refunds	304,216	275,279	275,279
Inactives	513,042,598	496,379,626	496,379,626
Total Actuarial Accrued Liability	<u>778,785,091</u>	<u>755,130,614</u>	<u>755,130,614</u>
Unfunded Actuarial Accrued Liability (UAAL)	24,668,793	36,962,954	36,962,954
 <u>D. Actuarial Present Value of Accrued Benefits</u>			
Vested Accrued Benefits			
Inactives	513,042,598	496,379,626	496,379,626
Actives	125,215,863	124,047,340	124,047,340
Member Contributions	47,959,743	45,957,894	45,957,894
Total	<u>686,218,204</u>	<u>666,384,860</u>	<u>666,384,860</u>
Non-vested Accrued Benefits	38,222,175	36,301,176	36,301,176
Total Present Value Accrued Benefits	<u>724,440,379</u>	<u>702,686,036</u>	<u>702,686,036</u>
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	0	0	
New Accrued Benefits	14,845,604	0	
Benefits Paid	(44,137,555)	0	
Interest	51,046,294	0	
Other	0	0	
Total:	<u>21,754,343</u>	<u>0</u>	

Valuation Date	10/1/2014	10/1/2013	10/1/2013
Applicable Pension Fund Plan Year Ended	9/30/2016	9/30/2015	9/30/2014
Applicable City Fiscal Year Ended	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2015</u>

Assumed City Contribution Date	October 1, 2015	March 31, 2015	October 15, 2014
<u>E. Pension Cost</u>			
Normal Cost ¹	\$19,186,793	\$18,749,693	\$17,925,137
Administrative Expenses ¹	647,474	652,704	624,000
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years ¹	3,733,782	4,527,307	4,328,209
Applicable Interest ¹	0	894,905	1,786,313
Total Required Contribution	23,568,049	24,824,609	24,663,659
Less Expected Member Contributions ¹	6,059,968	5,911,140	5,651,185
Equals Expected City and State Contribution	17,508,081	18,913,469	19,012,474
Less Expected State Contributions ²	3,313,553	3,313,553	3,313,553
Equals Expected City Required Contribution	\$14,194,528	\$15,599,916	\$15,698,921

F. Past Contributions

Pension Fund Plan Year Ending:	<u>9/30/2014</u> ³
Total Required Contribution	24,663,659
City and State Requirement	19,012,474
Required Contributions Credited:	
Members	5,581,044
City	15,698,921
State	3,313,553
Total	<u>24,593,518</u>

G. Actuarial Gain/(Loss) 9,867,338

¹ Contribution requirements developed above have been adjusted to account for an applicable assumed salary increase component. Additionally, the above stated requirements reflect an interest component from the respective valuation date to the applicable assumed City contribution date. If the required contributions are deposited at a later date, additional interest at the assumed 7.5% annual rate must be added.

² Expected State contribution amount reflects allowable premium tax revenues received in Calendar 2014.

³ City contribution made on October 15, 2014 was held as a receivable contribution for the plan year ended September 30, 2014.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	24,668,793
2015	22,681,654
2016	20,468,734
2021	5,319,172
2026	(5,254,094)
2034	0

I. Recent Trend Disclosures

(i) 3 Year Comparison of Actual and Assumed Increases in Pensionable Compensation

		<u>Actual *</u>	<u>Assumed *</u>
Year Ended	9/30/2014	2.4%	4.6%
Year Ended	9/30/2013	2.0%	4.7%
Year Ended	12/31/2012	4.5%	6.0%

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

		<u>Actual *</u>	<u>Assumed *</u>
Year Ended	9/30/2014	7.8%	7.50%
Year Ended	9/30/2013	7.6%	7.50%
Year Ended	12/31/2012	6.5%	7.50%

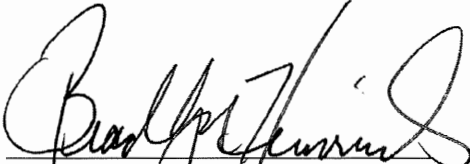
(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$70,629,176
	10/1/2004	N/A
(b) Total Increase		N/A
(c) Number of Years		10
(d) Average Annual Rate		N/A

* For the short plan year ended September 30, 2013, annualized rates are displayed for illustrative purposes.

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 AND DERIVATION OF THE
UNFUNDED ACTUARIAL ACCRUED LIABILITY

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$36,962,954
(2)	City and State Normal Cost Applicable for the Year	12,273,952
(3)	Expected Administrative Expenses for the Year	624,000
(4)	Interest on (1), (2), and (3)	3,716,168
(5)	Sponsor Required Contributions Credited to the System During the Plan Year Ending September 30, 2014	18,701,880
(6)	Interest on (5)	339,063
(7)	Expected Unfunded Actuarial Accrued Liability as of October 1, 2014 (1)+(2)+(3)+(4)-(5)-(6)	34,536,131
(8)	New UAAL due to Experience (Gain)/Loss	(9,867,338)
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2014	24,668,793

	Date Established	Years Remaining	10/1/2014 Amount	Amortization Amount
Re-italized Base	1/1/2003	8.25	12,496,630	1,818,349
Actuarial Loss	1/1/2004	9.25	4,970,329	660,869
Software Change	1/1/2005	10.25	(558,509)	(68,646)
Actuarial Loss	1/1/2005	10.25	4,408,802	541,881
Share Plan Gain	1/1/2006	11.25	(62,518)	(7,170)
Actuarial Loss	1/1/2006	11.25	1,767,986	202,754
Actuarial Loss	1/1/2007	12.25	649,943	70,084
Actuarial Gain	1/1/2008	13.25	(37,045)	(3,780)
Assum Change	1/1/2008	13.25	637,362	65,042
Asset Smooth Change	1/1/2008	13.25	(4,813,046)	(491,165)
Actuarial Loss	1/1/2009	14.25	14,964,489	1,453,161
Plan Amendment	1/1/2010	15.25	930,873	86,424
Actuarial Loss	1/1/2010	15.25	6,288,183	583,806
Actuarial Gain	1/1/2011	16.25	(200,723)	(17,890)
Actuarial Loss	1/1/2012	17.25	3,356,926	288,250
Assum Change	1/1/2012	17.25	4,275,423	367,118
Actuarial Gain	1/1/2013	18.25	(12,292,850)	(1,020,148)
Assum Change	1/1/2013	18.25	(451,234)	(37,447)
Actuarial Gain	10/1/2013	19	(1,765,870)	(143,106)
Plan Amendment	10/1/2013	19	(29,020)	(2,352)
Actuarial Gain	10/1/2014	20	(9,867,338)	(776,453)
			24,668,793	3,569,581

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2013	36,962,954
(2)	Expected UAAL as of October 1, 2014	34,536,131
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(2,352,001)
	Salary Increases	(6,360,239)
	Active Decrements	2,361,048
	Inactive Mortality	(2,634,663)
	Other	<u>(881,483)</u>
	Increase in UAAL due to (Gain)/Loss	(9,867,338)
(4)	Actual UAAL as of October 1, 2014	24,668,793

DETERMINATION OF CUMULATIVE GAIN/(LOSS) EXPERIENCE POSITION

<u>Valuation Date</u>	<u>Year Ended</u>	<u>Gain/(Loss)</u>	<u>Balance</u>
1/1/1995	12/31/1994	(7,367,475)	(7,367,475)
1/1/1996	12/31/1995	5,757,825	(1,609,650)
1/1/1997	12/31/1996	8,249,398	6,639,748
1/1/1998	12/31/1997	14,303,191	20,942,939
1/1/1999	12/31/1998	26,177,594	47,120,533
1/1/2000	12/31/1999	26,361,263	73,481,796
1/1/2001	12/31/2000	18,708,226	92,190,022
1/1/2002	12/31/2001	(15,137,682)	77,052,340
1/1/2003	12/31/2002	(51,423,738)	25,628,602
1/1/2004	12/31/2003	(28,715,070)	(3,086,468)
1/1/2005	12/31/2004	(23,810,048)	(26,896,516)
1/1/2006	12/31/2005	(8,656,358)	(35,552,874)
1/1/2007	12/31/2006	(3,123,728)	(38,676,602)
1/1/2008	12/31/2007	169,648	(38,506,954)
1/1/2009	12/31/2008	(66,572,825)	(105,079,779)
1/1/2010	12/31/2009	(27,303,032)	(132,382,811)
1/1/2011	12/31/2010	854,077	(131,528,734)
1/1/2012	12/31/2011	(14,047,611)	(145,576,345)
1/1/2013	12/31/2012	12,807,830	(132,768,515)
10/1/2013	9/30/2013	1,811,169	(130,957,346)
10/1/2014	9/30/2014	9,867,338	(121,090,008)

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP-2000 Table projected by Scale AA to 2012.
<u>Disabled Mortality Rates</u>	RP-2000 Disabled Table projected by Scale AA to 2012
<u>Interest Rate</u>	7.50% per year compounded annually, net of investment related expenses.

Retirement Rates

Service	Probability of Retirement (Police)	Probability of Retirement (Fire)
20 – 22	45%	40%
23 – 24	50	30
25 – 30	15	15
30+	100	100

No Members are expected to take reduced Early Retirement.

Salary Increases

Service	Annual % Increase*
1 – 6	3.0%
7 – 10	2.5
11 – 25	1.0
26+	0.5

Expected increase in annual salary in addition to 2.75% inflationary component.

Cost of Living Adjustments

None.

Funding Method

Entry Age Normal Actuarial Cost Method. An interest load to the assumed City contribution date is utilized for determination of the Total Required Contribution. Additionally, beginning with the pension fund's plan year ended September 30, 2015, a full year salary load based on the current 4.6% assumption is utilized under the projection funding method, as mandated by the Division of Retirement.

Payroll Increases

2.0% per year.

Administrative Expenses

Equal to prior year's expense amount.

Termination Rates

Age	Years of Service	% Separating from Employment Within the Next Year
All Ages	0	10.00%
	1	6.67
	2	6.00
	3	5.33
	4	4.67
25		4.70
30		4.30
35		3.00
40		1.30
45		0.60
50		0.30
55		0.00

Disability Rates

Age	% Become Disabled within Next Year
20	0.14%
25	0.15
30	0.18
35	0.23
40	0.30
45	0.51
50	1.00
55	1.55

It is assumed that 75% of disablements and active Member deaths are service related.

Marital Status

All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males.

Actuarial Value of Assets

The Actuarial Value of Assets is calculated by recognizing 20% of the difference between the Market Value of Assets and the expected Actuarial Value of Assets.

VALUATION NOTES

Total Annual Payroll is the projected annual rate of pay as of 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.

Normal (Current Year's) Cost is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Individual Entry Age Normal Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Accrued (Past Service) Liability. The actuarial accrued liability for active participants is the difference between the present value of future benefits and the present value of future Normal Costs. The actuarial accrued liability for inactive participants is the present value of future benefits.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the actuarial value of assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

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.

ACTUARIAL VALUATION BALANCE SHEET
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash and Short Term Investments	31,266,373.00
Total Cash and Equivalents	31,266,373.00
Receivables:	
Member Contributions in Transit	211,171.00
City Contributions	11,114,414.64
State Contributions	549,423.10
From Broker for Investments Sold	2,072,953.00
Investment Income	2,365,242.00
Total Receivable	16,313,203.74
Investments:	
U. S. Bonds and Bills	63,157,772.00
Federal Agency Guaranteed Securities	6,659,130.00
Corporate Bonds	128,226,515.00
Stocks	116,309,796.00
Real Estate	79,239,258.00
Fund of funds	75,804,953.00
Mutual Funds	157,540,114.00
Pooled/Common/Commingled Funds	126,733,511.00
Total Investments	753,671,049.00
Total Assets	801,250,625.74
<u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	4,900,203.00
Accounts Payable and Accrued Liabilities	538,820.00
To City of Fort Lauderdale	6,933,201.00
Total Liabilities	12,372,224.00
Net Assets:	
Active and Retired Members' Equity	760,851,263.61
Share Plan Benefits	28,027,138.13
Excess State for Police	0.00
NET POSITION RESTRICTED FOR PENSIONS	788,878,401.74

ACTUARIAL VALUATION STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
Market Value Basis

ADDITIONS

Contributions:

Member	5,491,948.57
Buy-Back	89,095.67
City	15,698,920.90
State	3,313,553.10
State for Share Plan	2,561,810.19

Total Contributions 27,155,328.43

Investment Income:

Net Increase in Fair Value of Investments	49,613,154.57
Interest & Dividends	11,914,288.37
Less Investment Expense ¹	(2,168,619.00)

Net Investment Income 59,358,823.94

Other Income 4,000,034.00

Total Additions 90,514,186.37

DEDUCTIONS

Distributions to Members:

Benefit Payments	38,276,632.37
Lump Sum DROP Distributions	5,132,581.00
Lump Sum Share Distributions	617,207.63
Refunds of Member Contributions	111,134.00

Total Distributions 44,137,555.00

Administrative Expense 619,250.20

Administrative Expense for Share 28,146.80

Share Account Net Change 3,972,268.70

Total Deductions 48,757,220.70

Net Increase in Net Position 41,756,965.67

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 719,094,297.94

End of the Year 760,851,263.61

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

ACTUARIAL ASSET VALUATION
September 30, 2014

It is calculated by first projecting the beginning of the year value to the end of the year with the assumed 7.5% interest rate and with the actual contributions less benefit payments that accumulated during the year. The resulting figure represents the "Expected Value" assuming a return on assets equal to the actuarial assumption. In order to reflect actual investment results, an adjustment is then made equal to 20% of the difference between the "Expected Value" and the actual market value of the fund. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, including Share & Excess State, 09/30/2013	744,349,632
Actuarial Value of Assets, including Share & Excess State, 09/30/2013	743,422,994
Contributions and Transfers	27,155,328
Benefit Payments & Admin Expenses	(44,784,952)
Expected Investment Earnings*	54,666,325
Expected Actuarial Value of Assets, 09/30/2014	780,459,695
 Market Value of Assets, including Share, 09/30/2014	788,878,402
 Actuarial Investment Gain/(Loss)	8,418,706

*Expected Investment Earnings =

$$0.075 * (743,422,994 + 0.5 * [(27,155,328 - 15,698,921) - 44,784,952] + 0.5 * [3,050,754 + 1,200,464])$$

<u>Development of Actuarial Value of Assets</u>	
Expected Net Actuarial Value, net of Share, 09/30/2014	752,432,557
Adjustment to Recognize Actual Return (20% of gain/loss)	1,683,741
Net Actuarial Value of Assets, 09/30/2014	754,116,298
 (A) 09/30/2013 Actuarial Assets, including Share, Excess State & Prepaid:	746,473,748
 (I) Net Investment Income:	
1. Interest, Dividends, & Other Income	15,914,322
2. Change in Actuarial Value	43,804,827
3. Investment Expenses	(2,168,619)
Total	57,550,530
 (B) 09/30/2014 Actuarial Assets, including Share:	782,143,436
 Actuarial Asset Rate of Return = 2I/(A+B-I):	7.82%
Market Value of Assets Rate of Return:	8.60%
 10/01/2014 Limited Net Actuarial Assets:	754,116,298

ACTUARIAL VALUATION STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2014
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	5,491,948.57	
Buy-Back	89,095.67	
City	15,698,920.90	
State	3,313,553.10	
State for Share Plan	2,561,810.19	
Total Contributions		27,155,328.43
Earnings from Investments:		
Interest & Dividends	11,914,288.37	
Change in Actuarial Value	43,804,826.83	
Total Earnings and Investment Gains		55,719,115.20
Other Income		4,000,034.00

EXPENDITURES

Distributions to Members:		
Benefit Payments	38,276,632.37	
Lump Sum DROP Distributions	5,132,581.00	
Lump Sum Share Distributions	617,207.63	
Refunds of Member Contributions	111,134.00	
Total Distributions		44,137,555.00
Expenses:		
Investment Related ¹	2,168,619.00	
Administrative	619,250.20	
Administrative for Share	28,146.80	
Total Expenses		2,816,016.00
Share Account Net Change		3,972,268.70
Change in Net Assets for the Year		35,948,637.93
Net Assets Beginning of the Year		718,167,660.25
Net Assets End of the Year ²		754,116,298.18

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

²Net Assets may be limited for actuarial consideration.

CHAPTER 175 RESERVE ACCOUNT DEVELOPMENT

Adjusted Base Amount for 2014 Plan Year

<u>Year</u> <u>Established</u>	<u>Description</u>	<u>Ch. 175</u> <u>Fire</u>	<u>Suppl.</u> <u>Fire</u>
1998	Base Year Tax Distribution	865,800.00	276,875.00
2000	Fire: 55/10 NRD; minimum disability = accrued benefit	26,980.00	0.00
	Adjusted Base Amount	892,780.00	276,875.00

Reserve Account Development - September 30, 2014

	<u>Ch. 175</u> <u>Fire</u>	<u>Suppl.</u> <u>Fire</u>
A. Reserve Account Balance at September 30, 2013	0.00	0.00
B. Interest on (A) to September 30, 2014	0.00	0.00
C. Increase in Reserve Account		
1. 2013 Premium Tax Distribution (Collected in 2014)	3,182,042.09	549,423.10
2. Adjusted Base Amount	892,780.00	276,875.00
3. Increase to Reserve Account	2,289,262.09	272,548.10
D. Reserve Account Balance at September 30, 2014 (A) + (B) + (C3)	2,289,262.09	272,548.10
E. Transfer to Firefighters' Share Plan	2,289,262.09	272,548.10
F. Reserve Account Balance at September 30, 2014 (D) - (E)	0.00	0.00

STATISTICAL DATA

	<u>1/1/2013</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Number	785	780	798
Average Current Age	38.3	38.8	38.8
Average Age at Employment	28.1	28.2	28.2
Average Past Service	10.2	10.6	10.6
Average Annual Salary	\$88,798	\$88,594	\$88,508

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	12	1	2	2	0	0	0	0	0	0	0	17
25 - 29	22	9	12	10	17	37	0	0	0	0	0	107
30 - 34	8	5	9	5	12	99	15	0	0	0	0	153
35 - 39	2	2	4	3	5	58	47	21	0	0	0	142
40 - 44	2	1	3	2	2	43	41	67	14	0	0	175
45 - 49	0	2	0	2	2	15	25	61	24	0	0	131
50 - 54	0	0	0	0	0	11	10	14	11	0	1	47
55 - 59	0	0	0	0	0	2	3	12	4	0	1	22
60 - 64	0	0	0	0	0	0	1	0	0	0	2	3
65+	0	0	0	0	0	0	0	0	0	0	1	1
Total	46	20	30	24	38	265	142	175	53	0	5	798

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2013	780
b. Terminations	
i. Vested (partial or full) with deferred benefits	1
ii. Non-vested or full lump sum distribution received	6
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	2
f. DROP	24
g. Continuing participants	747
h. New entrants	51
i. Total active life participants in valuation	798

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested Deferred	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	740	143	24	20	81	1,008
b. In	21	12	1	1	25	60
c. Out	13	11	0	4	16	44
d. Number current valuation	745	144	25	19	89	1,022

SUMMARY OF PLAN PROVISIONS

<u>Membership</u>	Police officers and firefighters.
<u>Credited Service</u>	Total years and fractional parts of years of years of service of any Member, from the date he first entered employment as a Police Officer or Firefighter until either the date of his DROP Retirement or the date his employment shall be terminated by death, retirement, or discharge.
<u>Compensation</u>	Base pay, assignment pay, and longevity bonuses, including pick-up contributions, and up to forty (40) hours of overtime for police officers.
<u>Average Final Compensation</u>	<p><i>Firefighters:</i> Average Compensation during the highest 2 years of Credited Service.</p> <p><i>Police Officers hired prior to April 1, 2014:</i> Average Compensation during the highest 2 years of Credited Service.</p> <p><i>Police Officers hired after March 31, 2014:</i> Average Compensation during the highest 5 years of Credited Service.</p>
<u>Member Contributions</u>	8.25% of Compensation. 8.50% for Members hired after April 18, 2010.
<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, Chapter 112, F.S.
<u>Normal Retirement</u>	
Date	Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.
Plan 1 Benefit	
Firefighters	3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Firefighters with 25 or more years of Credited Service on October 1, 2002 are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation (excluded from the 81% maximum percentage).

Police Officers	<p><i>Hired prior to April 1, 2014:</i> 3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Police Officers with 25 or more years of Credited Service on January 1, 2002 are subject to a maximum of 91.26%.</p> <p><i>Hired after March 31, 2014:</i> 3.00% of Average Final Compensation times Credited Service, with a maximum of 75% of Average Final Compensation.</p>
Plan 2 Benefit	<p>3.0% of Average Final Compensation for the first 20 years of Credited Service, plus 2.0% of Average Final Compensation for each year in excess of 20. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation.</p>
Form of Benefit	<p><i>Firefighters:</i> 60% Joint and Survivor, with an additional 40% death benefit during the first year of retirement (Optional forms available).</p> <p><i>Police Officers hired prior to April 1, 2014:</i> 60% Joint and Survivor, with an additional 40% death benefit during the first year of retirement (Optional forms available).</p> <p><i>Police Officers hired after March 31, 2014:</i> 10-Year Certain and Life (Optional forms available).</p>
<u>Early Retirement (Firefighters Only)</u>	
Eligibility	Age 50 with 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year that the benefit commencement date precedes the Normal Retirement date.
<u>Vesting</u>	
Less than 10 Years of Credited Service	Refund of Member contributions. For Police Officers who separate employment with the City on or after December 3, 2013, no interest will be credited when determining the refund amount.
10 years of Credited Service	Accrued benefit deferred to Normal Retirement date.

Disability

Eligibility	Covered from Date of Employment.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	
Non-Service Connected	50% of Average Final Compensation offset by 100% of Social Security Disability benefits, Workers' Compensation benefits, and earned income.
Service Connected	65% of Average Final Compensation offset by Workers' Compensation benefits and earned income.
Duration	Payable for life or until recovery.

Death Benefits

Eligibility	Covered from Date of Employment.
Benefit	
Non-Service Connected	50% of the Member's monthly Compensation for eight (8) years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.
Service Connected	50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, and a maximum of 80% to spouse and children. For Members who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.

COLA

Adjustment Date	July 1st
Eligibility	Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.

Amount

Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%.

The COLA increase may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987 (in State Statute – not in Ordinance)

DROP

Members eligible for Normal Retirement may elect either a Deferred Retirement Option Plan for up to 96 months or a Benefit Actuarially Calculated Deferred Retirement Option Program for up to 36 months, but not both. For Police Officers hired after March 31, 2014, each month a Member delays entry into DROP following completion of 25 years of Credited Service, the 96 month maximum DROP participation period shall be correspondingly reduced by one month.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Actuarially Determined Contribution (City and State)	19,012,474
Contributions made	19,012,474
Actuarial valuation date	10/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent, Closed
Remaining amortization period	20 years
Asset valuation method	Recognition of 20% of difference between market value and expected actuarial value of assets
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increase*	Rates by Service
* Includes inflation at	2.75%
Post Retirement COLA	n/a

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2015	19,648,844	96.8%	(171,860,190)
9/30/2014	14,847,319	95.7%	(172,496,560)
9/30/2013	17,799,540	1072.7%	(173,135,286)

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>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>
Actuarially Determined			
Contribution (A)	17,799,540	14,208,593	19,012,474
Interest on NPO	0	(12,985,146)	(12,937,242)
Adjustment to (A)	0	13,623,872	13,573,612
	-----	-----	-----
Annual Pension Cost	17,799,540	14,847,319	19,648,844
Contributions Made	190,934,826	14,208,593	19,012,474
	-----	-----	-----
Increase in NPO	(173,135,286)	638,726	636,370
NPO Beginning of Year	0	(173,135,286)	(172,496,560)
	-----	-----	-----
NPO End of Year	(173,135,286)	(172,496,560)	(171,860,190)