

CITY OF PALM BAY  
POLICE AND FIREFIGHTERS' PENSION FUND  
(Firefighters)

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2014

CONTRIBUTIONS APPLICABLE TO THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2016

May 12, 2015

Board of Trustees  
City of Palm Bay Police & Fire Pension Fund  
Conlan Professional Center  
1501 Robert J. Conlan Blvd. NE Suite 260  
Palm Bay, FL 32905-3567

Re: City of Palm Bay  
Police and Firefighters' Pension Fund

Dear Board of Trustees:

We are pleased to present our report of the annual actuarial valuation of the City of Palm Bay Police and 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, 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, and asset information supplied by Ms. Adams 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.

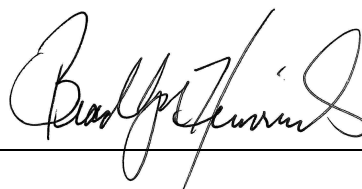
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Palm Bay, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Palm Bay Police and Firefighters'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



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

BRH/lke  
Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Palm Bay Police and Firefighters' Pension Fund (Firefighters), performed as of October 1, 2014, has been completed, and the results are presented in this Report. The contribution amounts set forth herein are applicable to the 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	10/1/2014	10/1/2013
Applicable Fiscal Year End	<u>9/30/2016</u>	<u>9/30/2015</u>
Total Required Contribution	\$3,119,658	\$3,015,041
% of Total Annual Payroll		
Expected Member Contributions	\$493,913	\$448,509
% of Total Annual Payroll		
Required City and State Cont's	\$2,625,745	\$2,566,532
% of Total Annual Payroll		
Estimated State Contribution <sup>1</sup>	\$639,518	\$639,518
% of Total Annual Payroll		
Balance From City	\$1,986,227	\$1,927,014
% of Total Annual Payroll		

<sup>1</sup> Represents the amount received in calendar 2014. According to the traditional interpretation of Chapter 99-1, Florida Statutes, the City may utilize up to \$825,324, if received, in determining their bottom line requirement.

\* As requested by the Division of Retirement, the required contribution from the combination of City and State sources for the year ending September 30, 2016 is \$2,625,745. As a budgeting tool, the City may budget \$1,986,227 and then make a one-time adjustment to account for the actual State Monies received. Please also note that the City has a prepaid contribution of \$25,034.60 (see Page 19) that may be utilized to help offset their fiscal 2015 requirement. The required City and State contributions for the fiscal year ending September 30, 2015 are \$2,566,532.

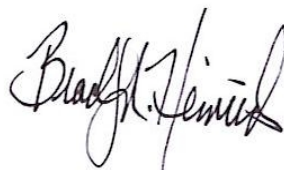
Overall actuarial experience over the past year has been slightly less favorable than expected. The primary components of unfavorable experience included lower than expected turnover, losses due to retirements and adjustments to the handling of the COLA assumption. These losses were largely offset by significantly lower than expected average increase in pensionable compensation and a 10.97% investment return (Actuarial Asset Basis) that exceeded the 8.00% assumed rate.

The above requirements reflect one assumption change as outlined in the next subsection. Florida Statutes require that the payroll growth assumption is limited to the actual 10 year average payroll growth. This limit applied last year too, however, the 10 year average payroll growth actually increased from 0.21% last year to 0.62% in this valuation. This change decreased the amortization payment on the unfunded actuarial liability.

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: \_\_\_\_\_  
Bradley R. Heinrichs, FSA, EA, MAAA



By: \_\_\_\_\_  
Patrick T. Donlan, ASA, EA, MAAA

**PLAN CHANGES SINCE PRIOR VALUATION**

There were no plan changes since the prior valuation.

**ACTUARIAL ASSUMPTION/METHOD CHANGES SINCE PRIOR VALUATION**

There were no changes to the assumptions or methods since the prior valuation. However, the Payroll Growth assumption for the purpose of amortizing the Unfunded Actuarial Accrued Liability is limited to the historical 10-year average increase in payroll, which was 0.62% in this report. Last year, 0.21% was used.

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS (FIRE)

	<u>10/1/2014</u>	<u>10/1/2013</u>
A. Participant Data		
Number Included		
Actives	101	92
Service Retirees	32	28
DROP Retirees	29	29
Beneficiaries	4	4
Terminated Vested	3	3
Disability Retirees	<u>8</u>	<u>8</u>
Total	177	164
Total Annual Payroll	\$5,419,284	\$5,108,209
Payroll Under Assumed Ret. Age	5,090,530	4,622,580
Annual Rate of Payments to:		
Service Retirees	1,657,782	1,378,777
DROP Plan Members	2,037,664	2,091,779
Beneficiaries	117,057	116,604
Terminated Vested	16,822	16,822
Disability Retirees	279,873	279,567
B. Assets		
Actuarial Value <sup>1</sup>	69,972,056	65,649,384
Market Value <sup>1</sup>	74,668,730	69,842,203
C. Liabilities		
Present Value of Benefits		
Active Members		
Retirement Benefits	33,152,236	33,308,336
Disability Benefits	1,833,495	1,787,959
Death Benefits	488,869	472,907
Vested Benefits	872,728	824,504
Refund of Contributions	122,217	58,673
Service Retirees	21,142,668	15,534,356
DROP Plan Members <sup>1</sup>	33,001,529	33,475,412
Beneficiaries	1,498,129	1,404,784
Terminated Vested	155,859	258,529
Disability Retirees	3,533,567	3,369,550
Excess State Monies Reserve	<u>157,840</u>	<u>157,840</u>
Total	95,959,137	90,652,850



## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS (FIRE)

C. Liabilities - (Continued)	<u>10/1/2014</u>	<u>10/1/2013</u>
Present Value of Future Salaries	41,830,578	37,546,500
Present Value of Future Member Contributions	3,664,359	3,289,073
EAN Normal Cost (Retirement)	1,086,760	1,010,710
EAN Normal Cost (Disability)	156,457	150,251
EAN Normal Cost (Death)	43,186	41,405
EAN Normal Cost (Vesting)	58,691	54,500
EAN Normal Cost (Refunds)	<u>26,151</u>	<u>15,444</u>
Total Normal Cost (Entry Age Method)	1,371,245	1,272,310
Present Value of Future Normal Costs (Entry Age)	10,867,712	10,010,787
Accrued Liability (Retirement)	24,359,550	25,212,571
Accrued Liability (Disability)	612,214	612,171
Accrued Liability (Death)	148,741	146,030
Accrued Liability (Vesting)	468,277	458,619
Accrued Liability (Refunds)	13,051	12,201
Accrued Liability (Inactives) <sup>1</sup>	59,331,752	54,042,631
Excess State Monies Reserve	<u>157,840</u>	<u>157,840</u>
Total Actuarial Accrued Liability	85,091,425	80,642,063
Unfunded Actuarial Accrued Liability (UAAL)	15,119,369	14,992,679
 D. Actuarial Present Value of Accrued Benefits		
Vested Accrued Benefits		
Inactives <sup>1</sup>	59,331,752	54,042,631
Actives	11,678,724	12,620,643
Member Contributions	<u>3,325,684</u>	<u>3,387,455</u>
Total	74,336,160	70,050,729
Non-vested Accrued Benefits	<u>3,520,693</u>	<u>3,543,732</u>
Total Present Value Accrued Benefits	77,856,853	73,594,461
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Assumption Changes	0	
New Accrued Benefits	4,150,829	
Benefits Paid	(5,553,840)	
Interest	5,665,403	
Other	<u>0</u>	
Total:	4,262,392	



## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS (FIRE)

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2014	15,119,369
2015	14,970,563
2016	14,801,435
2021	13,587,207
2026	11,546,959
2036	3,227,662
2044	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	2.95%	6.50%
Year Ended	9/30/2013	-0.50%	6.50%
Year Ended	9/30/2012	-2.80%	6.50%

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

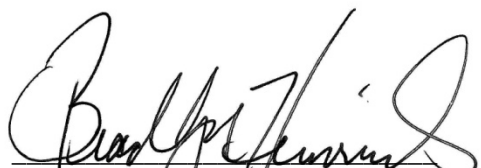
		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2014	10.97%	8.00%
Year Ended	9/30/2013	9.89%	8.00%
Year Ended	9/30/2012	7.64%	8.00%

## (iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2014	\$5,419,284
	10/1/2004	5,095,697
(b) Total Increase		6.35%
(c) Number of Years		10.00
(d) Average Annual Rate		0.62%

## 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 (FIRE)

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2013	\$14,992,679
(2)	Sponsor Normal Cost developed as of October 1, 2013	824,831
(3)	Expected administrative expenses for the year ended September 30, 2014	175,031
(4)	Expected interest on (1), (2) and (3)	1,272,402
(5)	Sponsor contributions to the System during the year ended September 30, 2014	2,528,518
(6)	Expected interest on (5)	120,958
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2014 (1)+(2)+(3)+(4)-(5)-(6)	14,615,467
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	503,902
(10)	Unfunded Accrued Liability as of October 1, 2014	15,119,369

	<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>
A	10/1/2003	19	\$3,922	\$362
B	10/1/2004	20	430	39
C	10/1/2005	21	48,181	4,255
D	10/1/2005	21	12,319	1,088
E	10/1/2006	22	(875)	(76)
F	10/1/2006	22	30,124	2,608
Loss	10/1/2007	23	5,206,375	442,682
Loss	10/1/2008	24	2,965,114	247,975
Loss	10/1/2009	25	3,637,520	299,625
Loss	10/1/2010	26	1,590,932	129,232
Method	10/1/2010	26	(2,561,612)	(208,081)
Benefit	10/1/2010	26	(225,432)	(18,312)
Loss	10/1/2011	27	2,525,347	202,523
Assum	10/1/2011	27	4,023,934	322,704
Gain	10/1/2012	28	(1,124,171)	(89,097)
Gain	10/1/2013	29	(1,516,641)	(118,904)
Loss	10/1/2014	30	<u>503,902</u>	<u>39,112</u>
			15,119,369	1,257,735

## PARTIAL HISTORY OF PREMIUM TAX REFUNDS (FIRE)

<u>Received During Fiscal Year</u>	<u>State Monies</u>	<u>Increase from Previous Year</u>
1999	183,210.18	_____%
2000	194,012.88	5.9%
2001	202,046.08	4.1%
2002	241,347.74	19.5%
2003	267,090.23	10.7%
2004	304,874.85	14.1%
2005	361,705.29	18.6%
2006	442,391.15	22.3%
2007	562,486.88	27.1%
2008	724,397.17	28.8%
2009	610,510.09	-15.7%
2010	603,953.91	-1.1%
2011	595,169.63	-1.5%
2012	614,483.16	3.2%
2013	622,785.72	1.4%
2014	639,517.60	2.7%

## EXCESS STATE MONIES RESERVE (FIRE)

	Regular Distribution			Special Distribution		
	Actual State Contribution	Applicable "Frozen" Amount	Addition to Excess State Monies Reserve	Actual State Contribution	Applicable "Frozen" Amount	Addition to Excess State Monies Reserve
1998	\$137,359.61	\$137,359.61	\$0.00	\$0.00	\$0.00	\$0.00
1999	183,210.18	137,359.61	45,850.57	0.00	0.00	0.00
2000	194,012.88	175,711.61	18,301.27	0.00	0.00	0.00
2001	202,046.08	175,711.61	26,334.47	0.00	0.00	0.00
2002	241,347.74	175,711.61	65,636.13	0.00	0.00	0.00
2003	267,090.23	228,788.61	38,301.62	0.00	0.00	0.00
2004	304,874.85	267,089.61	37,785.24	0.00	0.00	0.00
2005	361,705.29	304,563.61	57,141.68	0.00	0.00	0.00
2006	442,391.15	304,563.61	137,827.54	0.00	0.00	0.00
2007	451,636.27	437,329.61	14,306.66	110,850.61	0.00	110,850.61
2008	549,846.07	437,329.61	112,516.46	174,551.10	0.00	174,551.10
2009	561,427.94	437,329.61	124,098.33	49,082.15	0.00	49,082.15
2010	553,738.18	437,329.61	116,408.57	50,215.73	0.00	50,215.73
2011	528,418.79	437,329.61	91,089.18	66,750.84	0.00	66,750.84
2012	524,120.82	734,961.66	0.00	90,362.34	90,362.34	0.00
2013	485,658.83	688,197.11	0.00	137,126.89	137,126.89	0.00
2014	497,210.02	683,016.42	<u>0.00</u>	142,307.58	142,307.58	<u>0.00</u>
Total State Monies Reserve			\$885,597.72			\$451,450.43
Accumulated Regular Excess			885,597.72			
Accumulated Special Excess			<u>451,450.43</u>			
Total Accumulated Excess			1,337,048.15			
Less Amounts Used For Ord No. 2003-09			(90,486.31)			
Less Amounts Used For Ord No. 2004-04			(65,636.13)			
Less Amounts Used For Ord No. 2005-27			(103,937.00)			
Less Amounts Used For Ord No. 2007-111			(29,291.54)			
Less Amounts Used For Ord No. 2011-69			(64,533.15)			
Less Amounts Used For Offsetting the 2012 Funding Requirements (Stop- Restart) (Ord No. 2011-68 and 69)			<u>(825,324.00)</u>			
Equals Remaining Excess State Monies Reserve			157,840.02			

Please note that the 2007 row includes two Special Distributions to come in line with how the Annual Report handles those distributions.

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 four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth 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	Gains/(Losses) Not Yet Recognized	Amounts Not Yet Recognized by Valuation Year			
		2014	2015	2016	2017
09/30/2011	(4,725,844)	0	0	0	0
09/30/2012	5,130,297	1,282,574	0	0	0
09/30/2013	3,745,508	1,872,754	936,377	0	0
09/30/2014	2,055,128	1,541,346	1,027,564	513,782	0
Total		4,696,674	1,963,941	513,782	0

Development of Investment Gain/Loss

Market Value of Assets, including Prepaid Contributions, 09/30/2013	70,862,715
Contributions Less Benefit Payments & Admin Expenses	(2,786,171)
Expected Investment Earnings*	5,557,570
Actual Net Investment Earnings	7,612,698
2014 Actuarial Investment Gain/(Loss)	2,055,128

\*Expected Investment Earnings =  $0.08 * [70,862,715 + 0.5 * (2,786,171)]$

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2014	74,668,730
(2) Gains/(Losses) Not Yet Recognized	4,696,674
(3) Actuarial Value of Assets, 09/30/2014, (1) - (2)	69,972,056
(A) 09/30/2013 Actuarial Assets, including Prepaid Contributions:	66,669,896
(I) Net Investment Income:	
1. Interest and Dividends	1,667,836
2. Change in Actuarial Value	5,843,959
3. Investment Expenses	(402,952)
Total	7,108,843
(B) 09/30/2014 Actuarial Assets, including Prepaid Contributions:	69,997,091
Actuarial Assets Rate of Return = $2I/(A+B-I)$ :	10.97%
Market Value of Assets Rate of Return:	11.04%
10/01/2014 Limited Actuarial Assets:	69,972,056



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

REVENUES

Contributions:		
Member	426,763.52	
City	1,889,000.40	
State	639,517.60	
 Total Contributions		 2,955,281.52
Earnings from Investments:		
Interest & Dividends	1,662,252.21	
Miscellaneous Income	5,583.97	
Change in Actuarial Value	5,843,958.84	
 Total Earnings and Investment Gains		 7,511,795.02

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,915,169.90	
Lump Sum DROP Distributions	3,636,556.44	
Refunds of Member Contributions	2,113.26	
 Total Distributions		 5,553,839.60
Expenses:		
Investment Related <sup>1</sup>	402,951.99	
Administrative	187,612.72	
 Total Expenses		 590,564.71
 Change in Net Assets for the Year		 4,322,672.23
 Net Assets Beginning of the Year		 65,649,383.99
 Net Assets End of the Year <sup>2</sup>		 69,972,056.22

<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

9/30/2013 Balance	6,523,782.60
Plus Additions	2,125,254.10
Investment Return Earned	785,308.52
Less Distributions	(3,636,556.44)
9/30/2014 Balance	5,797,788.78

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

(1) Required Total Contribution	3,004,118.00
(2) Less Expected Member Contributions	<u>(475,600.00)</u>
(3) Required City and State Contribution	2,528,518.00
(4) Less Allowable State Contribution	<u>(639,517.60)</u>
(5) Equals Required City Contribution	1,889,000.40
(6) Less 2013 Prepaid Contribution	(1,020,512.14)
(7) Less Actual City Contributions	<u>(893,522.86)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2014	(\$25,034.60)

STATISTICAL DATA (FIRE) <sup>1</sup>

	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>	<u>10/1/2014</u>
Active Members	101	96	92	101
Average Current Age	41.0	40.5	40.6	37.1
Average Age at Employment	27.6	27.3	27.8	27.0
Average Past Service	13.5	13.2	12.8	10.1
Average Annual Salary	\$58,757	\$57,712	\$55,524	\$53,656

<sup>1</sup> Prior to 10/1/2014, averages were salary weighted.

## AGE AND SERVICE DISTRIBUTION (FIRE)

## 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	8	1	0	0	0	0	0	0	0	0	0	9
25 - 29	4	1	1	3	2	4	0	0	0	0	0	15
30 - 34	3	1	0	9	0	6	2	0	0	0	0	21
35 - 39	0	0	1	1	1	7	3	5	0	0	0	18
40 - 44	0	0	1	1	0	1	4	4	1	0	0	12
45 - 49	0	0	0	0	0	0	3	5	3	2	0	13
50 - 54	0	0	0	0	0	1	0	3	7	1	0	12
55 - 59	0	0	0	0	0	1	0	0	0	0	0	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	15	3	3	14	3	20	12	17	11	3	0	101

## VALUATION PARTICIPANT RECONCILIATION (FIRE)

## 1. Active lives

a. Number in prior valuation 10/1/2013	92
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	1
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	5
g. Voluntary withdrawal	<u>0</u>
h. Continuing participants	86
i. New entrants	<u>15</u>
j. Total active life participants in valuation	101

## 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	28	29	4	8	3	72
Retired	5	(5)	0	0	0	0
DROP	0	5	0	0	0	5
Vested Deferred	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	(1)	0	0	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	0	0
b. Number current valuation	32	29	4	8	3	76

## **SUMMARY OF MAJOR PLAN PROVISIONS**

The following summary is intended to state the plan of benefits valued in this report. It is not intended as a restatement or summary of benefits for any other purposes.

**Membership:** Effective May 2, 1974, any full-time firefighter or police officer having permanent status becomes a Plan Member immediately upon hire.

**Collective Bargaining Agreements:** Certain employees covered by the Plan are members of the Palm Bay Professional Firefighters (PBPF), IAFF, Local 2446.

**Average Final Compensation (AFC):** 1/12 of the average annual compensation of the best five years of the last ten years of credited service prior to retirement, DROP, termination or death.

**Compensation:** Base pay, excluding overtime, bonuses, and any other non-regular compensation received by a Member.

For firefighter Members, Compensation also includes holiday pay.

**Credited Service:** Years and complete months of uninterrupted service. Service is not considered to be interrupted by authorized leave of absence, vacation, or service (voluntary or involuntary) in the Armed Forces of the United States, with certain stipulations.

Service is not considered to be interrupted for purposes of vesting or eligibility where leave is granted pursuant to the Family and Medical Leave Act. The Member may receive Credited Service for purposes of benefit accrual if the Member contributes the employee contributions (with interest) that would have been contributed during the period of absence within 90 days after the member's return from leave.

Members may voluntarily leave accumulated contributions in the fund for a period of five years after leaving the employ of the police or fire department pending the possibility of being re-employed without losing credit for that time.

Re-employed Members do not receive credit for time where accumulated contributions were withdrawn.

Members may purchase up to 4 years of service for prior military or sworn firefighter service/law enforcement experience (for which no benefit is payable). Firefighters must pay the full actuarial cost at the time of purchase.

## NORMAL RETIREMENT

**Fire Eligibility:**  
(Normal Retirement Date)

The earlier of (1) age 55 (with 10 years of service if hired on or after March 15, 2012) or (2) upon completion of 25 years of Credited Service, regardless of age.

Members are 100% vested upon Normal Retirement Benefit eligibility.

**Firefighter Benefit:**

For firefighters with less than 20 years service:

2.00% x Credited Service prior to October 1, 1991, plus 2.50% x AFC x Credited Service on and after October 1, 1991.

For firefighters with 20 or more years of service:

3.00% x AFC x Credited Service for the first 20 years of Credited Service (3.20% if hired on or after March 15, 2012), plus 5.00% x AFC x Credited Service over 20 years (3.20% if hired on or after March 15, 2012).

In addition, Firefighters receive a Supplemental Benefit of \$189 per month payable over the life of the retiree only. Firefighters who retire on or after October 1, 2006, receive \$458 per month, instead of \$189.

In addition, Firefighters who terminate after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

**Maximum Benefit:**

100% of Average Final Compensation for firefighters hired before March 15, 2012 and 90% of Average Final Compensation for firefighters hired after that date, exclusive of the Supplemental Benefits.

**Normal Form of Benefit:**

10-year Certain and Continuous annuity.

**COLA:**

Firefighters that retire on or after September 30, 2001 are eligible to receive a 3.00% (2.00% if hired on or after March 15, 2012) annual increase each September 30<sup>th</sup> after having been retired for six years (the supplemental benefits are not increased).

## EARLY RETIREMENT

**Eligibility:**

Members may retire and receive the Early Retirement Benefit on the first day of any month prior to their Normal Retirement Date after attaining the earlier of (1) age 45 and completion of 20 years of Credited Service, or (2) age 50 and completion of 10 years of Credited Service.



**Benefit:** The monthly Early Retirement Benefit payable is reduced by 3.00% each year the Early Retirement Benefit commences prior to the Normal Retirement Date.

The Supplemental Benefits payable to firefighters are not reduced for early commencement.

**Normal Form of Benefit:**

10-year Certain and Continuous annuity.

**COLA:**

Firefighters that retire on or after September 30, 2001 are eligible to receive a 3.00% (2.00% if hired on or after March 15, 2012) annual increase each September 30<sup>th</sup> after having been retired for six years (the supplemental benefits are not increased).

### **DEFERRED RETIREMENT OPTION PLAN (DROP)**

**Eligibility - Fire:**

The earlier of the completion of 25 years of Credited Service, regardless of age, or age 55 and the completion of 10 years of Credited Service.

**Benefit:**

Once the DROP is entered into, monthly benefits are frozen and no further Participant Contributions are made. The benefit payable under the DROP is calculated as described upon the Normal Retirement Benefit. Upon DROP participation, monthly benefits that would have been payable had the Member terminated employment and elected to receive monthly pension payments are paid into the DROP account.

**Maximum DROP Period:**

Members are limited to 60 months of DROP participation.

**Interest Rate Credited To DROP Account:**

DROP account interest crediting is posted quarterly based on the actual pension fund returns, net of money manager fees and other expenses.

**Normal Form of DROP Account:**

At the end of a Member's participation in the DROP, the distribution of the accumulated DROP account is payable in the following forms of distribution: (1) Annual installments payable each December (no less than 10% or \$10,000, whichever is greater), (2) Rollover to another qualified retirement plan, or (3) Lump sum balance paid directly to the Member.

**Normal Form of Monthly Benefit:**

10-year Certain and Continuous annuity.  
Cost of Living Adjustments, if any, are applicable to the benefit of the Member while in the DROP.

**COLA:**

Firefighters that retire on or after September 30, 2001 are eligible to receive a 3.00% (2.00% if hired on or after March 15, 2012) annual increase each September 30<sup>th</sup> after having been retired for six years (the supplemental benefits are not increased).

## DISABILITY RETIREMENT

- Eligibility:** In Line of Duty: Immediate.  
Not In Line of Duty: 10 years.  
DROP participants are not eligible for this benefit.
- Disabled Definition:** Unable, by reason of medically determinable physical or mental impairment, to render useful and efficient service as a police officer or firefighter.
- Benefit:** In Line of Duty Disability: 75% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit. For firefighters hired after March 15, 2012 the minimum Line of Duty Disability benefit will be 66% of Average Final Compensation.
- Not In Line of Duty Disability: 25% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit.
- Normal Form of Benefit:** 10-year Certain and Continuous annuity, ceasing upon recovery prior to Normal Retirement Eligibility.
- In addition, Firefighters who become Disabled after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.
- COLA:** Firefighters that retire on or after September 30, 2001 are eligible to receive a 3.00% annual increase each September 30<sup>th</sup> after having been retired for six years. Firefighters that are hired after March 15, 2012 will receive a 2.00% annual increase each September 30<sup>th</sup> after six years of retirement.

## DEATH WHILE IN SERVICE (FIREFIGHTER)

- Benefit:** Effective October 1, 2006, the beneficiary of any member whose death was directly caused by performance of the member's duty as a firefighter (as approved by the Board) shall be entitled to a monthly pension equal to the greater of the member's accrued benefit or 75% of the member's average final compensation.
- Normal Form of Benefit:** Life annuity to the designated beneficiary.

**COLA:** Beneficiaries of Firefighters that die on or after September 30, 2001 are eligible to receive a 3.00% annual increase each September 30<sup>th</sup> after having been retired for six years. Beneficiaries of Firefighters that are hired after March 15, 2012 will receive a 2.00% annual increase each September 30<sup>th</sup> after six years of retirement.

**DEATH WHILE NOT IN SERVICE WITH MORE THAN 10 YEARS OF SERVICE(FIREFIGHTER)**

**Benefit:** Effective October 1, 2006, the beneficiary of any member who had at least 10 years of Credited Service, whose death was not directly caused by performance of the member's duty as a firefighter, shall be entitled to a monthly pension equal to the greater of the member's accrued benefit or 25% of the member's average final compensation.

**COLA:** Beneficiaries of Firefighters that die on or after September 30, 2001 are eligible to receive a 3.00% annual increase each September 30<sup>th</sup> after having been retired for six years. Beneficiaries of Firefighters that are hired after March 15, 2012 will receive a 2.00% annual increase each September 30<sup>th</sup> after six years of retirement.

**WITHDRAWAL – LESS THAN 5 YEARS OF CREDITED SERVICE (10 YEARS IF HIRED ON OR AFTER MARCH 15, 2012)**

**Eligibility :** First day of work, up to 5 years (10 years if hired on or after March 15, 2012) of Credited Service.

**Benefit:** Accumulated contributions with 0.00% interest.

**Form of Benefit:** Lump Sum.

**WITHDRAWAL – AFTER EARNING AT LEAST 5 YEARS OF CREDITED SERVICE (10 YEARS IF HIRED ON OR AFTER MARCH 15, 2012)**

**Eligibility:** At least 5 years (10 years if hired on or after March 15, 2012) of Credited Service.

**Benefit:** Participants who terminate employment prior to their Normal Retirement Date are entitled to their Normal Retirement Benefit calculated based on Credited Service and Average Final Compensation at their date of termination, multiplied by the Vesting Percentage, with deferred commencement at their Normal Retirement Date. This benefit is payable on a reduced basis as described under Early Retirement.

In addition, Firefighters who terminate after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

**Vesting Percentage:**

<b><u>Completed Years of Credited Service</u></b>	<b><u>Vesting Percentage</u></b>
<5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10 +	100%

**Form of Benefit:**

10-year Certain and Continuous annuity.

**COLA:**

Firefighters that terminate on or after September 30, 2001 are eligible to receive a 3.00% annual increase each September 30<sup>th</sup> after having been retired for six years. Firefighters that are hired after March 15, 2012 will receive a 2.00% annual increase each September 30<sup>th</sup> after six years of retirement.

**MEMBER CONTRIBUTIONS**

**Contributions:**

Firefighters are required to contribute 8.76% of compensation effective October 1, 2008.

**Interest Crediting  
Rate:**

5.25% per year.

**DATA SOURCES**

**Asset Data:**

The asset information is taken from audited statements furnished by the Retirement Office.

**Member Data:**

The member data is supplied by the Retirement Office. It is reviewed for reasonableness and consistency, but no audit was performed. Foster & Foster, Inc. is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

**Furlough Impact:**

For the 2012 actuarial valuation report, individual Salaries were adjusted up by a ratio of the total number of normal work days in a year divided by the number of days actually worked after taking mandatory furloughs.

## SUMMARY OF ACTUARIAL ASSUMPTIONS AND FUNDING METHODS

This actuarial valuation report has been prepared in accordance with generally accepted actuarial principles and practices. The major assumptions and methods used in this valuation are as follows:

### Economic Assumptions

Interest:	8.00% per year, net of investment related expenses.
Salary Increase – Individual:	6.50% per year.
Payroll Growth:	Up to 4.00% per year (0.62% used in this valuation).
Administrative Expenses:	100% of administrative expense in the prior year is added to the Normal Cost.

### Demographic Assumptions

#### Mortality:

- Service Retirement : RP2000 (Combined Healthy)
- Disability Retirement : RP2000 (Combined Healthy)
- Spouse: RP2000 (Combined Healthy)

75% of Deaths are assumed to be service connected.

#### Termination:

Terminations are assumed to occur according to the following sample probabilities.

<u>Age</u>	<u>Assumed Rate</u>
20	0.1400
30	0.0740
40	0.0264
50	0.0080

#### Disability:

Disability is assumed to occur according to the following sample probabilities:

<u>Age</u>	<u>Probability</u>
20	0.0014
30	0.0018
40	0.0030
50	0.0100

75% of Disabilities are assumed to be service connected.

#### Service Retirement:

Members will retire Early at a rate of 5.00% per year prior to Normal Retirement. It is assumed that Members at Normal Retirement Age retire at that time.

<u>Form of Payment:</u>	10-Year Certain and Continuous annuity.
<u>Percentage Married At Retirement:</u>	100% of active members are assumed married at retirement.
<u>Spouse Ages:</u>	For active members reaching retirement, wives are assumed to be three years younger than husbands.

Where spousal information was included for retirees, that information was used. If the age of the spouse was not provided, we have assumed that all spouses are still alive, and that female spouses are three years younger than their husbands.

### **Actuarial Methods**

<u>Funding Method:</u>	Entry Age Normal Cost Method
------------------------	------------------------------

<u>Actuarial Value of Assets:</u>	The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% nor less than 80% of the market value of assets. Details are shown in the Asset Information Section of the report.
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Reset to Market Value for October 1, 2010 report.

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD  
(Combined Plan)

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2014	
City & State	Varies
Plan Members	8.76%
Actuarially Determined Contribution	4,747,791
Contributions made	4,747,791
Actuarial valuation date for fiscal 2014 contribution	10/1/2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed
Remaining amortization period	30 Years
Asset valuation method	4 Year Smooth
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increase*	6.50%
* Includes inflation at	4.00%

THREE YEAR TREND INFORMATION

<u>Year</u> <u>Ending</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Percentage of</u> <u>Actuarial Determined</u> <u>Contribution</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
9/30/2014	4,747,791	100%	(36,279,836)
9/30/2013	3,925,294	100%	(35,702,400)
9/30/2012	3,166,534	100%	(34,948,499)

DISCLOSURE INFORMATION PER STATEMENT NO. 27 OF THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD  
(Combined Plan)

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>9/30/2011</u>	<u>9/30/2012</u>	<u>9/30/2013</u>	<u>9/30/2014</u>
Actuarially Determined				
Contribution (A)	2,991,308	3,166,534	3,925,294	4,747,791
Interest on NPO	(3,133,220)	(2,899,181)	(2,795,880)	(2,856,192)
Adjustment to (A)	5,886,619	2,058,699	2,041,979	2,278,756
	-----	-----	-----	-----
Annual Pension Cost	5,744,707	2,326,052	3,171,393	4,170,355
Contributions Made	2,991,309	3,166,534	3,925,294	4,747,791
	-----	-----	-----	-----
Increase in NPO	2,753,398	(840,482)	(753,901)	(577,436)
NPO Beginning of Year	(36,861,415)	(34,108,017)	(34,948,499)	(35,702,400)
	-----	-----	-----	-----
NPO End of Year	(34,108,017)	(34,948,499)	(35,702,400)	(36,279,836)

\* Adjustment based on the period over which gains and losses are funded.



STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2014

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	1,221,908
Deposits	852
Prepaid Expenses	11,445
Cash	34,380
Total Cash and Equivalents	1,268,585
Receivables:	
State Contributions	142,308
From Broker for Investments Sold	919,992
Recaptured Commissions	1,379
Investment Income	128,118
Total Receivable	1,191,797
Investments:	
U. S. Bonds and Bills	11,766,253
Corporate Bonds	4,192,043
Stocks	26,288,654
Mutual Funds:	
Equity	14,496,415
Pooled/Common/Commingled Funds:	
Fixed Income	6,992,816
Equity	4,264,753
Real Estate	7,116,504
Total Investments	75,117,438
Total Assets	77,577,820
<u>LIABILITIES</u>	
Payables:	
DROP Distributions	2,169,499
Accounts Payable	108,532
To Police Officers' Trust Fund	6,563
To Broker for Investments Purchased	599,461
Prepaid City Contribution	25,035
Total Liabilities	2,909,090
NET POSITION RESTRICTED FOR PENSIONS	74,668,730

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

ADDITIONS

## Contributions:

Member	426,764	
City	1,889,000	
State	639,518	
<b>Total Contributions</b>		<b>2,955,282</b>
 Investment Income:		
Net Increase in Fair Value of Investments	6,353,397	
Interest & Dividends	1,662,252	
Less Investment Expense <sup>1</sup>	(402,952)	
<b>Net Investment Income</b>		<b>7,612,697</b>
<b>Total Additions</b>		<b>10,567,979</b>

DEDUCTIONS

## Distributions to Members:

Benefit Payments	1,915,170	
Lump Sum DROP Distributions	3,636,556	
Refunds of Member Contributions	2,113	
<b>Total Distributions</b>		<b>5,553,839</b>
 Administrative Expense		 187,613
<b>Total Deductions</b>		<b>5,741,452</b>
<b>Net Increase in Net Position</b>		<b>4,826,527</b>
 <b>NET POSITION RESTRICTED FOR PENSIONS</b>		
Beginning of the Year		69,842,203
End of the Year		74,668,730

<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*

The Plan is administered by a Board of Trustees comprised of:

- a. Chairman Board Appointee,
- b. Vice Chairman Police Elected Representative,
- c. Secretary, Fire Elected Representative,
- d. Two City Council Appointees.

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	69
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	3
Active Plan Members	92
	164
	164

*Benefits Provided*

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

Normal Retirement:

Eligibility: The earlier of (1) age 55 (with 10 years of service if hired on or after March 15, 2012) or (2) upon completion of 25 years of Credited Service, regardless of age. Members are 100% vested upon Normal Retirement Benefit eligibility.

Benefit: For firefighters with less than 20 years service: 2.0% x Credited Service prior to 10/1/91, plus 2.5% x AFC x Credited Service on and after 10/1/91.

For firefighters with 20 or more years of service: 3% x AFC x Credited Service for the first 20 years of Credited Service (3.2% if hired on or after March 15, 2012), plus 5% x AFC x Credited Service over 20 years (3.2% if hired on or after March 15, 2012).

In addition, Firefighters receive a Supplemental Benefit of \$189 per month payable over the life of the retiree only. Firefighters who retire on or after October 1, 2006, receive \$458 per month, instead of \$189.

In addition, Firefighters who terminate after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

Maximum Benefit: 100% of Average Final Compensation for firefighters hired before March 15, 2012 and 90% of Average Final Compensation for firefighters hired after that date, exclusive of the Supplemental Benefits.

Early Retirement:

Eligibility: Members may retire and receive the Early Retirement Benefit on the first day of any month prior to their Normal Retirement Date after attaining the earlier of (1) age 45 and completion of 20 years of Credited Service, or (2) age 50 and completion of 10 years of Credited Service.

Benefit: The monthly Early Retirement Benefit payable is reduced by 3% each year the Early Retirement Benefit commences prior to the Normal Retirement Date.

The Supplemental Benefits payable to firefighters are not reduced for early commencement.

Withdrawal - Less than 5 years of Credited Service (10 years if hired on or after March 15, 2012):

Eligibility: First day of work, up to 5 years (10 years if hired on or after March 15, 2012) of Credited Service.

Benefit: Accumulated contributions with 0% interest.

Withdrawal - After earning at least 5 years of Credited Service (10 years if hired on or after March 15, 2012):

Eligibility: At least 5 years (10 years if hired on or after March 15, 2012) of Credited service.

Benefit: Participants who terminate employment prior to their Normal Retirement Date are entitled to their Normal Retirement Benefit calculated based on Credited Service and Average Final Compensation at their date of termination, multiplied by the Vesting Percentage, with deferred commencement at their Normal Retirement Date. This benefit is payable on a reduced basis as described under Early Retirement.

In addition, Firefighters who terminate after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

Vesting Percentage:	<u>Completed Years of Credited Service</u>	<u>Vesting Percentage</u>
	<5	0%
	5	50%
	6	60%
	7	70%
	8	80%
	9	90%
	10+	100%

Disability:

Eligibility: In Line of Duty: Immediate

Not In Line of Duty: 10 years

DROP participants are not eligible for this benefit.

Disability Definition: Unable, by reason of medically determinable physical or mental impairment, to render useful and efficient service as a police officer or firefighter.

Benefit In Line of Duty Disability: 75% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit. For firefighters hired after March 15, 2012 the minimum Line of Duty Disability benefit will be 66% of Average Final Compensation.

Not In Line of Duty Disability: 25% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit.

Normal Form of Benefit: 10-year Certain and Continuous annuity, ceasing upon recovery prior to Normal Retirement

Eligibility:

In addition, Firefighters who become Disabled after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

Death While In Service:

Benefit: Effective October 1, 2006, the beneficiary of any member whose death was directly caused by performance of the member's duty as a firefighter (as approved by the Board) shall be entitled to a monthly pension equal to the greater of the member's accrued benefit or 75% of the member's average final compensation.

Normal Form of Benefit: Life annuity to the designated beneficiary.

Death While Not In Service With More Than 10 Years of Service:

Benefit: Effective October 1, 2006, the beneficiary of any member who had at least 10 years of Credited Service, whose death was not directly caused by performance of the member's duty as a firefighter, shall be entitled to a monthly pension equal to the greater of the member's accrued benefit or 25% of the member's average final compensation.

COLA:

Firefighters that retire on or after September 30, 2001 are eligible to receive a 3% (2.0% if hired on or after March 15, 2012) annual increase each September 30th after having been retired for six years (the supplemental benefits are not increased).

*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	35.00%
International Equity	15.00%
Domestic Bonds	25.00%
Convertibles	10.00%
Private Real Estate	10.00%
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 11.04 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:** The earlier of the completion of 25 years of Credited Service, regardless of age, or age 55 and the completion of 10 years of Credited Service.

**Benefit:** Once the DROP is entered into, monthly benefits are frozen and no further Participant Contributions are made. The benefit payable under the DROP is calculated as described upon the Normal Retirement Benefit. Upon DROP participation, monthly benefits that would have been payable had the Member terminated employment and elected to receive monthly pension payments are paid into the DROP account.

**Participation:** Members are limited to 60 months of DROP participation.

**Interest Rate Credited to DROP Account:** DROP account interest crediting is posted quarterly based on the actual pension fund returns, net of money manager fees and other expenses.

**Normal Form of DROP Account:** At the end of a Member's participation in the DROP, the distribution of the accumulated DROP account is payable in the following forms of distribution: (1) Annual installments payable each December (no less than 10% or \$10,000, whichever is greater), (2) Rollover to another qualified retirement plan, or (3) Lump sum balance paid directly to the Member.

**COLA:** Cost of Living Adjustments, if any, are applicable to the benefit of the Member while in the DROP. Firefighters that retire on or after September 30, 2001 are eligible to receive a 3% (2.0% if hired on or after March 15, 2012) annual increase each September 30th after having been retired for six years (the supplemental benefits are not increased).

The DROP balance as September 30, 2014 is \$5,797,789.

## 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	\$ 82,338,710
Plan Fiduciary Net Position	<u>\$ (74,668,730)</u>
Sponsor's Net Pension Liability	<u>\$ 7,669,980</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	90.68%

### *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	6.50%
Investment Rate of Return	8.00%

### *Mortality:*

Service Retirement: RP2000 (Combined Healthy).

Disability Retirement :RP2000 (Combined Healthy).

Spouse: RP2000 (Combined Healthy).

Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. 75% of Deaths are assumed to be service connected.

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%
Domestic Bonds	3.70%
Convertibles	5.30%
Private Real Estate	4.90%
MLPs	12.7%

## 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	\$ 15,379,228	\$ 7,669,980	\$ (1,292,292)



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

	09/30/2014	09/30/2013
Total Pension Liability		
Service Cost	1,299,634	1,203,365
Interest	6,293,170	6,027,029
Change in Excess State Money	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,553,839)	(2,445,969)
Net Change in Total Pension Liability	2,038,965	4,784,425
Total Pension Liability - Beginning	80,299,745	75,515,320
Total Pension Liability - Ending (a)	\$ 82,338,710	\$ 80,299,745
 Plan Fiduciary Net Position		
Contributions - Employer	1,889,000	1,479,896
Contributions - State	639,518	622,786
Contributions - Employee	426,764	432,695
Contributions - Buy Back	-	-
Net Investment Income	7,612,697	8,696,509
Benefit Payments, Including Refunds of Employee Contributions	(5,553,839)	(2,445,969)
Administrative Expense	(187,613)	(175,031)
Other	-	-
Net Change in Plan Fiduciary Net Position	4,826,527	8,610,886
 Plan Fiduciary Net Position - Beginning	69,842,203	61,231,317
Plan Fiduciary Net Position - Ending (b)	\$ 74,668,730	\$ 69,842,203
 Net Pension Liability - Ending (a) - (b)	\$ 7,669,980	\$ 10,457,542
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.68%	86.98%
 Covered Employee Payroll	\$ 4,871,735	\$ 4,937,031
Net Pension Liability as a Percentage of covered Employee Payroll	157.44%	211.82%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2014	9/30/2013
Actuarially Determined Contribution	2,528,518	2,102,682
Contributions in Relation to the		
Actuarially Determined Contributions	2,528,518	2,102,682
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 4,871,735	\$ 4,937,031
Contributions as a Percentage of		
Covered Employee Payroll	51.90%	42.59%

Notes to Schedule

Valuation Date: 10/01/2012  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2012).
Actuarial Value of Assets:	The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% nor less than 80% of the market value of assets.
Inflation:	4.0% per year.
Salary Increase - Individual:	6.5% per year.
Interest Rate:	8% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	Up to 4.0% per year (1.77% used in this valuation).
Form of Payment:	10-Year Certain and Continuous annuity.
Percentage Married At Retirement:	100% of active members are assumed married at retirement.
Spouse Ages:	For active members reaching retirement, wives are assumed to be three years younger than husbands. Where spousal information was included for retirees, that information was used. If the age of the spouse was not provided, we have assumed that all spouses are still alive, and that female spouses are three years younger than their husbands.
Furlough Impact:	For the 2012 actuarial valuation report, individual Salaries were adjusted up by a ratio of the total number of normal work days in a year divided by the number of days actually worked after taking mandatory furloughs.

Service Retirement: Members will retire Early at a rate of 5% per year prior to Normal Retirement. It is assumed that Members at Normal Retirement Age retire at that time.

Termination: Disabilities are assumed to occur according to the sample probabilities in the table below.

Disability: Terminations are assumed to occur according to the sample probabilities in the table below. 75% of Disabilities are assumed to be service connected.

Mortality: Service Retirement : RP2000 (Combined Healthy).  
 Disability Retirement : RP2000 (Combined Healthy).  
 Spouse: RP2000 (Combined Healthy).  
 Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.  
 75% of Deaths are assumed to be service connected.

Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>Assumed</u>	
	<u>Termination Rate</u>	<u>Disability Probability</u>
20	0.140	0.0014
30	0.050	0.0018
40	0.022	0.0030
50	0.006	0.0100

SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	11.04%	14.02%

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

**General Information about the Pension Plan**

*Plan Description*

Effective May 2, 1974, any full-time firefighter or police officer having permanent status becomes a Plan Member immediately upon hire.

The Plan is administered by a Board of Trustees comprised of:

- a. Chairman Board Appointee,
- b. Vice Chairman Police Elected Representative,
- c. Secretary, Fire Elected Representative,
- d. Two City Council Appointees.

*Plan Membership as of October 1, 2013:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	69
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	3
Active Plan Members	92
	164
	164

*Benefits Provided*

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

Normal Retirement:

Eligibility: The earlier of (1) age 55 (with 10 years of service if hired on or after March 15, 2012) or (2) upon completion of 25 years of Credited Service, regardless of age. Members are 100% vested upon Normal Retirement Benefit eligibility.

Benefit: For firefighters with less than 20 years service:  $2.0\% \times \text{Credited Service prior to 10/1/91}$ , plus  $2.5\% \times \text{AFC} \times \text{Credited Service on and after 10/1/91}$ .

For firefighters with 20 or more years of service:  $3\% \times \text{AFC} \times \text{Credited Service for the first 20 years of Credited Service}$  (3.2% if hired on or after March 15, 2012), plus  $5\% \times \text{AFC} \times \text{Credited Service over 20 years}$  (3.2% if hired on or after March 15, 2012).

In addition, Firefighters receive a Supplemental Benefit of \$189 per month payable over the life of the retiree only.

Firefighters who retire on or after October 1, 2006, receive \$458 per month, instead of \$189.

In addition, Firefighters who terminate after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

Maximum Benefit: 100% of Average Final Compensation for firefighters hired before March 15, 2012 and 90% of Average Final Compensation for firefighters hired after that date, exclusive of the Supplemental Benefits.

Early Retirement:

Eligibility: Members may retire and receive the Early Retirement Benefit on the first day of any month prior to their Normal Retirement Date after attaining the earlier of (1) age 45 and completion of 20 years of Credited Service, or (2) age 50 and completion of 10 years of Credited Service.

Benefit: The monthly Early Retirement Benefit payable is reduced by 3% each year the Early Retirement Benefit commences prior to the Normal Retirement Date.

The Supplemental Benefits payable to firefighters are not reduced for early commencement.

Withdrawal - Less than 5 years of Credited Service (10 years if hired on or after March 15, 2012):

Eligibility: First day of work, up to 5 years (10 years if hired on or after March 15, 2012) of Credited Service.

Benefit: Accumulated contributions with 0% interest.

Withdrawal - After earning at least 5 years of Credited Service (10 years if hired on or after March 15, 2012):

Eligibility: At least 5 years (10 years if hired on or after March 15, 2012) of Credited service.

Benefit: Participants who terminate employment prior to their Normal Retirement Date are entitled to their Normal Retirement Benefit calculated based on Credited Service and Average Final Compensation at their date of termination, multiplied by the Vesting Percentage, with deferred commencement at their Normal Retirement Date. This benefit is payable on a reduced basis as described under Early Retirement.

In addition, Firefighters who terminate after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

Vesting Percentage:	<u>Completed Years of Credited Service</u>	<u>Vesting Percentage</u>
	<5	0%
	5	50%
	6	60%
	7	70%
	8	80%
	9	90%
	10+	100%

Disability:

Eligibility: In Line of Duty: Immediate

Not In Line of Duty: 10 years

DROP participants are not eligible for this benefit.

Disability Definition: Unable, by reason of medically determinable physical or mental impairment, to render useful and efficient service as a police officer or firefighter.

Benefit In Line of Duty Disability: 75% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit. For firefighters hired after March 15, 2012 the minimum Line of Duty Disability benefit will be 66% of Average Final Compensation.

Not In Line of Duty Disability: 25% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit.

Normal Form of Benefit: 10-year Certain and Continuous annuity, ceasing upon recovery prior to Normal Retirement

Eligibility:

In addition, Firefighters who become Disabled after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

Death While In Service:

Benefit: Effective October 1, 2006, the beneficiary of any member whose death was directly caused by performance of the member's duty as a firefighter (as approved by the Board) shall be entitled to a monthly pension equal to the greater of the member's accrued benefit or 75% of the member's average final compensation.

Normal Form of Benefit: Life annuity to the designated beneficiary.

Death While Not In Service With More Than 10 Years of Service:

Benefit: Effective October 1, 2006, the beneficiary of any member who had at least 10 years of Credited Service, whose death was not directly caused by performance of the member's duty as a firefighter, shall be entitled to a monthly pension equal to the greater of the member's accrued benefit or 25% of the member's average final compensation.

COLA:

Firefighters that retire on or after September 30, 2001 are eligible to receive a 3% (2.0% if hired on or after March 15, 2012) annual increase each September 30th after having been retired for six years (the supplemental benefits are not increased).

*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	6.50%
Investment Rate of Return	8.00%

### Mortality:

Service Retirement: RP2000 (Combined Healthy).

Disability Retirement :RP2000 (Combined Healthy).

Spouse: RP2000 (Combined Healthy).

Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. 75% of Deaths are assumed to be service connected.

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	35.00%	7.80%
International Equity	15.00%	2.20%
Domestic Bonds	25.00%	3.70%
Convertibles	10.00%	5.30%
Private Real Estate	10.00%	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	\$ 80,299,745	\$ 69,842,203	\$ 10,457,542
Changes for a Year:			
Service Cost	1,299,634		1,299,634
Interest	6,293,170		6,293,170
Change In Excess State Money	-		-
Share Plan Allocation	-		-
Differences Between Expected and Actual Experience	-		-
Changes of Assumptions	-		-
Changes of Benefit Terms	-		-
Contributions - Employer		1,889,000	(1,889,000)
Contributions - State		639,518	(639,518)
Contributions - Employee		426,764	(426,764)
Contributions - Buy Back	-	-	-
Net Investment Income		7,612,697	(7,612,697)
Benefit Payments, Including Refunds of Employee Contributions	(5,553,839)	(5,553,839)	-
Administrative Expense		(187,613)	187,613
Other Changes	-	-	-
New Changes	2,038,965	4,826,527	(2,787,562)
Balances at September 30, 2014	<u>\$ 82,338,710</u>	<u>\$ 74,668,730</u>	<u>\$ 7,669,980</u>

*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	\$ 15,379,228	\$ 7,669,980	\$ (1,292,292)

*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 \$810,852. 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	-	1,709,414
Total	<u>\$ -</u>	<u>\$ 1,709,414</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	\$ (427,354)
2017	\$ (427,354)
2018	\$ (427,353)
2019	\$ (427,353)
2020	\$ -
Thereafter	\$ -

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

	<u>09/30/2014</u>	<u>09/30/2013</u>
Total Pension Liability		
Service Cost	1,299,634	1,203,365
Interest	6,293,170	6,027,029
Change in Excess State Money	-	-
Share Plan Allocation	-	-
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Contributions - Buy Back	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,553,839)	(2,445,969)
Net Change in Total Pension Liability	2,038,965	4,784,425
Total Pension Liability - Beginning	80,299,745	75,515,320
Total Pension Liability - Ending (a)	<u>\$ 82,338,710</u>	<u>\$ 80,299,745</u>
Plan Fiduciary Net Position		
Contributions - Employer	1,889,000	1,479,896
Contributions - State	639,518	622,786
Contributions - Employee	426,764	432,695
Contributions - Buy Back	-	-
Net Investment Income	7,612,697	8,696,509
Benefit Payments, Including Refunds of Employee Contributions	(5,553,839)	(2,445,969)
Administrative Expense	(187,613)	(175,031)
Other	-	-
Net Change in Plan Fiduciary Net Position	4,826,527	8,610,886
	-	-
Plan Fiduciary Net Position - Beginning	69,842,203	61,231,317
Plan Fiduciary Net Position - Ending (b)	<u>\$ 74,668,730</u>	<u>\$ 69,842,203</u>
	0	0
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,669,980</u>	<u>\$ 10,457,542</u>
	0	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.68%	86.98%
Covered Employee Payroll	\$ 4,871,735	\$ 4,937,031
Net Pension Liability as a Percentage of covered Employee Payroll	157.44%	211.82%

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	<u>09/30/2014</u>	<u>09/30/2013</u>
Actuarially Determined Contribution	2,528,518	2,102,682
Contributions in Relation to the		
Actuarially Determined Contributions	2,528,518	2,102,682
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,871,735	\$ 4,937,031
Contributions as a Percentage of		
Covered Employee Payroll	51.90%	42.59%

Notes to Schedule

Valuation Date: 10/01/2012  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2012).
Actuarial Value of Assets:	The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% nor less than 80% of the market value of assets.
Inflation:	4.0% per year.
Salary Increase - Individual:	6.5% per year.
Interest Rate:	8% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	Up to 4.0% per year (1.77% used in this valuation).
Form of Payment:	10-Year Certain and Continuous annuity.
Percentage Married At Retirement:	100% of active members are assumed married at retirement.
Spouse Ages:	For active members reaching retirement, wives are assumed to be three years younger than husbands. Where spousal information was included for retirees, that information was used. If the age of the spouse was not provided, we have assumed that all spouses are still alive, and that female spouses are three years younger than their husbands.
Furlough Impact:	For the 2012 actuarial valuation report, individual Salaries were adjusted up by a ratio of the total number of normal work days in a year divided by the number of days actually worked after taking mandatory furloughs.

Service Retirement: Members will retire Early at a rate of 5% per year prior to Normal Retirement. It is assumed that Members at Normal Retirement Age retire at that time.

Termination: Disabilities are assumed to occur according to the sample probabilities in the table below.

Disability: Terminations are assumed to occur according to the sample probabilities in the table below. 75% of Disabilities are assumed to be service connected.

Mortality: Service Retirement : RP2000 (Combined Healthy).  
 Disability Retirement : RP2000 (Combined Healthy).  
 Spouse: RP2000 (Combined Healthy).  
 Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.  
 75% of Deaths are assumed to be service connected.

Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>Assumed</u>	
	<u>Termination Rate</u>	<u>Disability Probability</u>
20	0.140	0.0014
30	0.050	0.0018
40	0.022	0.0030
50	0.006	0.0100

COMPONENTS OF PENSION EXPENSE  
FISCAL YEAR SEPTEMBER 30, 2015

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 10,457,542	\$ -	\$ 1,889,000	
Total pension liability factors:				
Service cost	1,299,634			1,299,634
Interest	6,293,170			6,293,170
Change in Excess State Money	-			-
Share Plan Allocation	-			-
Changes in Benefit terms	-			-
Contributions - buy back	-			-
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	(5,553,839)			(5,553,839)
Net change	<u>2,038,965</u>	<u>-</u>	<u>-</u>	<u>2,038,965</u>
Plan fiduciary net position:				
Contributions - employer	1,889,000		(1,889,000)	
Contributions - state	639,518			(639,518)
Contributions - employee	426,764			(426,764)
Contributions - buy back	-			-
Net investment income	5,475,929			(5,475,929)
Difference between projected and actual earnings on pension plan investments	2,136,768	2,136,768	-	
Current year amortization		(427,354)	-	(427,354)
Benefit payments	(5,553,839)			5,553,839
Administrative expenses	(187,613)			187,613
Other	-			-
Net change	<u>4,826,527</u>	<u>1,709,414</u>	<u>(1,889,000)</u>	<u>(1,228,113)</u>
Ending Balance	<u>\$ 7,669,980</u>	<u>\$ 1,709,414</u>	<u>\$ -</u>	<u>\$ 810,852</u>