

RETIREMENT PLAN FOR THE FIREFIGHTERS
OF THE CITY OF OLDSMAR

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

DETERMINES THE CONTRIBUTION
FOR THE 2014/15 FISCAL YEAR



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February 14, 2015

Introduction

This report presents the revised results of the October 1, 2014 actuarial valuation for the Retirement Plan for the Firefighters of the City of Oldsmar. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2014 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2014/15 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, accounting disclosures pursuant to Governmental Accounting Standards Board Statement Nos. 25 and 27 (GASB 25/27), statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table V-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2014/15 plan year. The minimum required contribution rate is 24.39% of covered payroll, which represents a decrease of 5.08% of payroll from the prior valuation.

The normal cost rate is 23.46%, which is 4.88% of payroll less than the normal cost rate that was developed in the prior valuation. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate decreased by 1.41% of payroll due to investment gains and decreased by another 3.47% of payroll due to demographic experience. The market value of assets earned 8.49% during the 2013/14 plan year, whereas a 7.50%



annual investment return was required to maintain a stable contribution rate. The demographic gain occurred primarily because salary increases were less than assumed.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2014/15 minimum required contribution will be equal to 24.39% multiplied by the total pensionable earnings for the 2014/15 plan year for the active employees who are covered by the plan and reduced by the portion of the Chapter 175/185 contribution that is allowed to be recognized during the 2014/15 plan year. As of the date of this report, the allowable portion of the Chapter 175/185 contribution is \$191,329 per year. However, this amount is subject to change depending on the amount of the Chapter 175/185 contribution for the 2014/15 plan year and whether additional qualifying benefit improvements have been adopted at that time.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$5,858,716. As illustrated in Table I-A, current assets are sufficient to cover \$3,880,449 of this amount, the employer's 2014/15 expected contribution will cover \$161,878 of this amount, and future employee contributions are expected to cover \$347,581 of this amount, leaving \$1,468,808 to be covered by future employer funding beyond the 2014/15 plan year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Advance Employer Contribution

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an "advance employer contribution." As of October 1, 2014, the advance employer contribution is \$126,773, which is equal to the advance employer contribution of \$129,293 as of October 1, 2013 less \$2,520 to cover the shortfall between the employer contributions and the minimum required contribution for the 2013/14 plan year as shown in Table III-F.

The City may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2014/15 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.

Alternatively, at any time, the City may apply all or any portion of the advance employer contribution as an extra contribution in excess of the minimum required contribution. In this case, the immediate application of the entire balance of the advance employer contribution as of October 1, 2014 would reduce the normal cost rate to 21.63% of payroll and would reduce the minimum required contribution for the 2014/15 plan year to 22.49% of payroll.



Excess Chapter 175 Contribution

As of October 1, 2014, the plan has accumulated excess Chapter 175 contributions of \$628,680 as shown in Table III-F. This amount is equal to the accumulated excess Chapter 175 contribution balance as of October 1, 2013 since all Chapter 175 contributions during the 2013/14 plan year were allowed to be used as an offset to the City's minimum required contribution. The total Chapter 175 distribution received for the 2013/14 plan year was \$117,005, which consisted of a \$76,683 regular Chapter 175 distribution and a \$40,322 supplemental Chapter 175 distribution. The accumulated excess Chapter 175 contributions cannot be used to pay for the current plan of benefits. Instead, the excess contributions may only be used to pay for qualifying benefit improvements in excess of the Chapter 175 minimum benefits. Tables III-G and III-H provide a history of the Chapter 175 contributions and the portion that is allowed to be recognized.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-C provide information needed by both the plan's and the employer's accountants in order to prepare the relevant financial statements that cover the period October 1, 2013 through September 30, 2014. Tables III-A through III-F provide information concerning the assets of the trust fund. Specifically, Table III-A shows the development of the actuarial value of assets, which is equal to the market value of assets adjusted to reflect any advance employer contributions and excess Chapter 175/185 contributions. Tables IV-A through IV-G provide statistical information concerning the plan's participant population. In particular, Table IV-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables V-A through VI-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2014, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Certification

This actuarial valuation was prepared 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 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 change in plan costs or required contribution rates have been taken into account in the valuation.



For the firm,



Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

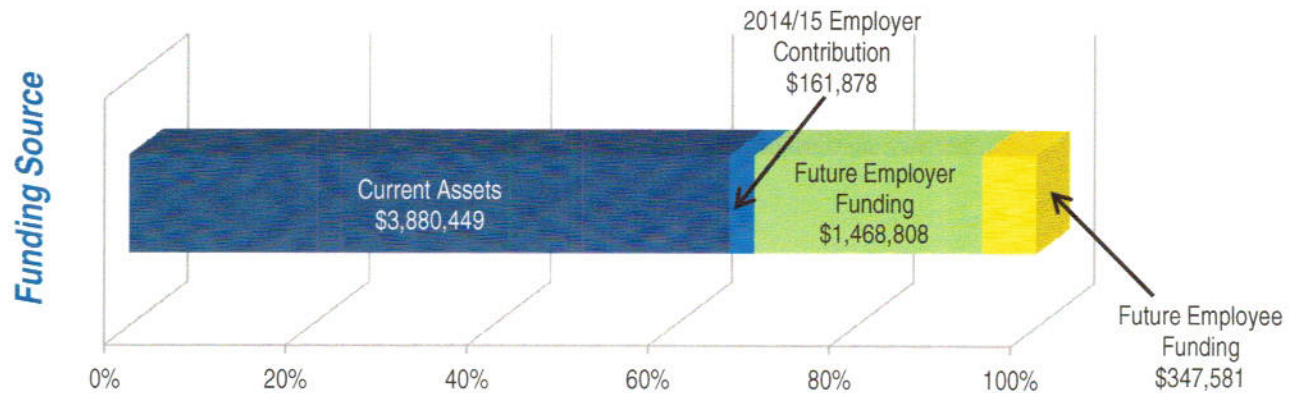
Enrolled Actuary No. 14-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2014/15 Plan Year

Present Value of Future Benefits	\$5,701,913
Present Value of Future Administrative Expenses	\$156,803
Actuarial Value of Assets	(\$3,880,449)
Present Value of Future Employee Contributions	(\$347,581)
Present Value of Future Normal Costs	\$1,630,686
Present Value of Future Payroll	÷ \$6,951,584
Normal Cost Rate	= 23.4578%
Expected Payroll	x \$663,716
Normal Cost	\$155,693
Adjustment to Reflect Monthly Employer Contributions	\$6,185
Preliminary Employer Contribution for the 2014/15 Plan Year	\$161,878
Expected Payroll for the 2014/15 Plan Year	÷ \$663,716

Minimum Required Contribution Rate **24.39%**

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

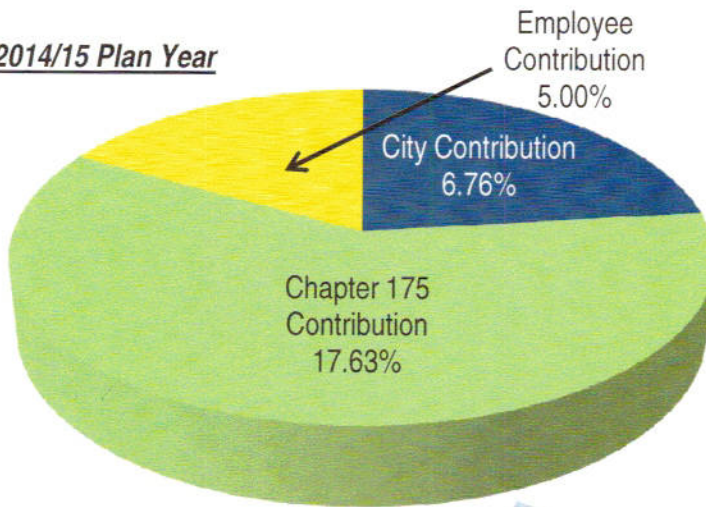


Minimum Required Contribution

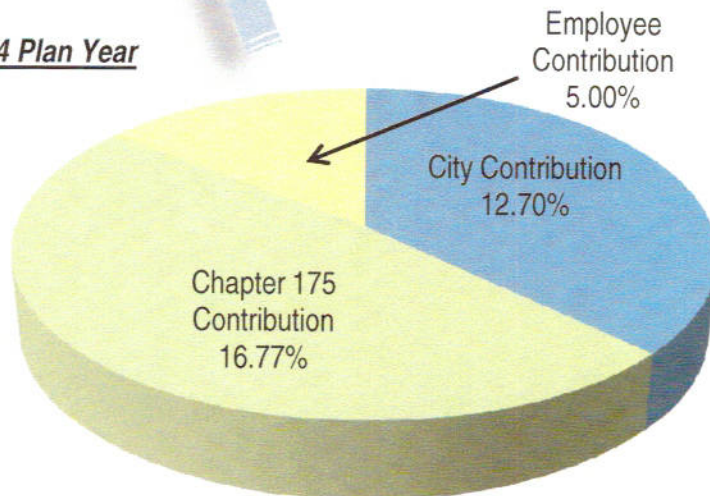
Table I-A
(continued)

The minimum required contribution rate of 24.39% includes both the City contribution and the allowable Chapter 175 contribution. In addition, employees are required to contribute 5.00% of pensionable earnings. The actual City contribution rate is expected to be approximately 6.76% based on the allowable Chapter 175 contribution for the previous year. The chart below shows the expected contribution rate by source for the 2014/15 plan year based on the expected payroll. A comparative chart shows the contribution rate by source for the previous plan year.

For the 2014/15 Plan Year

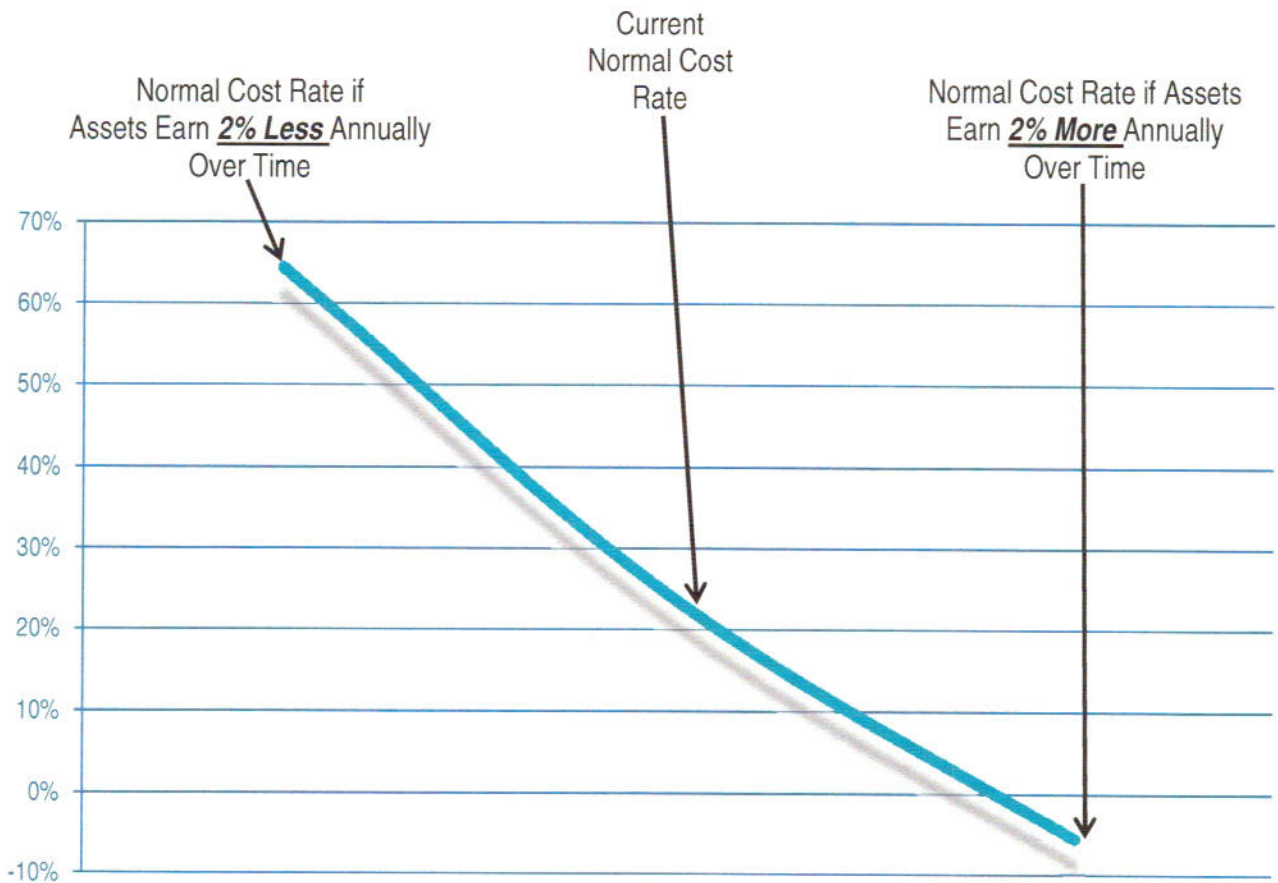


For the 2013/14 Plan Year



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Previous normal cost rate	28.34%
Increase (decrease) due to investment gains and losses	-1.41%
Increase (decrease) due to demographic experience	-3.47%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>23.46%</u>



Present Value of Future Benefits

Table I-D

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$4,838,454	\$4,838,454	\$4,838,454
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$4,838,454	\$4,838,454	\$4,838,454
<u>Deferred Vested Participants</u>			
Retirement benefits	\$106,842	\$106,842	\$106,842
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$106,842	\$106,842	\$106,842
<u>Due a Refund of Contributions</u>	\$11,951	\$11,951	\$11,951
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$744,666	\$744,666	\$744,666
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$744,666	\$744,666	\$744,666
<u>Grand Total</u>	<u>\$5,701,913</u>	<u>\$5,701,913</u>	<u>\$5,701,913</u>
Present Value of Future Payroll	\$6,951,584	\$6,951,584	\$6,951,584
Present Value of Future Employee Contribs.	\$347,581	\$347,581	\$347,581
Present Value of Future Employer Contribs.	\$1,630,686	\$1,630,686	\$1,630,686



Present Value of Accrued Benefits

Table I-E

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$1,441,460	\$1,441,460	\$1,441,460
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,441,460	\$1,441,460	\$1,441,460
<u>Deferred Vested Participants</u>			
Retirement benefits	\$106,842	\$106,842	\$106,842
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$106,842	\$106,842	\$106,842
<u>Due a Refund of Contributions</u>	\$11,951	\$11,951	\$11,951
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$744,666	\$744,666	\$744,666
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$744,666	\$744,666	\$744,666
<u>Grand Total</u>	<u>\$2,304,919</u>	<u>\$2,304,919</u>	<u>\$2,304,919</u>



Present Value of Vested Benefits

Table I-F

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$1,005,748	\$1,005,748	\$1,005,748
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,005,748	\$1,005,748	\$1,005,748
<u>Deferred Vested Participants</u>			
Retirement benefits	\$106,842	\$106,842	\$106,842
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$106,842	\$106,842	\$106,842
<u>Due a Refund of Contributions</u>	\$11,951	\$11,951	\$11,951
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$744,666	\$744,666	\$744,666
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$744,666	\$744,666	\$744,666
<u>Grand Total</u>	<u>\$1,869,207</u>	<u>\$1,869,207</u>	<u>\$1,869,207</u>



Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$2,672,083	\$2,672,083	\$2,672,083
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$2,672,083	\$2,672,083	\$2,672,083
<u>Deferred Vested Participants</u>			
Retirement benefits	\$106,842	\$106,842	\$106,842
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$106,842	\$106,842	\$106,842
<u>Due a Refund of Contributions</u>	\$11,951	\$11,951	\$11,951
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$744,666	\$744,666	\$744,666
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$744,666	\$744,666	\$744,666
<u>Grand Total</u>	<u>\$3,535,542</u>	<u>\$3,535,542</u>	<u>\$3,535,542</u>



GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2013	\$31,423
Annual Pension Cost for the 2013/14 Plan Year	\$225,092
Employer Contributions for the 2013/14 Plan Year	<u>(\$205,626)</u>
Net Increase (Decrease) in NPO	\$19,466
Net Pension Obligation (Asset) as of October 1, 2014	<u><u>\$50,889</u></u>



GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended September 30	Annual Required	%	Annual	%
	<u>Contribution</u>	<u>Contrib.</u>	<u>Cost</u>	<u>Contrib.</u>
2009	\$245,373	98%	\$245,364	98%
2010	\$285,571	100%	\$285,585	100%
2011	\$296,156	97%	\$296,174	97%
2012	\$308,071	93%	\$308,060	93%
2013	\$260,363	97%	\$260,273	97%
2014	\$225,210	91%	\$225,092	91%

Schedule of Funding Progress

Actuarial Valuation Date	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial	Actuarial	Unfunded	Funded	Covered	UAAL
	Value of	Liability *	AAL	Ratio	Payroll	as % of
	Assets	(AAL)	(UAAL)	(1) ÷ (2)		Covered
			(2) - (1)			Payroll
						(3) ÷ (5)
October 1, 2009	\$1,252,175	\$1,488,105	\$235,930	84.15%	\$745,810	31.63%
October 1, 2010	\$1,706,045	\$1,870,125	\$164,080	91.23%	\$788,819	20.80%
October 1, 2011	\$1,987,344	\$2,281,958	\$294,614	87.09%	\$807,256	36.50%
October 1, 2012	\$2,714,391	\$3,039,133	\$324,742	89.31%	\$753,518	43.10%
October 1, 2013	\$3,360,995	\$3,365,574	\$4,579	99.86%	\$764,280	0.60%
October 1, 2014	\$3,880,449	\$3,535,542	\$0	109.76%	\$663,716	0.00%

* The AAL has been calculated under the entry age normal cost method.

Additional Information

Valuation Date **October 1, 2014**

Actuarial Cost Method **Aggregate**

Amortization Method **Level dollar, open**

Remaining Amortization Period **30 years**

Asset Valuation Method **Market value**

Discount Rate **7.50%**

Salary Increase Rate **4.50%**



SFAS 35 Disclosures

Table II-C

Actuarial Present Value of Accrued Benefits

	<u>As of October 1, 2013</u>	<u>As of October 1, 2014</u>
<u>Vested Benefits</u>		
Participants currently receiving benefits	\$738,232	\$744,666
Other participants	\$702,550	\$1,124,541
Sub-total	<u>\$1,440,782</u>	<u>\$1,869,207</u>
<u>Non-Vested Benefits</u>	\$633,938	\$435,712
<u>Total Benefits</u>	<u><u>\$2,074,720</u></u>	<u><u>\$2,304,919</u></u>
<u>Funded Percentage</u>	168.23%	173.86%
(based on the market value of assets adjusted to exclude excess Chapter 175/185 contributions)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2013</u>	<u>\$2,074,720</u>
<u>Increase (Decrease) Due To:</u>	
Interest	\$155,604
Benefits accumulated	\$111,480
Benefits paid	(\$36,885)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$0
Net increase (decrease)	<u>\$230,199</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u><u>\$2,304,919</u></u>



Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2014	\$4,635,902
Minus advance employer contributions	(\$126,773)
Minus excess Chapter 175/185 contributions	(\$628,680)
Actuarial Value of Assets as of October 1, 2014	<u>\$3,880,449</u>

Historical Actuarial Value of Assets

October 1, 2005	\$470,784
October 1, 2006	\$600,721
October 1, 2007	\$882,721
October 1, 2008	\$943,160
October 1, 2009	\$1,252,175
October 1, 2010	\$1,706,045
October 1, 2011	\$1,987,344
October 1, 2012	\$2,714,391
October 1, 2013	\$3,360,995
October 1, 2014	\$3,880,449

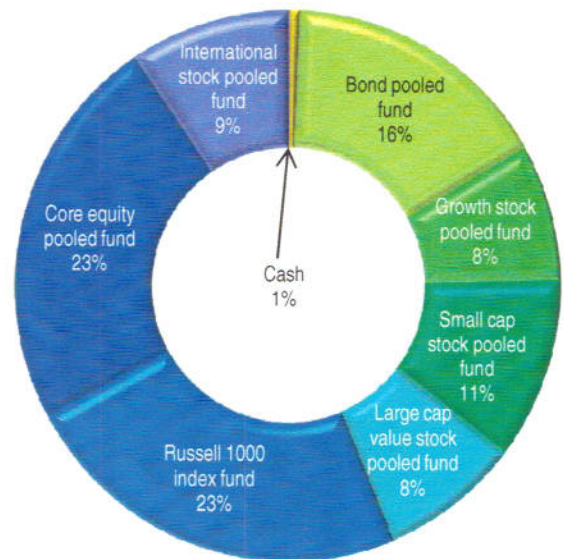


Market Value of Assets

Table III-B

As of October 1, 2014

Market Value of Assets	<u>\$4,635,902</u>
Cash	\$27,805
Bond pooled fund	\$741,468
Growth stock pooled fund	\$370,734
Small cap stock pooled fund	\$505,125
Large cap value stock pooled fund	\$380,003
Russell 1000 index fund	\$1,084,398
Core equity pooled fund	\$1,084,397
International stock pooled fund	\$440,247
Employee contribution receivable	\$2,446
Benefits payable	(\$721)

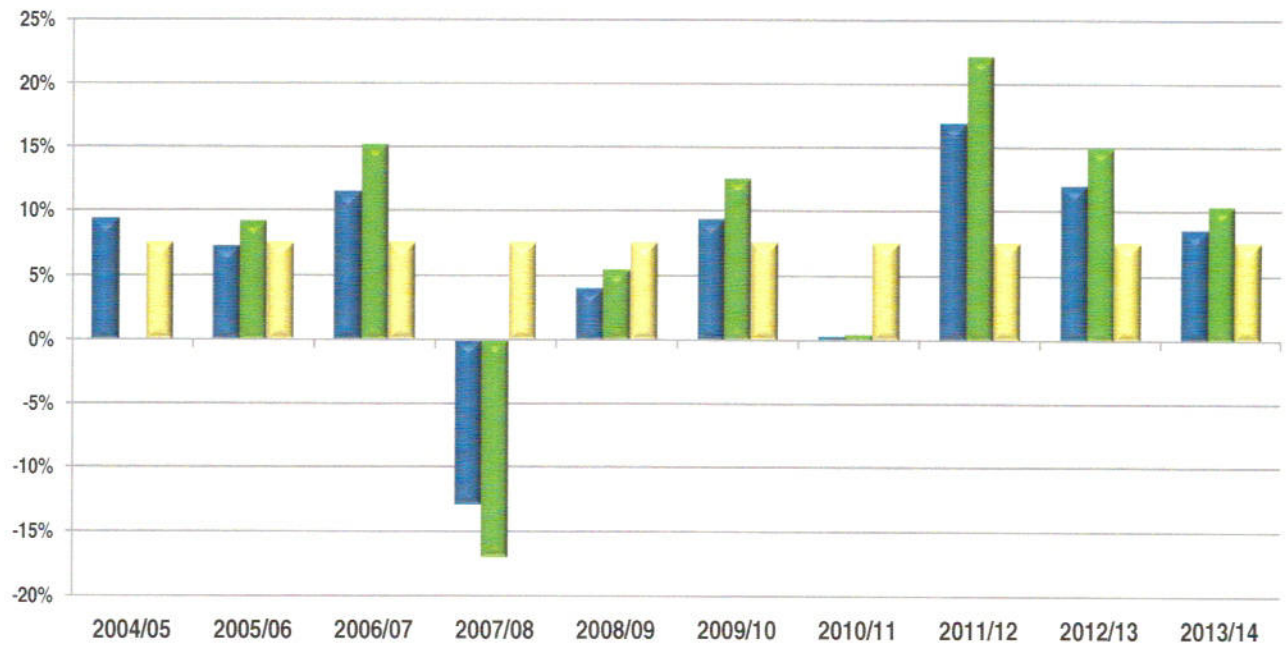
**Historical Market Value of Assets**

October 1, 2005	\$564,834
October 1, 2006	\$778,302
October 1, 2007	\$1,151,761
October 1, 2008	\$1,299,555
October 1, 2009	\$1,692,152
October 1, 2010	\$2,231,621
October 1, 2011	\$2,628,391
October 1, 2012	\$3,379,771
October 1, 2013	\$4,118,968
October 1, 2014	\$4,635,902



Investment Return

Table III-C

*Annual Investment Returns*

■ Market Value Return
■ Actuarial Value Return
■ Assumed Return

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004/05	9.32%	N/A	7.50%
2005/06	7.24%	9.16%	7.50%
2006/07	11.44%	15.15%	7.50%
2007/08	-12.91%	-16.96%	7.50%
2008/09	3.99%	5.47%	7.50%
2009/10	9.29%	12.51%	7.50%
2010/11	0.37%	0.49%	7.50%
2011/12	16.88%	22.09%	7.50%
2012/13	11.97%	14.98%	7.50%
2013/14	8.49%	10.36%	7.50%
10yr. Avg.	6.30%	7.57%	7.50%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2013	\$4,118,968	\$3,360,995
<i>Increases Due To:</i>		
Employer Contributions	\$86,101	\$86,101
Chapter 175/185 Contributions	\$117,005	\$117,005
Employee Contributions	\$34,887	\$34,887
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$237,993</u>	<u>\$237,993</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$356,532	
Total Investment Income	<u>\$356,532</u>	\$356,532
Other Income	\$0	
Total Income	<u>\$594,525</u>	<u>\$594,525</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$36,885)	(\$36,885)
Refund of Employee Contributions	\$0	\$0
Total Benefit Payments	<u>(\$36,885)</u>	<u>(\$36,885)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$40,706)	(\$40,706)
Advance Employer Contribution		\$2,520
Excess Chapter 175/185 Contribution		\$0
Total Expenses	<u>(\$77,591)</u>	<u>(\$75,071)</u>
As of October 1, 2014	<u>\$4,635,902</u>	<u>\$3,880,449</u>



Historical Trust Fund Detail

Table III-E

Income

Plan Year	Employer Contribs.	Chapter Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
2004/05	\$62,616	\$72,057	\$6,454	\$0	\$0	\$0	\$42,416	\$0
2005/06	\$77,426	\$84,318	\$7,013	\$0	\$0	\$0	\$46,950	\$0
2006/07	\$160,834	\$110,756	\$8,436	\$0	\$0	\$0	\$104,448	\$0
2007/08	\$187,506	\$129,381	\$9,666	\$0	\$0	\$0	-\$169,179	\$0
2008/09	\$206,913	\$128,206	\$10,902	\$0	\$0	\$0	\$58,487	\$0
2009/10	\$253,138	\$119,214	\$11,234	\$0	\$0	\$0	\$174,167	\$0
2010/11	\$294,077	\$109,710	\$11,678	\$0	\$0	\$0	\$9,051	\$0
2011/12	\$201,125	\$110,420	\$22,684	\$0	\$0	\$0	\$467,578	\$0
2012/13	\$229,402	\$115,949	\$36,579	\$0	\$0	\$0	\$423,352	\$0
2013/14	\$86,101	\$117,005	\$34,887	\$0	\$0	\$0	\$356,532	\$0

Expenses

Plan Year	Monthly Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses	<u>Other Actuarial Adjustments</u>	
					Advance Employer Contribs.	Excess Chapter Contribs.
2004/05	\$0	\$1,983	\$4,301	\$0	\$20,654	-\$12,333
2005/06	\$0	\$0	\$2,239	\$0	\$32,828	\$50,703
2006/07	\$0	\$0	\$11,015	\$0	\$14,318	\$77,141
2007/08	\$0	\$0	\$9,580	\$0	-\$8,411	\$95,766
2008/09	\$0	\$3,093	\$8,818	\$0	-\$11,009	\$94,591
2009/10	\$0	\$0	\$18,284	\$0	\$0	\$85,599
2010/11	\$0	\$0	\$27,746	\$0	\$39,376	\$76,095
2011/12	\$12,418	\$0	\$38,009	\$0	-\$52,472	\$76,805
2012/13	\$35,210	\$0	\$30,875	\$0	\$92,593	\$0
2013/14	\$36,885	\$0	\$40,706	\$0	-\$2,520	\$0

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table III-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2013	\$129,293
Additional Employer Contribution	\$203,106
Minimum Required Contribution	(\$205,626)
Net Increase in Advance Employer Contribution	(\$2,520)
Advance Employer Contribution as of October 1, 2014	<u>\$126,773</u>

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2013	\$628,680
Additional Chapter 175/185 Contribution	\$117,005
Allowable Chapter 175/185 Contribution	(\$117,005)
Net Increase in Excess Chapter 175/185 Contribution	\$0
Excess Chapter 175/185 Contribution as of October 1, 2014	<u>\$628,680</u>



Allowable Chapter 175/185 Contribution

Table III-G

1997 Base Amounts

Chapter 175 Regular Distribution	\$27,885
Chapter 175 Supplemental Distribution	\$2,631
Chapter 185 Distribution	\$0

Qualifying Benefit Improvements

Ordinance 2002-07	\$1,250
Ordinance 2005-02	\$1,849
Additional Base Amount Due to Revised Interpretation	\$157,714



Historical Chapter 175/185 Contributions

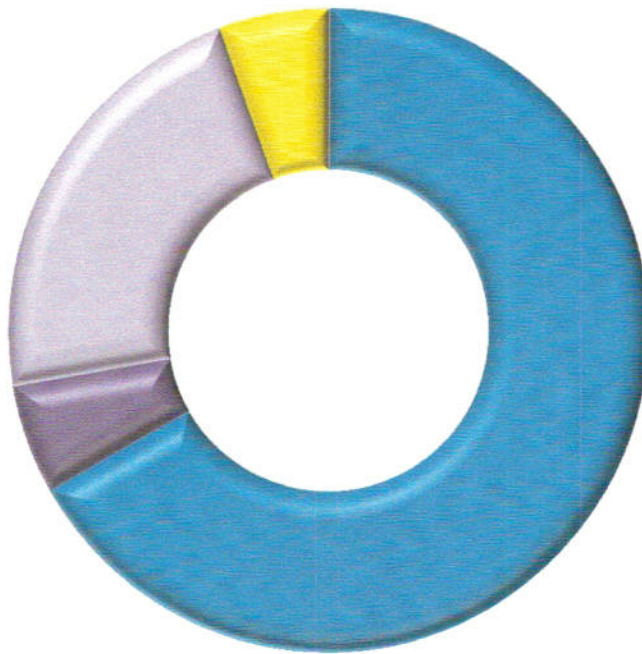
Table III-H

Total Accumulated Excess Chapter 175/185 Contribution				\$628,680
	<u>Chapter 175 Regular Distribution</u>	<u>Chapter 175 Supplemental Distribution</u>	<u>Chapter 185 Distribution</u>	<u>Allowable Amount</u>
1998 Distribution	\$30,507	\$2,631	\$0	(\$30,516)
1999 Distribution	\$24,765	\$6,598	\$0	(\$27,396)
2000 Distribution	\$25,240	\$14,131	\$0	(\$27,871)
2001 Distribution	\$26,934	\$13,263	\$0	(\$30,815)
2002 Distribution	\$34,838	\$14,931	\$0	(\$31,766)
2003 Distribution	\$42,087	\$19,412	\$0	(\$31,766)
2004 Distribution	\$46,781	\$25,276	\$0	(\$84,390)
2005 Distribution	\$57,300	\$27,018	\$0	(\$33,615)
2006 Distribution	\$76,372	\$34,384	\$0	(\$33,615)
2007 Distribution	\$64,337	\$65,044	\$0	(\$33,615)
2008 Distribution	\$77,707	\$50,499	\$0	(\$33,615)
2009 Distribution	\$77,824	\$41,390	\$0	(\$33,615)
2010 Distribution	\$71,369	\$38,341	\$0	(\$33,615)
2011 Distribution	\$76,267	\$34,153	\$0	(\$33,615)
2012 Distribution	\$74,537	\$41,412	\$0	(\$115,949)
2013 Distribution	\$76,683	\$40,322	\$0	(\$117,005)
Interest Adjustment				\$9,106



Summary of Participant Data

Table IV-A

As of October 1, 2014**Participant Distribution by Status**Actively Employed Participants

Active Participants	12
DROP Participants	0

Inactive Participants

Deferred Vested Participants	1
Due a Refund of Contributions	4
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	0
Disability Retirements	1
Beneficiaries Receiving	0

Total Participants 18Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2005	11	0	0	0	11
October 1, 2006	11	0	2	0	13
October 1, 2007	15	0	2	0	17
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	15	0	3	0	18
October 1, 2010	15	0	3	0	18
October 1, 2011	15	0	3	0	18
October 1, 2012	14	0	3	1	18
October 1, 2013	14	0	3	1	18
October 1, 2014	12	0	5	1	18



Data Reconciliation

Table IV-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2013</u>	14	0	0	3	0	0	1	0	18
<u>Change in Status</u>									
Re-employed									
Terminated	(2)		1	1					
Retired									
<u>Participation Ended</u>									
Transferred Out									
Cashed Out									
Died									
<u>Participation Began</u>									
Newly Hired									
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2014</u>	12	0	1	4	0	0	1	0	18

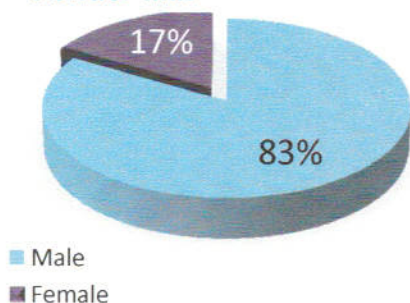


Active Participant Data

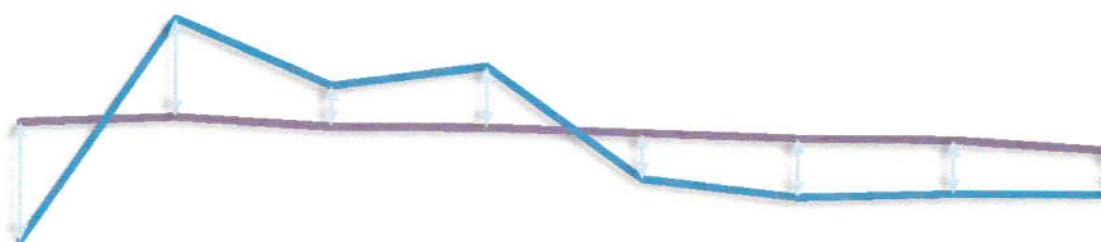
Table IV-C

As of October 1, 2014

Gender Mix



Average Age	40.1 years
Average Service	9.4 years
Total Annualized Compensation for the Prior Year	\$635,133
Total Expected Compensation for the Current Year	\$663,716
Average Increase in Compensation for the Prior Year	1.90%
Expected Increase in Compensation for the Current Year	4.50%
Accumulated Contributions for Active Employees	\$158,159



Actual vs. Expected Salary Increases

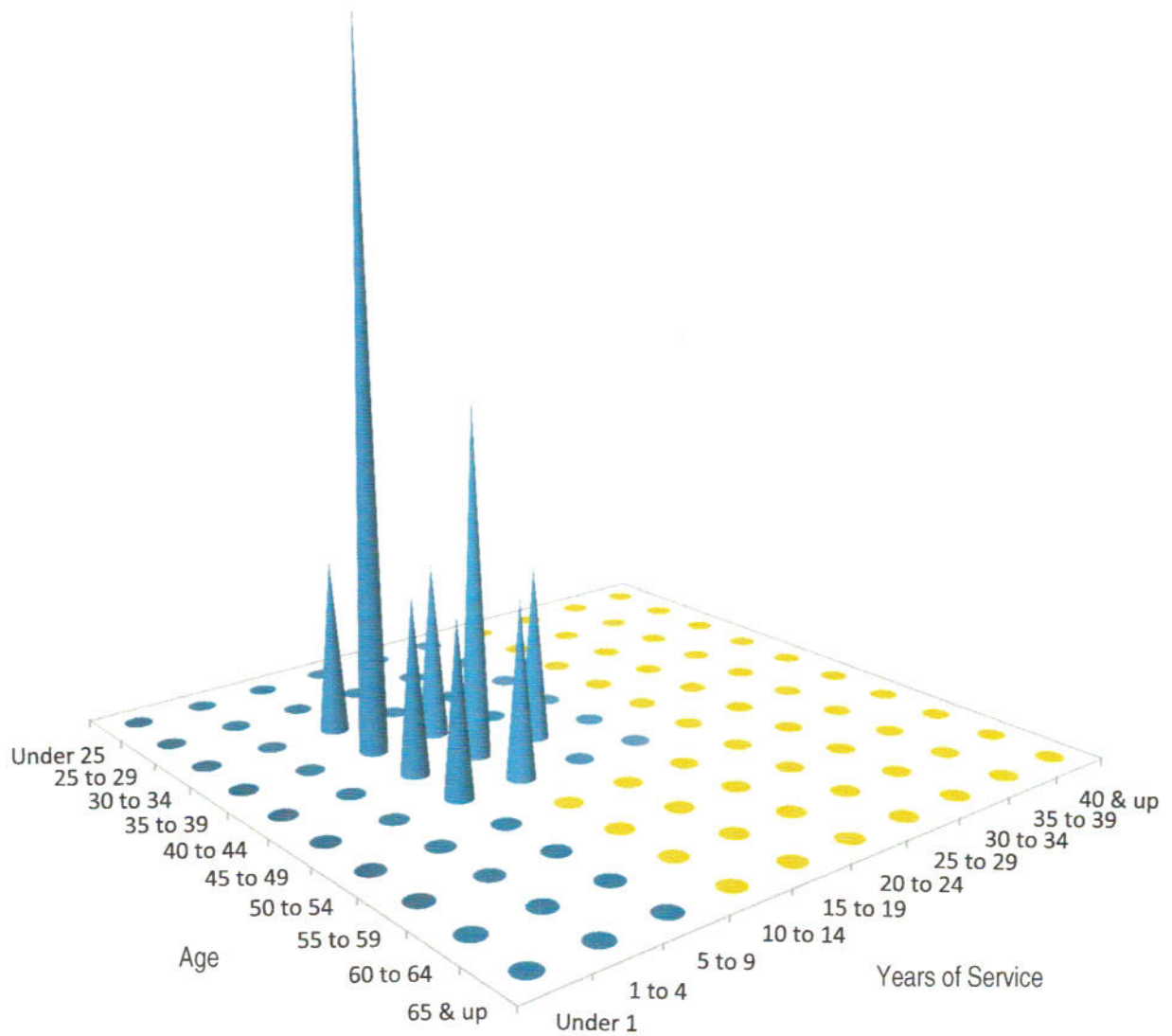
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	32.4	2.9	\$44,351	6.18%	17.40%
October 1, 2006	31.2	3.4	\$42,242	6.17%	4.46%
October 1, 2007	31.6	3.4	\$40,244	5.97%	-1.04%
October 1, 2008	N/A	N/A	\$46,041	6.29%	12.07%
October 1, 2009	34.7	4.3	\$47,119	5.73%	8.13%
October 1, 2010	35.7	5.3	\$49,927	5.70%	9.28%
October 1, 2011	36.7	6.3	\$51,202	5.40%	2.71%
October 1, 2012	37.6	7.1	\$51,231	5.13%	1.63%
October 1, 2013	38.6	8.1	\$52,241	5.07%	1.89%
October 1, 2014	40.1	9.4	\$52,928	4.50%	1.90%



Active Age-Service Distribution

Table IV-D



Active Age-Service-Salary Table

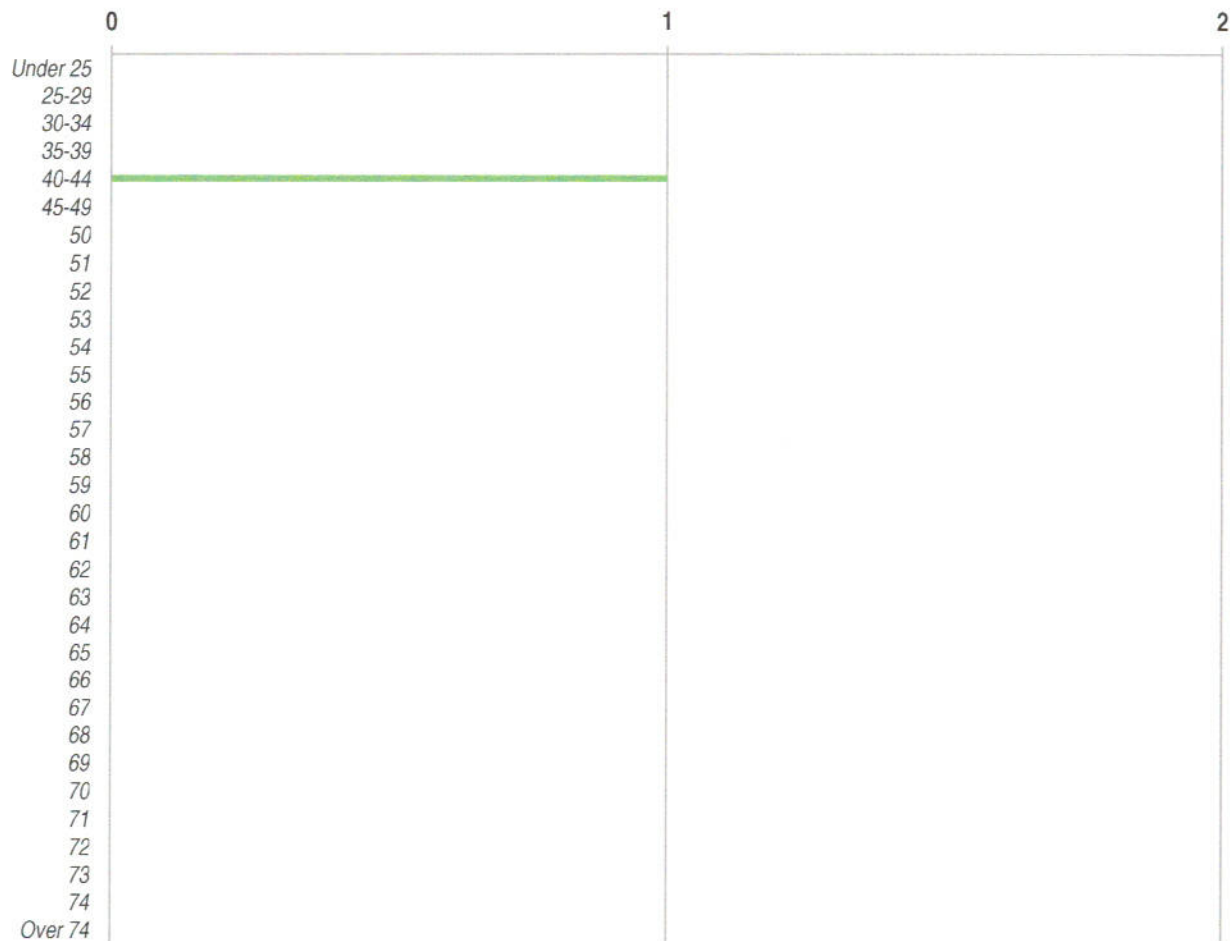
Table IV-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	49,262	0	0	0	0	0	0	0	49,262
35 to 39	0	0	4	1	0	0	0	0	0	0	5
Avg.Pay	0	0	46,310	68,753	0	0	0	0	0	0	50,798
40 to 44	0	0	1	2	1	0	0	0	0	0	4
Avg.Pay	0	0	46,216	56,989	70,392	0	0	0	0	0	57,646
45 to 49	0	0	1	1	0	0	0	0	0	0	2
Avg.Pay	0	0	45,292	56,002	0	0	0	0	0	0	50,647
50 to 54	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
55 to 59	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
60 to 64	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	7	4	1	0	0	0	0	0	12
Avg.Pay	0	0	46,573	59,683	70,392	0	0	0	0	0	52,928



Inactive Participant Data

Table IV-F



Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

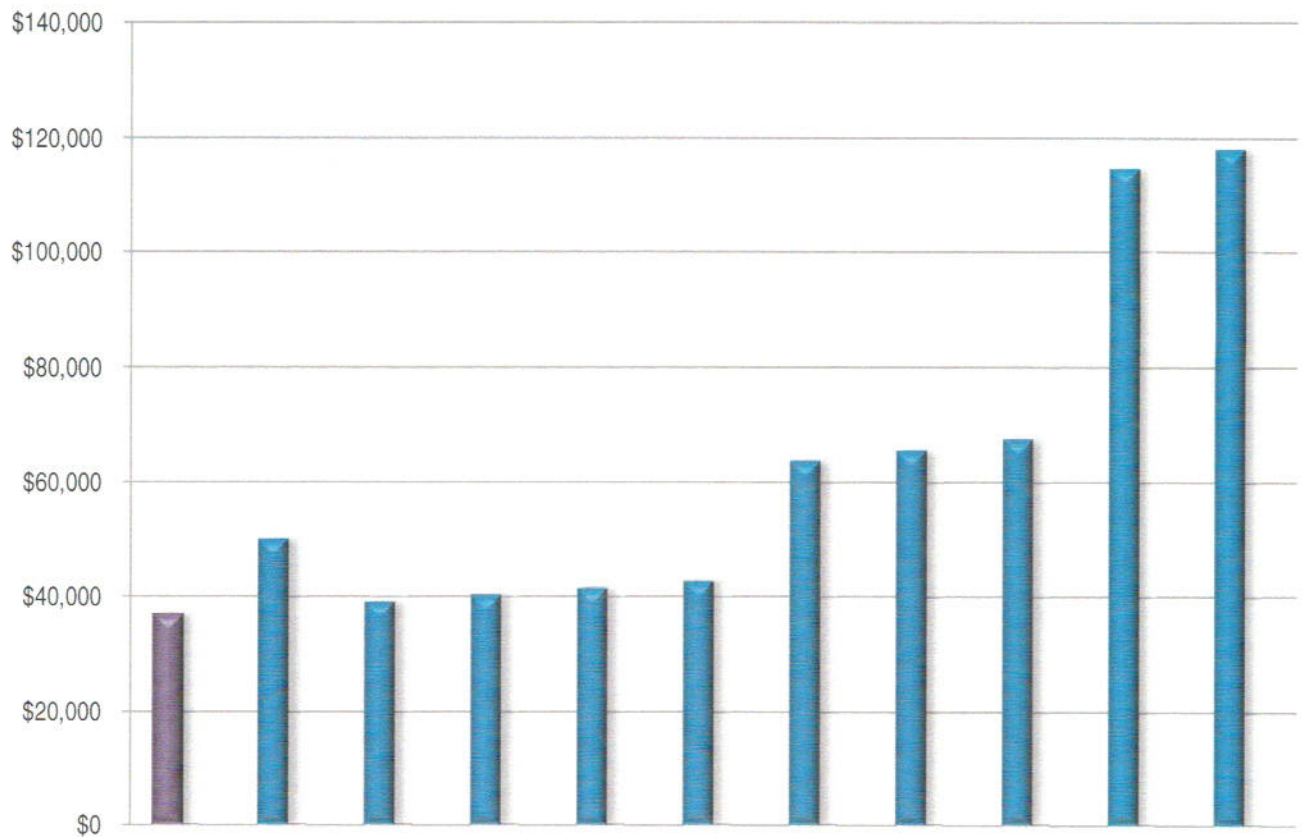
Average Monthly Benefit

Service Retirements	Not applicable
Disability Retirements	\$3,165.88
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable
Deferred Vested Participants	\$1,501.24
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G

Actual

For the period October 1, 2013 through September 30, 2014

\$36,885

Projected

For the period October 1, 2014 through September 30, 2015

\$49,935

For the period October 1, 2015 through September 30, 2016

\$39,115

For the period October 1, 2016 through September 30, 2017

\$40,278

For the period October 1, 2017 through September 30, 2018

\$41,473

For the period October 1, 2018 through September 30, 2019

\$42,701

For the period October 1, 2019 through September 30, 2020

\$63,664

For the period October 1, 2020 through September 30, 2021

\$65,554

For the period October 1, 2021 through September 30, 2022

\$67,498

For the period October 1, 2022 through September 30, 2023

\$114,551

For the period October 1, 2023 through September 30, 2024

\$117,951



Summary of Actuarial Methods and Assumptions

Table V-A

1. **Actuarial Cost Method**

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. **Asset Method**

The actuarial value of assets is equal to the market value of assets.

3. **Interest (or Discount) Rate**

7.50% per annum

4. **Salary Increases**

Plan compensation is generally assumed to increase at the rate of 4.50% per annum, unless actual plan compensation is known for a prior plan year.

5. **Decrements**

- Pre-retirement mortality: None is assumed.
- Post-retirement mortality: Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
- Disability: None is assumed.
- Termination: None is assumed.
- Retirement: Retirement is assumed to occur at the most valuable retirement age.



Summary of Actuarial Methods and Assumptions

Table V-A

(continued)

6. Form of Payment

Future retirees have been assumed to select the 10-year certain and life annuity.

7. Expenses

The total projected benefit liability has been loaded by 2.75% to account for anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table V-B

No assumptions or methods have been changed since the previous valuation was completed.



Summary of Plan Provisions

Table VI-A

1. Benefit Formula

3.25% of Average Monthly Earnings multiplied by Credited Service earned prior to June 1, 2012 plus 3.125% of Average Monthly Earnings multiplied by Credited Service earned after May 31, 2012

(The benefit formula is applied separately to periods of service as a full-time firefighter and as a volunteer firefighter.)

2. Service Retirement

Normal retirement: Age 55 with at least 10 years of credited service; or

Any age with at least 25 years of credited service

Early retirement: Age 50 with at least 10 years of credited service

(Note: In the case of early retirement, the participant's benefit is reduced by 3% for each year by which the participant's early retirement age precedes his normal retirement age.)

3. Disability Retirement

The disability benefit is a monthly 10-year certain and life annuity equal to the accrued normal retirement benefit, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-financed disability or salary continuation benefit from exceeding his average monthly earnings. The disability benefit is not reduced to an amount less than either 66% of average monthly earnings (for service-based disability) or 25% of average monthly earnings (for non-service disability). The participant may convert his disability benefit into any of the optional forms of payment that are otherwise available under the plan.

(A participant is disabled if he is found to have a mental or physical condition resulting from bodily injury, disease, or a mental disorder that renders him incapable of employment as a police officer. However, a participant will not be eligible for a disability benefit if his disability is caused by excessive and habitual use of drugs, intoxicants, or narcotics; by injury or disease sustained while serving in the armed forces; by injury or disease sustained while willfully and illegally participating in fights, riots, or civil insurrections, or while committing a crime; by injury or disease sustained after termination of employment; or by an injury or disease sustained while working for another employer and arising from such employment.)



Summary of Plan Provisions

Table VI-A

(continued)

4. Deferred Vested Retirement

A vested participant who terminates employment before becoming eligible for retirement receives a deferred vested retirement benefit payable at the participant's early or normal retirement age. If the benefit is payable prior to normal retirement age, then the benefit is reduced by 3% for each year by which the participant's early retirement age precedes his normal retirement age.

A non-vested participant who terminates employment receives his accumulated contributions.

5. Vesting

An employee becomes 100% vested upon the attainment of 10 years of credited service.

6. Pre-Retirement Death Benefit

If a participant dies in the line of duty prior to retirement, the participant's beneficiary receives an immediate monthly life annuity equal to the greater of 50% of the deceased participant's plan compensation at the time of his death or 100% of the participant's accrued benefit.

If a vested participant dies prior to retirement other than in the line of duty, the participant's beneficiary receives a life annuity commencing immediately. The life annuity is equal to 50% of the participant's accrued benefit.

If a non-vested participant dies prior to retirement other than in the line of duty, the participant's beneficiary receives the participant's accumulated contributions.

7. Form of Payment

Actuarially increased single life annuity (*optional*);

10-year certain and life annuity (*normal form of payment*);

Actuarially reduced 50% joint and contingent annuity (*optional*);

Actuarially reduced 66⅔% joint and contingent annuity (*optional*);

Actuarially reduced 75% joint and contingent annuity (*optional*);

Actuarially reduced 100% joint and contingent annuity (*optional*); or



Summary of Plan Provisions

Table VI-A

(continued)

Actuarially equivalent single lump sum distribution *(automatic if the single sum value of the participant's benefit is less than or equal to \$5,000 or if the monthly benefit is less than \$100)*

(Note: All forms of payment guarantee at least the return of the participant's accumulated contributions. Furthermore, a participant may change his joint annuitant up to two times after retirement subject to an actuarially equivalent adjustment.)

8. Automatic Cost-of-Living Adjustment

Participants receive an automatic annual 3% cost-of-living adjustment (COLA) as of each October 1 after having been retired for at least one year. The COLA applies to all benefits payable from the plan including the supplemental benefit.

9. Supplemental Benefit

Participants receiving an early or normal retirement benefit receive a supplemental monthly benefit equal to \$3.00 for each year of credited service to a maximum of \$90.00 per month and payable as a single life annuity.

10. Average Monthly Earnings

Average monthly earnings during the highest five years of compensation out of the 10 years immediately preceding the determination date or career average earnings, if greater. Earnings include total W-2 compensation, except that, effective February 8, 2012, payments for accrued sick and vacation leave in excess of the amount of leave accrued immediately prior to that date and overtime pay in excess of 156 hours per fiscal year are excluded from earnings. Earnings cannot exceed the maximum amount allowed under IRC section 401(a)(17).

11. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death.

(Participants may purchase up to four additional years of credited service with another qualified fire department by paying into the plan the full actuarial cost thereof.)

12. Employee Contribution

Employees must contribute 5.00% of basic salary (2.00% prior to June 1, 2012). Employee contributions are accumulated without interest.



Summary of Plan Provisions

Table VI-A

(continued)

13. City Contribution

The City is required to make periodic contributions at least on a quarterly basis as determined under Chapter 112, Florida Statutes.

14. Participant Requirement

All full-time firefighters of the City of Oldsmar who are hired prior to October 1, 2014 automatically become participants in the plan on their date of hire.

15. Actuarial Equivalence

Based on 7.50% interest per annum and the unisex mortality table promulgated by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 417(e)(3)

16. Plan Effective Date

The plan was originally effective on October 1, 1996.



Summary of Plan Amendments

Table VI-B

Since the completion of the previous valuation, Ordinance 2014-09 was adopted. This ordinance precludes employees hired after September 30, 2014 from participating in the plan and allows existing participating employees to make an irrevocable election to transfer out of the plan into the Florida Retirement System (FRS). This ordinance had no actuarial impact on the plan.

