

CITY OF ORMOND BEACH
FIREFIGHTERS' PENSION TRUST FUND

ACTUARIAL VALUATION AND REPORT
AS OF OCTOBER 1, 2013

CONTRIBUTIONS APPLICABLE TO THE PLAN/
FISCAL YEAR ENDED SEPTEMBER 30, 2015

December 9, 2013

Board of Trustees
City of Ormond Beach
Firefighters' Pension Trust Fund
22 South Beach Street
Ormond Beach, FL 32174

Re: City of Ormond Beach
Firefighters' Pension Trust Fund

Dear Board:

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

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

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Ormond Beach, financial reports prepared by the custodian bank, 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 Ormond Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of Ormond Beach Firefighters' Pension Trust 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: 
Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #11-6595

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Ormond Beach Firefighters' Pension Trust Fund, performed as of October 1, 2013, has been completed, and the results are presented in this Report. The results of this valuation are applicable to the plan/fiscal year ended September 30, 2015.

The contribution requirements developed in this valuation, compared with amounts developed in the December 9, 2013 Actuarial Impact Statement, determined as of October 1, 2012, are as follows:

Valuation Date	10/1/2012	10/1/2013
Applicable Plan/Fiscal Year End	<u>9/30/2014</u>	<u>9/30/2015</u>
Total Required Contribution % of Total Annual Payroll	69.4%	66.8%
Member Contributions (Est.) % of Total Annual Payroll	8.4%	8.4%
City and State Required Contribution % of Total Annual Payroll	61.0%	58.4%
State Contribution ¹ % of Total Annual Payroll	348,934 13.4%	348,934 13.4%
Balance from City ² % of Total Annual Payroll	47.6%	45.0%

¹ Represents the amount of State Monies received in calendar 2013.

² As requested by the Division of Retirement, the required contribution from the combination of City and State sources for the year ending September 30, 2015, is 58.4% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 45.0% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has a shortfall contribution due in addition to this amount of \$9,607.91.

As can be seen, the Total Required Contribution has decreased when expressed as a percentage of Total Annual Payroll. This decrease is primarily due to the favorable experience over the past year as well as an increase in the payroll growth assumption from 0.0% to 1.0%. The principal components of favorable experience included average increases in Pensionable Compensation that were below the assumed rate and greater than expected retiree mortality and a 9.5% investment return (Actuarial Asset Basis) that exceeded the 7.5% assumption. Partially offsetting these gains was lower than anticipated turnover.

For informational purposes, the City's funding requirement, when expressed as a percentage of payroll, including an estimate of the annual pay for the DROP participants, is approximately 42.5% for the fiscal year ending September 30, 2015. It is important to note that this funding rate is for illustration purposes only. The City should budget based on the information provided on page 5.

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: 
Patrick T. Donlan, EA, ASA, MAAA

By: 
Christine M. O'Neal, EA, ASA MAAA

Plan Changes Since Prior Valuation

As outlined in the ordinance, a modification in the benefit accrual rate is required since the State contribution received in calendar 2013 was less than \$364,512 and less than what was received in calendar 2012. Under the prior structure, the benefit accrual rate was 3.37% for service accrued before January 1, 2010 and 3.34% for service accrued on and after January 1, 2010. As a result of the reduction in the State Monies, the new benefit accrual rate will be 3.37% for service accrued prior to January 1, 2010 and 3.34% for service accrued between January 1, 2010 and December 31, 2013 and 3.33% for service earned on and after January 1, 2014. If the State Monies received in calendar 2014 exceed \$364,512, then the benefit accrual rate will revert back to 3.37% for all years of Credited Service.

The impact of this change is outlined in our Actuarial Impact Statement dated December 9, 2013.

Actuarial Assumption/Method Changes

The following changes were made since the prior valuation:

1. The Board adopted a change in the investment return assumption from 7.5% to 7.25%.
2. The payroll growth assumption used for amortizing the Unfunded Actuarial Accrued Liabilities, is limited to the historical 10-year average and increased from 0.0% per year in last year's valuation to 1.0% per year in this valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

A. Participant Data	New Assum <u>10/1/2013</u>	Old Assum <u>10/1/2013</u>	Old Assum <u>10/1/2012</u>
Number Included			
Actives	44	44	44
Service Retirees	29	29	30
Beneficiaries	1	1	0
Terminated Vested	1	1	1
Disability Retirees	2	2	2
DROP Members	2	2	2
Total	<u>79</u>	<u>79</u>	<u>79</u>
Total Annual Payroll	\$2,602,816	\$2,602,816	\$2,568,321
Payroll Under Assumed Ret. Age	2,602,816	2,602,816	2,568,321
Annual Rate of Payments to:			
Service Retirees	1,332,322	1,332,322	1,367,649
Beneficiaries	36,580	36,580	0
Terminated Vested	22,448	22,448	22,448
Disability Retirees	32,970	32,970	32,970
DROP Members	135,195	135,195	135,195
B. Assets			
Actuarial Value ¹	20,323,034	20,323,034	18,167,388
Market Value ¹	21,641,080	21,641,080	18,732,815
C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	16,133,237	15,563,591	14,077,531
Disability Benefits	97,216	94,282	103,427
Death Benefits	58,587	57,200	63,112
Vested Benefits	932,663	892,148	1,373,787
Refund of Contributions	39,260	39,113	43,412
Service Retirees	15,127,985	14,798,878	15,374,312
Beneficiaries	246,070	243,072	0
Terminated Vested	176,870	170,438	158,325
Disability Retirees	328,301	321,388	326,830
DROP Members ¹	1,926,230	1,887,829	1,755,021
Excess State Monies Reserve	316,280	316,280	316,280
Total	<u>35,382,699</u>	<u>34,384,219</u>	<u>33,592,037</u>

	New Assum <u>10/1/2013</u>	Old Assum <u>10/1/2013</u>	Old Assum <u>10/1/2012</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	14,185,323	14,069,394	14,651,018
Present Value of Future Member Cont.	1,191,567	1,181,829	1,230,686
Normal Cost (Entry Age Normal)			
Retirement Benefits	661,809	629,405	606,468
Disability Benefits	12,370	12,000	3,677
Death Benefits	4,534	4,387	2,170
Vested Benefits	58,470	55,441	46,781
Refund of Contributions	7,804	7,774	2,560
Total Normal Cost	<u>744,987</u>	<u>709,007</u>	<u>661,656</u>
Present Value of Future Normal Costs	3,793,973	3,577,528	3,613,126
Actuarial Accrued Liability (Entry Age Normal)			
Retirement Benefits	12,808,863	12,430,226	10,883,393
Disability Benefits	43,929	43,021	77,697
Death Benefits	39,312	38,726	48,341
Vested Benefits	559,988	541,899	1,020,871
Refund of Contributions	14,898	14,933	17,840
Inactives plus state reserve ¹	18,121,736	17,737,885	17,930,768
Total Actuarial Accrued Liability	<u>31,588,726</u>	<u>30,806,690</u>	<u>29,978,910</u>
Unfunded Actuarial Accrued Liability (UAAL)	11,265,692	10,483,657	11,811,523
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives ¹	17,805,456	17,421,605	17,614,488
Actives	7,840,238	7,522,486	5,796,025
Member Contributions	2,507,266	2,507,266	2,266,700
Total	<u>28,152,960</u>	<u>27,451,357</u>	<u>25,677,213</u>
Non-vested Accrued Benefits	<u>607,659</u>	<u>576,198</u>	<u>368,497</u>
Total Present Value Accrued Benefits	28,760,619	28,027,555	26,045,710
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	733,064	0	
New Accrued Benefits	0	1,491,639	
Benefits Paid	0	(1,410,335)	
Interest	0	1,900,541	
Other	0	0	
Total:	<u>733,064</u>	<u>1,981,845</u>	

Valuation Date	New Assum	Old Assum	Old Assum
Applicable to Fiscal Year Ending	<u>10/1/2013</u>	<u>10/1/2013</u>	<u>10/1/2012</u>
	<u>9/30/2015</u>	<u>9/30/2015</u>	<u>9/30/2014</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll ²	29.7	28.3	26.7
Administrative Expense (with int.) % of Total Annual Payroll ²	1.2	1.2	1.5
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/13) % of Total Annual Payroll ²	35.9	34.4	41.2
Total Required Contribution % of Total Annual Payroll ²	66.8	63.9	69.4
Expected Member Contributions % of Total Annual Payroll ²	8.4	8.4	8.4
Expected City & State Contrib. % of Total Annual Payroll ²	58.4	55.5	61.0

F. Past Contributions

Plan Year Ending:	<u>9/30/2013</u>
Total Required Contribution	1,821,971
City and State Requirement	1,603,335
Actual Contributions Made:	
Members	240,565
City	1,254,401
State	348,934
Total	<u>1,843,900</u>

G. Net Actuarial Gain (Loss) 1,076,562

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/2012 and 09/30/2013.

² Contributions developed as of 10/1/13 are expressed as a percentage of total annual payroll at 10/1/13 of \$2,602,816.

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

<u>Year</u>	<u>Projected Unfunded Accrued Liability</u>
2013	\$11,265,692
2014	11,116,424
2015	10,946,675
2020	9,773,016
2025	7,813,648
2035	1,730,223
2043	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	1.3%	5.5%
Year Ended	9/30/2012	-1.0%	5.5%
Year Ended	9/30/2011	3.9%	5.5%

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2013	9.5%	7.5%
Year Ended	9/30/2012	7.1%	7.5%
Year Ended	9/30/2011	-1.6%	7.5%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2013	\$2,602,816
	10/1/2003	2,354,383
(b) Total Increase		10.6%
(c) Number of Years		10.00
(d) Average Annual Rate		1.0%

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.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #11-6595

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2012	\$11,811,523
(2)	City and State Normal Cost Applicable for the year *	481,925
(3)	Interest on (1) and (2)	920,658
(4)	Sponsor Contributions to the System during the year ending September 30, 2013	1,603,335
(5)	Interest on (4)	50,552
(6)	Change to UAAL due to Actuarial (Gain) or Loss	(1,076,562)
(7)	Change to UAAL due to Assumption Change	782,035
(8)	Unfunded Accrued Liability as of October 1, 2013 (1)+(2)+(3)-(4)-(5)+(6)+(7)	11,265,692

	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2013 Amount</u>	<u>Amortization Amount</u>
	10/1/1986	3	23,750	8,396
	10/1/1992	9	(24,149)	(3,371)
	10/1/1995	12	17,597	1,997
	10/1/1996	13	52,101	5,603
	10/1/1999	16	48,735	4,600
	10/1/2000	17	235,340	21,440
	10/1/2001	18	143,141	12,626
	10/1/2002	19	2,643,563	226,404
Method Change	10/1/2004	21	1,828,157	148,669
Actuarial Loss	10/1/2004	21	1,785,364	145,189
Actuarial Loss	10/1/2005	22	53,544	4,256
Actuarial Gain	10/1/2006	23	(293,694)	(22,861)
Actuarial Gain	10/1/2007	24	(827,874)	(63,204)
Benefit Change	10/1/2007	24	1,080,184	82,467
Actuarial Loss	10/1/2008	25	126,813	9,510
Method Change	10/1/2008	25	330,090	24,753
Actuarial Loss	10/1/2009	26	195,612	14,428
Benefit Change	10/1/2009	26	(86,158)	(6,355)
Benefit Change	10/1/2009	26	30,448	2,246
Actuarial Loss	10/1/2010	27	1,692,385	122,922
Assumption	10/1/2010	27	1,701,257	123,567
Benefit Change	10/1/2010	27	(79,445)	(5,770)
Actuarial Loss	10/1/2011	28	1,302,695	93,279
Benefit Change	10/1/2011	28	125,830	9,010
Actuarial Gain	10/1/2012	29	(538,592)	(38,058)
Benefit Change	10/1/2012	29	(6,475)	(458)
Actuarial Gain	10/1/2013	30	(1,076,562)	(75,142)
Assumption	10/1/2013	30	782,035	54,585
			<u>11,265,692</u>	<u>900,728</u>

* Includes \$36,008 for administrative expenses.

ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rates</u>	RP2000 Combined Healthy - Sex Distinct. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disability mortality is set forward five years.
<u>Termination Rates</u>	See Tables below (1302).
<u>Disability Rates</u>	See Tables below (1201).
<u>Pension Age</u>	Earlier of age 60, age 55 and 10 years of service or 20 years of service regardless of age.
<u>Early Pension</u>	Commencing at the member's eligibility for Early Pension (age 50), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.
<u>Interest Rate</u>	7.25% (previously 7.50%) per year, compounded annually, net of investment related expenses.
<u>Salary Increases</u>	5.5% per year up to the assumed Pension age; see Table below. Projected salary at Pension is increased 20% to account for non-regular payments.
<u>Payroll Growth</u>	Up to 3% per year (limited to the 10-year historical average of actual payroll growth of 1.0% in 2013).
<u>Administrative Expenses</u>	\$30,756 annually.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method.
<u>Asset Valuation Method</u>	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>	<u>Current Salary as % of Salary at age 55</u>
20	6.0%	0.03%	15.4%
30	5.0	0.04	26.2
40	2.6	0.07	44.8
50	0.8	0.18	76.5

VALUATION NOTES

Total Annual Payroll is the annual rate of pay for the year preceding 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 the current year's cost for benefits yet to be funded.

Unfunded Accrued Liability is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service.

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

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

(a) The normal cost accrual rate equals:

- (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
- (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

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

HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1992	74,058.84	_____ %
1993	81,321.25	9.8%
1994	82,171.86	1.0%
1995	89,018.40	8.3%
1996	93,346.62	4.9%
1997	95,808.88	2.6%
1998	146,584.66	53.0%
1999	143,340.16	-2.2%
2000	185,577.09	29.5%
2001	218,066.25	17.5%
2002	192,917.32	-11.5%
2003	220,878.19	14.5%
2004	251,578.42	13.9%
2005	197,096.70	-21.7%
2006	311,579.41	58.1%
2007	370,088.25	18.8%
2008	429,930.62	16.2%
2009	329,393.61	-23.4%
2010	339,653.88	3.1%
2011	301,433.46	-11.3%
2012	351,376.95	16.6%
2013	348,933.85	-0.7%

EXCESS STATE MONIES RESERVE

	Regular Distribution			Special Distribution		
	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$89,529.42	\$89,529.42	\$0.00	N/A	N/A	N/A
1999	108,124.02	89,529.42	18,594.60	35,216.14	35,216.14	0.00
2000	152,549.52	108,310.42	44,239.10	33,027.57	35,216.14	0.00
2001	180,905.88	155,624.42	25,281.46	37,160.37	35,216.14	1,944.23
2002	190,609.92	155,624.42	34,985.50	2,307.40	35,216.14	0.00
2003	209,495.34	178,434.42	31,060.92	11,382.85	35,216.14	0.00
2004	237,391.57	178,434.42	58,957.15	14,186.85	35,216.14	0.00
2005	197,096.70	178,434.42	18,662.28	0.00	35,216.14	0.00
2006	191,767.80	178,434.42	13,333.38	119,811.61	70,432.28	49,379.33
2007	203,475.26	178,434.42	25,040.84	166,612.99	35,216.14	131,396.85
2008	292,592.51	178,434.42	114,158.09	137,338.11	35,216.14	102,121.97
2009	286,100.15	286,100.15	0.00	43,293.46	43,293.46	0.00
2010	280,205.74	280,205.74	0.00	59,448.13	59,448.13	0.00
2011	203,871.31	203,871.31	0.00	97,562.15	97,562.15	0.00
2012	255,254.51	255,254.51	0.00	96,122.44	96,122.44	0.00
2013	267,786.65	267,786.65	<u>0.00</u>	81,147.20	81,147.20	<u>0.00</u>
			384,313.32			284,842.38
Accumulated Regular Excess			384,313.32			
Accumulated Special Excess			284,842.38			
Less Excess Used in Funding Ordinance 2008-56 (3.12% B.R.)			(196,438)			
Less Excess Used in Funding Ordinance 2008-58 (3.37% B.R.)			<u>(156,438)</u>			
Total State Monies Reserve			\$316,279.75			

* Special Distribution accrued beginning fiscal year ending September 30, 2006.

BALANCE SHEET
September 30, 2013

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	1,319,617.74	1,319,617.74
Total Cash and Equivalents	1,319,617.74	1,319,617.74
Receivable:		
Additional City Contributions	9,607.91	9,607.91
State Contributions	81,147.20	81,147.20
Accrued Income	57,314.03	57,314.03
Total Receivable	148,069.14	148,069.14
Investments:		
Corporate Bonds	6,080,904.90	6,055,149.35
Stocks	11,123,949.47	14,118,243.31
Total Investments	17,204,854.37	20,173,392.66
TOTAL ASSETS	18,672,541.25	21,641,079.54
<u>LIABILITIES AND NET ASSETS</u>		
Total Liabilities	0.00	0.00
Net Assets, including DROP Account Balances	18,672,541.25	21,641,079.54
TOTAL LIABILITIES AND NET ASSETS	18,672,541.25	21,641,079.54

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

September 30, 2013

Market Value Basis

REVENUES

Contributions:		
Member	218,636.54	
Buy-Back	21,928.74	
City	1,254,400.78	
State	348,933.85	
Total Contributions		1,843,899.91
Earnings from Investments		
Interest & Dividends	564,906.87	
Miscellaneous Income	4,648.95	
Net Realized Gain (Loss)	647,575.75	
Unrealized Gain (Loss)	1,394,740.37	
Total Earnings and Investment Gains		2,611,871.94
EXPENDITURES		
Expenses:		
Investment Related ¹	106,416.25	
Administrative	30,755.81	
Total Expenses		137,172.06
Distributions to Members:		
Benefit Payments	1,410,335.47	
Lump Sum DROP Balances	0.00	
Termination Payments	0.00	
Total Distributions		1,410,335.47
Change in Net Assets for the Year		2,908,264.32
Net Assets Beginning of the Year		18,732,815.22
Net Assets End of the Year		21,641,079.54

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

ACTUARIAL ASSET VALUATION
September 30, 2013

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return*	
09/30/2010	7.28%	
09/30/2011	-0.66%	
09/30/2012	19.34%	
09/30/2013	13.21%	
Annualized Rate of Return for prior four (4) years:		9.54%
(A) 10/01/2012 Actuarial Assets:		\$18,167,387.60
(I) Net Investment Income:		
1. Interest and Dividends		569,555.82
2. Realized Gains (Losses)		647,575.75
3. Change in Actuarial Value		642,122.82
4. Investment Related Expenses		(106,416.25)
	Total	1,752,838.14
(B) 10/01/2013 Actuarial Assets:		\$20,323,034.37
Actuarial Asset Rate of Return = $2I/(A+B-I)$:		9.54%
10/01/2013 Limited Actuarial Assets:		\$20,323,034.37

*Market Value Basis, net of investment related expenses.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2012 through September 30, 2013

9/30/12 Balance	134,664.94
Plus Additions	135,195.48
Investment Return Earned	13,467.43
Less Distributions	-
9/30/13 Balance	283,327.85

RECONCILIATION OF CITY'S SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2013

(1) City and State Required Contribution Rate (from the December 10, 2012 Actuarial Impact Statement)	61.6%
(2) Pensionable Payroll Derived from Member Contributions	\$2,602,815.95
(3) Required City and State Contribution (1) x (2)	1,603,334.63
(4) Less Allowable State Contribution	<u>(348,933.85)</u>
(5) Equals Required City Contribution	1,254,400.78
(6) Less 2012 Prepaid Contribution	(51,913.39)
(6) Less Actual City Contributions	<u>(1,192,879.48)</u>
(7) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2013	\$9,607.91

STATISTICAL DATA

(Averages are salary weighted)

	<u>10/1/2010</u>	<u>10/1/2011</u>	<u>10/1/2012</u>	<u>10/1/2013</u>
<u>Active Members</u>				
Number	46	44	44	44
Average Current Age	42.4	41.5	42.5	43.6
Average Age at Employment	30.8	30.0	29.9	30.0
Average Past Service	11.5	11.5	12.6	13.6
Average Annual Salary	\$59,881	\$58,858	\$58,371	\$59,155

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	0	0	1	0	0	0	0	0	0	0	0	1
25 - 29	0	0	1	0	0	4	0	0	0	0	0	5
30 - 34	0	0	0	0	0	0	1	0	0	0	0	1
35 - 39	0	0	0	0	0	3	5	0	0	0	0	8
40 - 44	0	0	1	0	0	2	9	1	0	0	0	13
45 - 49	0	0	0	0	0	1	1	3	3	0	0	8
50 - 54	0	0	0	0	0	0	1	3	1	0	0	5
55 - 59	0	0	0	0	0	0	3	0	0	0	0	3
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	0	0	3	0	0	10	20	7	4	0	0	44

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/12	44
b. Terminations	
i. Vested (partial or full) with deferred benefits	0
ii. Non-vested or full lump sum distribution received	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Entered DROP	0
g. Continuing participants	44
h. New entrants	0
i. Total active life participants in valuation	44

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

	<u>Service Retirees, Vested Receiving Benefits</u>	<u>Receiving Death Benefits</u>	<u>Receiving Disability Benefits</u>	<u>Vested Deferred</u>	<u>DROP</u>	<u>Total</u>
a. Number prior valuation	30	0	2	1	2	35
b. In	0	1	0	0	0	1
c. Out	1	0	0	0	0	1
d. Number current valuation	29	1	2	1	2	35

SUMMARY OF PLAN PROVISIONS
 (Through Ordinance No. 2012-10)
 (Benefit Rate adjusted to reflect December 9, 2013 AIS)

<u>Eligibility</u>	Employees who are classified as full-time Firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a Firefighter.
<u>Salary</u>	Total compensation reportable on the member's W-2 form plus all tax deferred, tax sheltered, and tax exempt items of income.
<u>Average Final Compensation</u>	Average Salary for the best 5 years of Credited Service.
<u>Member Contributions</u>	8.4% of Salary.
<u>City and State Contributions</u>	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, <u>Florida Statutes</u> .
<u>Normal Pension</u>	
Date	Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service.
Benefit	<p>3.37% of Average Final Compensation <u>times</u> Credited Service prior to 1/1/2010</p> <p style="text-align: center;"><u>plus</u></p> <p>3.34% of Average Final Compensation <u>times</u> Credited Service between 1/1/2010 and 12/31/2013</p> <p style="text-align: center;"><u>plus</u></p> <p>3.33% of Average Final Compensation <u>times</u> Credited Service on and after 1/1/2014</p>
Form of Benefit	Ten Year Certain and Life Annuity (options available). These options include a

partial (up to 25%) lump sum of the full value of their Pension benefits in exchange for a monthly benefit that is reduced by that same percentage.

Early Pension

Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3% per year.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Pension Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).
Duration	Payable for life with ten years certain or until recovery (as determined by the Board). Options available.

Death Benefits

Pre-Pension	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
Non-Vested	Refund of accumulated contributions without interest.
Post-Pension	Benefits payable to beneficiary in accordance with option selected at Pension.

Board of Trustees

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

Deferred Pension Option Plan

Eligibility

Satisfaction of Normal Pension requirements (Earlier of Age 60, Age 55 and 10 years of Credited Service, or 20 years of Credited Service).

Participation

Not to exceed 60 months, or the date on which the Member completes 35 years of Service, if earlier.

Rate of Return

Participant's election:

- a.) 6.5% annually, or
- b.) actual net rate of investment return (total return net of brokerage commissions, transaction costs and management fees) credited each fiscal quarter.

Form of Distribution

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

BAC-DROP

Eligibility

Satisfaction of Normal Pension requirements.

Participation

Upon election to retroactively enter DROP, the BAC-DROP period will not exceed 60 months, or the date on which the Member completes 35 years of Service, if earlier.

Rate of Return

6.5% annually

Form of Distribution

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

DISCLOSURE INFORMATION PER STATEMENT NO. 25 OF THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The schedule provided below has been prepared in accordance with the requirements
of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/01/13	20,323,034	31,588,726	11,265,692	64.34%	2,602,816	432.83%
10/01/12	18,167,388	29,985,473	11,818,085	60.59%	2,568,321	460.15%
10/01/11	16,807,654	28,998,136	12,190,482	57.96%	2,589,753	470.72%
10/01/10	17,237,944	27,985,960	10,748,016	61.59%	2,754,532	390.19%
10/01/09	17,312,349	24,745,284	7,432,935	69.96%	3,109,600	239.03%
10/01/08	16,927,005	23,800,079	6,873,074	71.12%	3,314,380	207.37%

The schedule provided below has been prepared in accordance with the requirements
of paragraph 38 of Statement No. 25 of the Governmental Accounting Standards Board.

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2013	1,603,335	1,254,401	348,934	100.00%
2012	1,357,810	1,006,433	351,377	100.00%
2011	1,084,388	782,954	301,433	100.00%
2010	1,146,433	806,779	339,654	100.00%
2009	963,732	634,338	329,394	100.00%
2008	872,467	658,816	213,651 *	100.00%

* Frozen per Chapter 175, Florida Statutes, as amended. Special Distribution accrued beginning with the fiscal year ending September 30, 2006.

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

ANNUAL PENSION COSTS AND RELATED INFORMATION

Contribution rates as of 9/30/2013

City and State	61.6%
Plan Members	8.4%
Annual Pension Cost ¹	1,603,833
Contributions made ¹	1,603,335
Actuarial valuation date	10/1/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level % of Payroll, Closed
Remaining amortization period	30 years (as of 10/1/2011)
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return	7.5% (as of 10/1/2011)
Projected salary increase*	5.5% (as of 10/1/2011)
* Includes inflation at	3.0%
Post Retirement COLA	0.0%

THREE YEAR TREND INFORMATION

Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
9/30/2013	1,603,833	100%	(131,754)
9/30/2012	1,358,310	100%	(132,252)
9/30/2011	796,653	98%	(132,752)

¹ Beginning 9/30/2012 this includes both City and State contributions.

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 to date is as follows:

	<u>9/30/07</u>	<u>9/30/08</u>	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/11</u>	<u>9/30/12</u>	<u>9/30/13</u>
Actuarially Determined							
Contribution (A)	624,317	658,816	634,338	806,779	782,955	1,357,810	1,603,335 ¹
Interest on NPO	(14,116)	(13,961)	(13,808)	(12,749)	(10,984)	(9,956)	(9,919)
Adjustment to (A)	16,054	15,877	27,047	25,658	24,682	10,456	10,417
	-----	-----	-----	-----	-----	-----	-----
Annual Pension Cost	626,255	660,732	647,577	819,688	796,653	1,358,310	1,603,833 ¹
Contributions Made	624,317	658,816	634,338	806,779	782,954	1,357,810	1,603,335 ¹
	-----	-----	-----	-----	-----	-----	-----
Increase in NPO	1,938	1,916	13,239	12,909	13,699	500	498
NPO Beginning of Year	(176,453)	(174,515)	(172,599)	(159,360)	(146,451)	(132,752)	(132,252)
	-----	-----	-----	-----	-----	-----	-----
NPO End of Year	(174,515)	(172,599)	(159,360)	(146,451)	(132,752)	(132,252)	(131,754)

¹ Beginning with the fiscal year ended September 30, 2012 this includes City and State Contributions.