

CITY OF SAFETY HARBOR
FIREFIGHTERS' PENSION FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2014

DETERMINES THE CONTRIBUTION
FOR THE 2014/15 FISCAL YEAR



	<u>Page</u>
Discussion	1
<u>Funding Results</u>	
Table I-A Minimum Required Contribution	I-1
Table I-B Sensitivity Analysis	I-3
Table I-C Gain and Loss Analysis	I-4
Table I-D Present Value of Future Benefits	I-5
Table I-E Present Value of Accrued Benefits	I-6
Table I-F Present Value of Vested Benefits	I-7
Table I-G Entry Age Normal Accrued Liability	I-8
<u>Accounting Results</u>	
Table II-A GASB 25/27 Results	II-1
Table II-B GASB 25/27 Disclosures	II-2
Table II-C SFAS 35 Disclosures	II-3
<u>Assets</u>	
Table III-A Actuarial Value of Assets	III-1
Table III-B Market Value of Assets	III-2
Table III-C Investment Return	III-3
Table III-D Asset Reconciliation	III-4
Table III-E Historical Trust Fund Detail	III-5
Table III-F Other Reconciliations	III-6
Table III-G Allowable Chapter 175/185 Contribution	III-7
Table III-H Historical Chapter 175/185 Contributions	III-8
<u>Data</u>	
Table IV-A Summary of Participant Data	IV-1
Table IV-B Data Reconciliation	IV-2
Table IV-C Active Participant Data	IV-3
Table IV-D Active Age-Service Distribution	IV-4
Table IV-E Active Age-Service-Salary Table	IV-5
Table IV-F Inactive Participant Data	IV-6
Table IV-G Projected Benefit Payments	IV-7
<u>Methods & Assumptions</u>	
Table V-A Summary of Actuarial Methods and Assumptions	V-1
Table V-B Changes in Actuarial Methods and Assumptions	V-3
<u>Plan Provisions</u>	
Table VI-A Summary of Plan Provisions	VI-1
Table VI-B Summary of Plan Amendments	VI-5



March 20, 2015

Introduction

This report presents the results of the October 1, 2014 actuarial valuation for the City of Safety Harbor Firefighters' Pension Fund. 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 21.64% of covered payroll, which represents a decrease of 2.51% of payroll from the prior valuation.

The normal cost rate is 20.89%, which is 2.44% lower 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 1.21% of payroll due to investment gains and decreased by another 1.23% of payroll due to demographic experience. The market value of assets earned 9.15% during the 2013/14 plan year, whereas a 7.00%



annual investment return was required to maintain a stable contribution rate. The demographic gain occurred primarily because salary increases were far 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 21.64% 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. The allowable portion of the Chapter 175/185 contribution is \$171,110 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 \$7,684,166. As illustrated in Table I-A, current assets are sufficient to cover \$5,077,687 of this amount, the employer's 2014/15 expected contribution will cover \$229,893 of this amount, and future employee contributions are expected to cover \$119,055 of this amount, leaving \$2,257,531 to be covered by future employer funding beyond the 2014/15 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

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. 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.

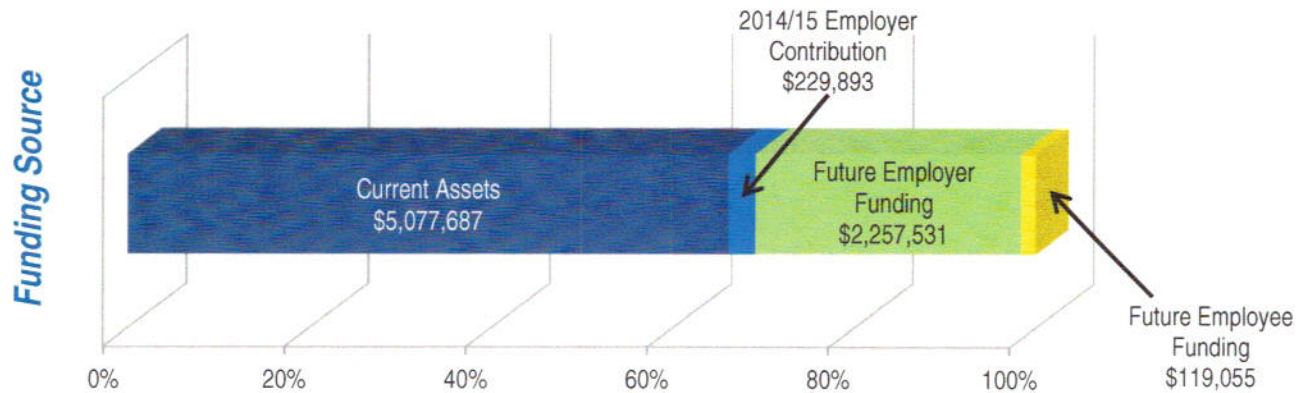
Enrolled Actuary No. 14-04927

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	\$7,424,315
Present Value of Future Administrative Expenses	\$259,851
Actuarial Value of Assets	(\$5,077,687)
Present Value of Future Employee Contributions	(\$119,055)
Present Value of Future Normal Costs	\$2,487,424
Present Value of Future Payroll	÷ \$11,905,460
Normal Cost Rate	= 20.8931%
Expected Payroll	x \$1,062,547
Normal Cost	\$221,999
Adjustment to Reflect Bi-Weekly Employer Contributions	\$7,894
Preliminary Employer Contribution for the 2014/15 Plan Year	\$229,893

Expected Payroll for the 2014/15 Plan Year ÷ \$1,062,547

Minimum Required Contribution Rate **21.64%**

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

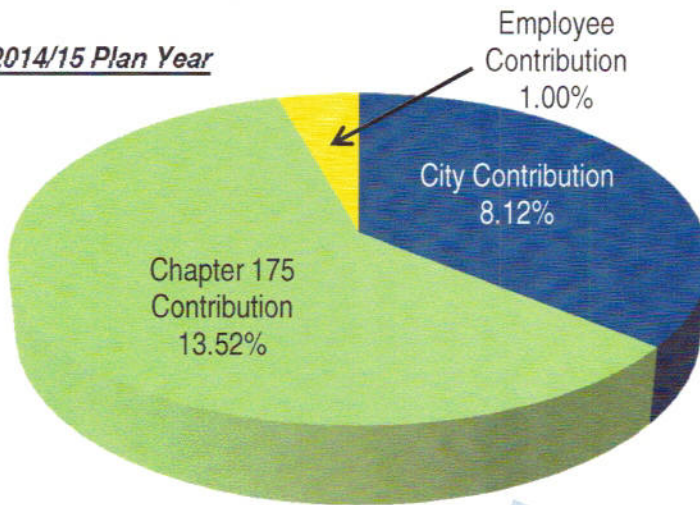


Minimum Required Contribution

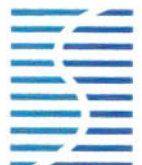
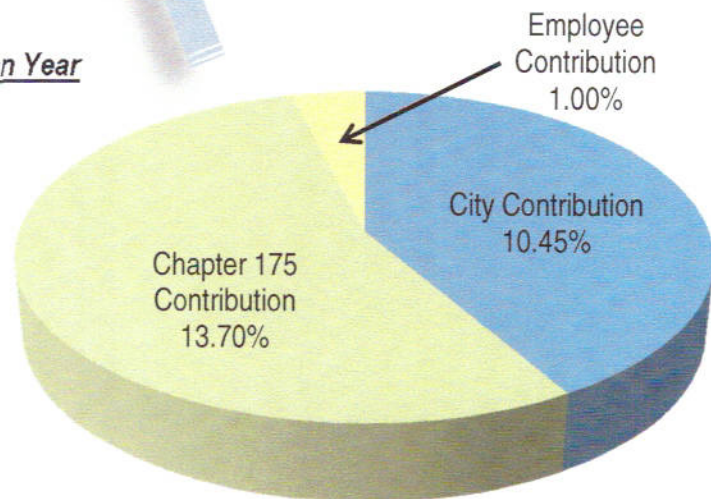
Table I-A
(continued)

The minimum required contribution rate of 21.64% includes both the City contribution and the allowable Chapter 175 contribution. In addition, employees are required to contribute 1.00% of pensionable earnings. The actual City contribution rate is expected to be approximately 8.12% 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

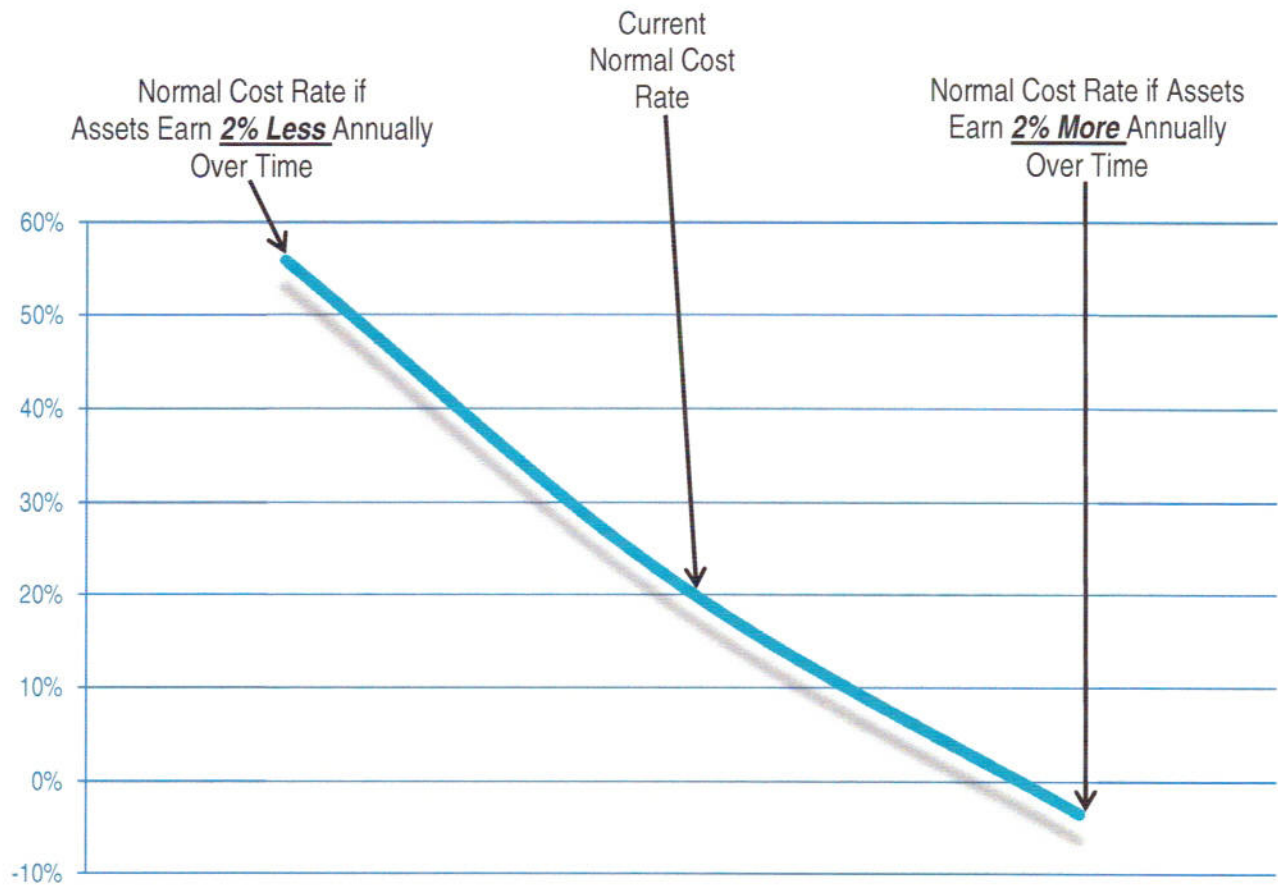


For the 2013/14 Plan Year



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	23.33%
Increase (decrease) due to investment gains and losses	-1.21%
Increase (decrease) due to demographic experience	-1.23%
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>20.89%</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	\$7,272,473	\$7,272,473	\$7,272,473
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$7,272,473	\$7,272,473	\$7,272,473
<u>Deferred Vested Participants</u>			
Retirement benefits	\$151,842	\$151,842	\$151,842
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$151,842	\$151,842	\$151,842
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$7,424,315</u>	<u>\$7,424,315</u>	<u>\$7,424,315</u>
Present Value of Future Payroll	\$11,905,460	\$11,905,460	\$11,905,460
Present Value of Future Employee Contribs.	\$119,055	\$119,055	\$119,055
Present Value of Future Employer Contribs.	\$2,487,424	\$2,487,424	\$2,487,424



Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$2,080,122	\$2,080,122	\$2,080,122
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$2,080,122	\$2,080,122	\$2,080,122
<u>Deferred Vested Participants</u>			
Retirement benefits	\$151,842	\$151,842	\$151,842
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$151,842	\$151,842	\$151,842
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$2,231,964</u>	<u>\$2,231,964</u>	<u>\$2,231,964</u>



Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$1,381,648	\$1,381,648	\$1,381,648
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,381,648	\$1,381,648	\$1,381,648
<u>Deferred Vested Participants</u>			
Retirement benefits	\$151,842	\$151,842	\$151,842
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$151,842	\$151,842	\$151,842
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$1,533,490</u>	<u>\$1,533,490</u>	<u>\$1,533,490</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	\$3,640,368	\$3,640,368	\$3,640,368
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$3,640,368	\$3,640,368	\$3,640,368
<u>Deferred Vested Participants</u>			
Retirement benefits	\$151,842	\$151,842	\$151,842
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$151,842	\$151,842	\$151,842
<u>Due a Refund of Contributions</u>	\$0	\$0	\$0
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$0	\$0	\$0
Disability retirements	\$0	\$0	\$0
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$0	\$0	\$0
<u>Grand Total</u>	<u>\$3,792,210</u>	<u>\$3,792,210</u>	<u>\$3,792,210</u>



GASB 25/27 Results

Table II-A

Development of the Net Pension Obligation (Asset)

Net Pension Obligation (Asset) as of October 1, 2013	(\$455,418)
Annual Pension Cost for the 2013/14 Plan Year	\$262,555
Employer Contributions for the 2013/14 Plan Year	<u>(\$253,234)</u>
Net Increase (Decrease) in NPO	\$9,321
Net Pension Obligation (Asset) as of October 1, 2014	<u><u>(\$446,097)</u></u>



GASB 25/27 Disclosures

Table II-B

Schedule of Employer Contributions

Year Ended <u>September 30</u>	Annual Required <u>Contribution</u>	% <u>Contrib.</u>	Annual Pension <u>Cost</u>	% <u>Contrib.</u>
2009	\$237,677	108%	\$237,718	108%
2010	\$305,306	104%	\$306,794	104%
2011	\$291,806	103%	\$293,337	102%
2012	\$269,442	113%	\$271,000	113%
2013	\$267,937	103%	\$269,625	103%
2014	\$260,134	97%	\$262,555	96%

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability * (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) ÷ (2)	(5) Covered Payroll	(6) UAAL as % of Covered Payroll (3) ÷ (5)
October 1, 2009	\$1,810,225	\$1,763,773	\$0	102.63%	\$971,356	0.00%
October 1, 2010	\$2,353,601	\$2,151,877	\$0	109.37%	\$975,490	0.00%
October 1, 2011	\$2,663,464	\$2,399,722	\$0	110.99%	\$907,930	0.00%
October 1, 2012	\$3,563,115	\$2,908,691	\$0	122.50%	\$996,003	0.00%
October 1, 2013	\$4,382,581	\$3,368,219	\$0	130.12%	\$1,076,940	0.00%
October 1, 2014	\$5,077,687	\$3,792,210	\$0	133.90%	\$1,062,547	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 **7.00%**

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	\$0	\$0
Other participants	\$1,434,026	\$1,533,490
Sub-total	\$1,434,026	\$1,533,490
<u>Non-Vested Benefits</u>	\$494,143	\$698,474
<u>Total Benefits</u>	<u>\$1,928,169</u>	<u>\$2,231,964</u>
<u>Funded Percentage</u>	227.29%	233.87%
(based on the market value of assets)		

Statement of Change in Actuarial Present Value of Accrued Benefits

<u>Actuarial Present Value as of October 1, 2013</u>	<u>\$1,928,169</u>
<u>Increase (Decrease) Due To:</u>	
Interest	\$134,972
Benefits accumulated	\$1,071,233
Benefits paid	(\$902,410)
Plan amendments	\$0
Changes in actuarial methods and assumptions	\$0
Net increase (decrease)	<u>\$303,795</u>
<u>Actuarial Present Value as of October 1, 2014</u>	<u>\$2,231,964</u>



Actuarial Value of Assets

Table III-A

Market Value of Assets as of October 1, 2014	\$5,219,812
Minus advance employer contributions	(\$142,125)
Minus excess Chapter 175/185 contributions	\$0
Actuarial Value of Assets as of October 1, 2014	<u>\$5,077,687</u>

Historical Actuarial Value of Assets

October 1, 2005	\$498,560
October 1, 2006	\$756,431
October 1, 2007	\$1,099,877
October 1, 2008	\$1,097,648
October 1, 2009	\$1,810,225
October 1, 2010	\$2,353,601
October 1, 2011	\$2,663,464
October 1, 2012	\$3,563,115
October 1, 2013	\$4,382,581
October 1, 2014	\$5,077,687

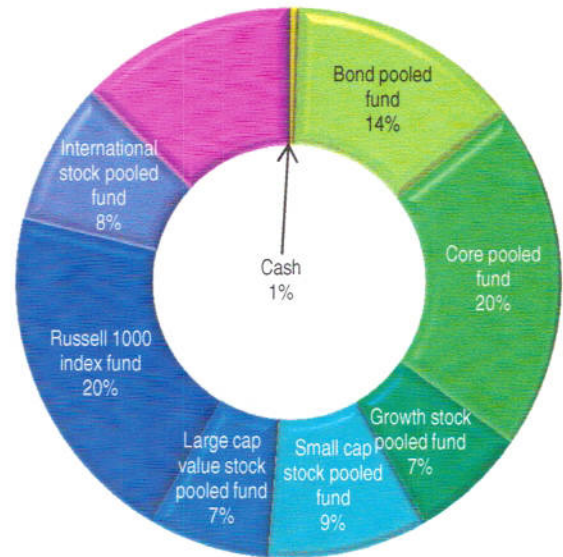


Market Value of Assets

Table III-B

As of October 1, 2014

Market Value of Assets	<u>\$5,219,812</u>
Cash	\$36,670
Bond pooled fund	\$977,869
Core pooled fund	\$1,430,133
Growth stock pooled fund	\$488,934
Small cap stock pooled fund	\$666,173
Large cap value stock pooled fund	\$501,158
Russell 1000 index fund	\$1,430,133
International stock pooled fund	\$580,610
Employer contribution receivable	\$10,123
Employee contribution receivable	\$419
Payable to share plan	(\$902,410)

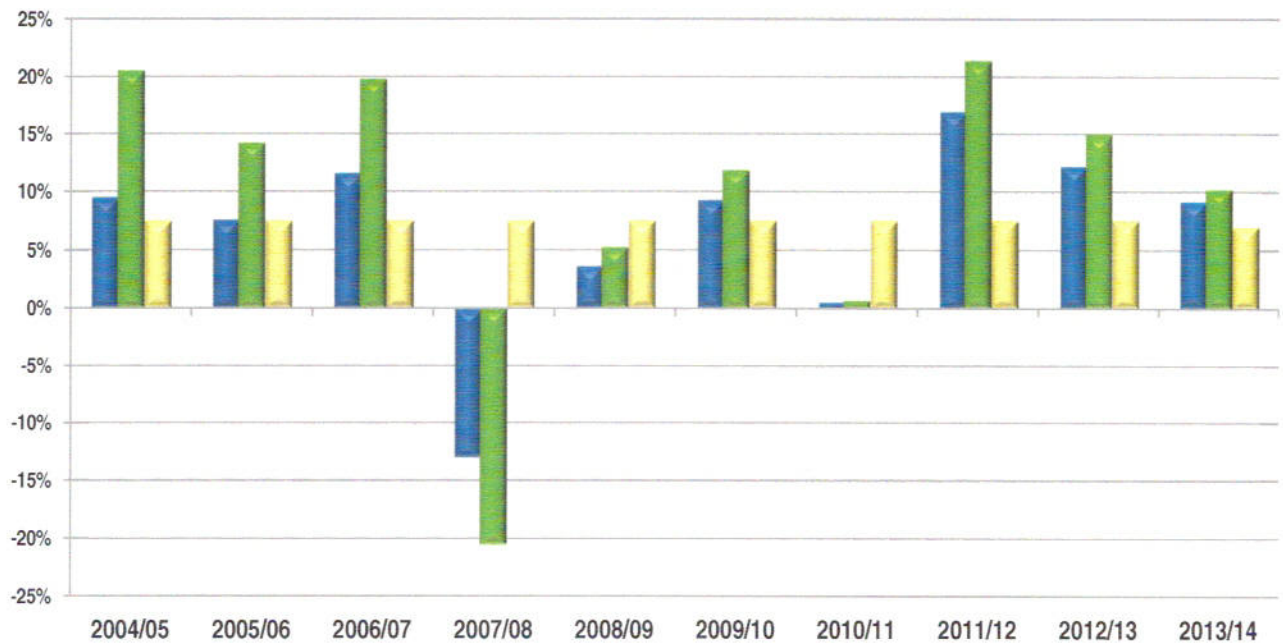
Historical Market Value of Assets

October 1, 2005	\$995,265
October 1, 2006	\$1,298,698
October 1, 2007	\$1,756,480
October 1, 2008	\$1,859,213
October 1, 2009	\$2,295,331
October 1, 2010	\$2,946,774
October 1, 2011	\$3,356,697
October 1, 2012	\$4,358,157
October 1, 2013	\$5,284,991
October 1, 2014	\$5,219,812



Investment Return

Table III-C

*Annual Investment Returns*

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2004/05	9.45%	20.55%	7.50%
2005/06	7.56%	14.26%	7.50%
2006/07	11.58%	19.80%	7.50%
2007/08	-12.98%	-20.49%	7.50%
2008/09	3.64%	5.24%	7.50%
2009/10	9.30%	11.86%	7.50%
2010/11	0.54%	0.68%	7.50%
2011/12	16.91%	21.38%	7.50%
2012/13	12.20%	15.00%	7.50%
2013/14	9.15%	10.21%	7.00%
10yr. Avg.	6.42%	9.11%	7.45%



Asset Reconciliation

Table III-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2013	\$5,284,991	\$4,382,581
<i>Increases Due To:</i>		
Employer Contributions	\$251,735	\$251,735
Chapter 175/185 Contributions	\$143,624	\$143,624
Employee Contributions	\$10,486	\$10,486
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$405,845</u>	<u>\$405,845</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$459,576	
Total Investment Income	<u>\$459,576</u>	\$459,576
Other Income	\$0	
Total Income	<u>\$865,421</u>	<u>\$865,421</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$902,410)	(\$902,410)
Refund of Employee Contributions	\$0	\$0
Total Benefit Payments	<u>(\$902,410)</u>	<u>(\$902,410)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$28,190)	(\$28,190)
Advance Employer Contribution		(\$142,125)
Excess Chapter 175/185 Contribution		\$902,410
Total Expenses	<u>(\$930,600)</u>	<u>(\$170,315)</u>
As of October 1, 2014	<u>\$5,219,812</u>	<u>\$5,077,687</u>



Historical Trust Fund Detail

Table III-E

Income

Plan	Employer	Chapter	Employee	Service		Realized	Unrealized	
<u>Year</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Contribs.</u>	<u>Purchase</u>	<u>Interest /</u>	<u>Gains /</u>	<u>Gains /</u>	<u>Other</u>
				<u>Contribs.</u>	<u>Dividends</u>	<u>Losses</u>	<u>Losses</u>	<u>Income</u>
2004/05	\$120,365	\$69,231	\$5,101	\$0	\$0	\$0	\$77,701	\$0
2005/06	\$140,391	\$81,269	\$5,841	\$0	\$0	\$0	\$83,521	\$0
2006/07	\$173,502	\$119,358	\$7,149	\$0	\$0	\$0	\$167,199	\$0
2007/08	\$207,244	\$146,206	\$8,539	\$0	\$0	\$0	-\$250,902	\$0
2008/09	\$223,229	\$148,219	\$9,198	\$0	\$0	\$0	\$74,272	\$0
2009/10	\$286,033	\$140,556	\$9,258	\$0	\$0	\$0	\$233,014	\$0
2010/11	\$268,096	\$132,549	\$9,106	\$0	\$0	\$0	\$17,039	\$0
2011/12	\$273,018	\$134,298	\$9,468	\$0	\$0	\$0	\$601,344	\$0
2012/13	\$243,947	\$139,857	\$10,276	\$0	\$0	\$0	\$554,455	\$0
2013/14	\$251,735	\$143,624	\$10,486	\$0	\$0	\$0	\$459,576	\$0

Expenses

Plan	Monthly				<u>Other Actuarial Adjustments</u>	
<u>Year</u>	<u>Benefit</u>	<u>Contrib.</u>	<u>Admin.</u>	<u>Invest.</u>	<u>Advance</u>	<u>Excess</u>
	<u>Payments</u>	<u>Refunds</u>	<u>Expenses</u>	<u>Expenses</u>	<u>Employer</u>	<u>Chapter</u>
					<u>Contribs.</u>	<u>Contribs.</u>
2004/05	\$0	\$0	\$3,753	\$0	\$68,694	\$36,742
2005/06	\$0	\$949	\$6,640	\$0	-\$3,218	\$48,780
2006/07	\$0	\$3,376	\$6,050	\$0	\$27,468	\$86,869
2007/08	\$0	\$36	\$8,318	\$0	-\$8,755	\$113,717
2008/09	\$0	\$1,647	\$17,153	\$0	-\$392,189	\$115,730
2009/10	\$0	\$0	\$17,418	\$0	\$0	\$108,067
2010/11	\$0	\$1,626	\$15,241	\$0	\$0	\$100,060
2011/12	\$0	\$0	\$16,668	\$0	\$0	\$101,809
2012/13	\$0	\$0	\$21,701	\$0	\$0	\$107,368
2013/14	\$902,410	\$0	\$28,190	\$0	\$142,125	-\$902,410

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	\$0
Additional Employer Contribution	\$395,359
Minimum Required Contribution	(\$253,234)
Net Increase in Advance Employer Contribution	\$142,125
Advance Employer Contribution as of October 1, 2014	<u>\$142,125</u>

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2013	\$902,410
Additional Chapter 175/185 Contribution	\$143,624
Transfer to Share Plan	(\$902,410)
Allowable Chapter 175/185 Contribution	(\$143,624)
Net Increase in Excess Chapter 175/185 Contribution	(\$902,410)
Excess Chapter 175/185 Contribution as of October 1, 2014	<u>\$0</u>



Allowable Chapter 175/185 Contribution

Table III-G

1997 Base Amounts

Chapter 175 Regular Distribution	\$32,489
Chapter 175 Supplemental Distribution	\$0
Chapter 185 Distribution	\$0

Qualifying Benefit Improvements

Resolution 2014-03	\$138,621
--------------------	-----------



Historical Chapter 175/185 Contributions

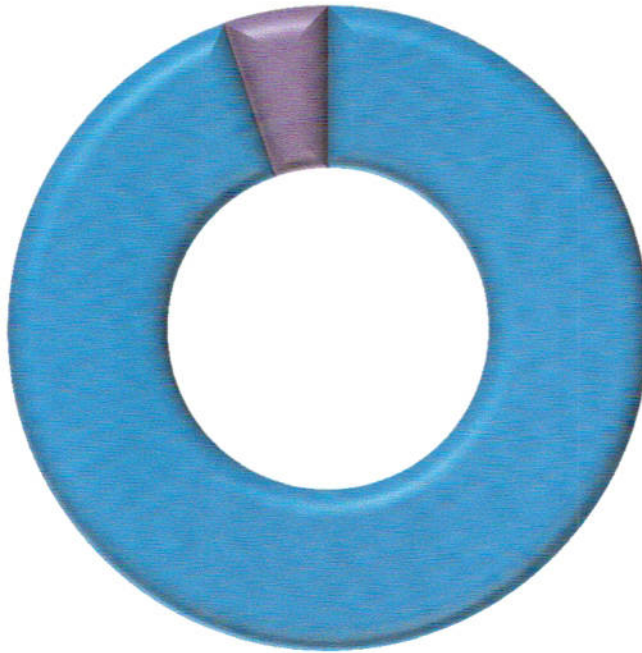
Table III-H

	Total Accumulated Excess Chapter 175/185 Contribution				\$0
	<u>Chapter 175 Regular Distribution</u>	<u>Chapter 175 Supplemental Distribution</u>	<u>Chapter 185 Distribution</u>	<u>Allowable Amount</u>	
1998 Distribution	\$38,114	\$0	\$0	(\$32,489)	
1999 Distribution	\$24,844	\$0	\$0	(\$24,844)	
2000 Distribution	\$26,322	\$14,175	\$0	(\$26,322)	
2001 Distribution	\$25,916	\$13,831	\$0	(\$25,916)	
2002 Distribution	\$30,737	\$14,366	\$0	(\$30,737)	
2003 Distribution	\$40,249	\$17,127	\$0	(\$32,489)	
2004 Distribution	\$45,059	\$24,172	\$0	(\$32,489)	
2005 Distribution	\$55,245	\$26,024	\$0	(\$32,489)	
2006 Distribution	\$86,206	\$33,151	\$0	(\$32,489)	
2007 Distribution	\$72,786	\$73,420	\$0	(\$32,489)	
2008 Distribution	\$91,088	\$57,131	\$0	(\$32,489)	
2009 Distribution	\$92,039	\$48,517	\$0	(\$32,489)	
2010 Distribution	\$87,205	\$45,344	\$0	(\$32,489)	
2011 Distribution	\$92,566	\$41,732	\$0	(\$32,489)	
2012 Distribution	\$89,595	\$50,262	\$0	(\$32,489)	
2013 Distribution	\$95,156	\$48,468	\$0	(\$143,624)	
Interest Adjustment				\$10,385	
Transfer to Share Plan				(\$902,410)	



Summary of Participant Data

Table IV-A

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

Active Participants	18
DROP Participants	0

Inactive Participants

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

Participants Receiving a Benefit

Service Retirements	0
Disability Retirements	0
Beneficiaries Receiving	0

Total Participants 19Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2005	13	0	0	0	13
October 1, 2006	N/A	N/A	N/A	N/A	N/A
October 1, 2007	15	0	0	0	15
October 1, 2008	N/A	N/A	N/A	N/A	N/A
October 1, 2009	17	0	0	0	17
October 1, 2010	17	0	0	0	17
October 1, 2011	15	0	1	0	16
October 1, 2012	15	0	1	0	16
October 1, 2013	18	0	1	0	19
October 1, 2014	18	0	1	0	19



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>	18	0	1	0	0	0	0	0	19
<u>Change in Status</u>									
Re-employed									
Terminated									
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>	18	0	1	0	0	0	0	0	19

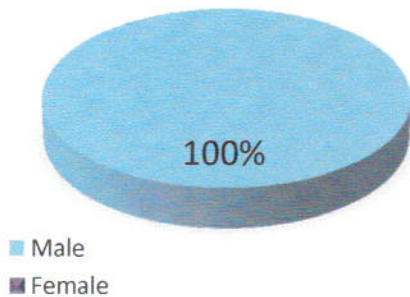


Active Participant Data

Table IV-C

As of October 1, 2014

Gender Mix



Average Age	35.0 years
Average Service	8.8 years
Total Annualized Compensation for the Prior Year	\$1,016,791
Total Expected Compensation for the Current Year	\$1,062,547
Average Increase in Compensation for the Prior Year	-0.60%
Expected Increase in Compensation for the Current Year	4.50%



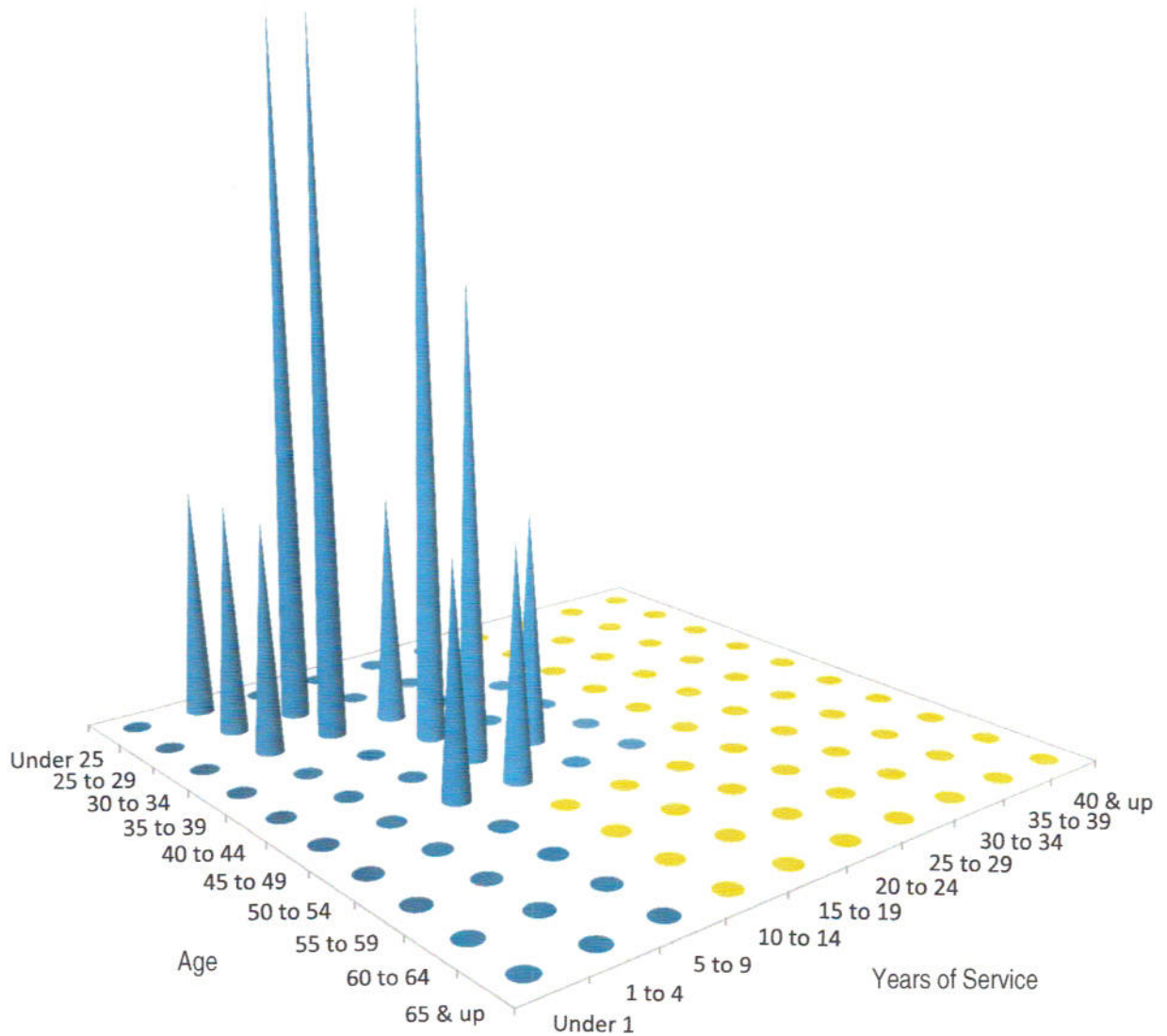
Active Participant Statistics From Prior Valuations

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2005	29.8	3.8	\$41,012	5.40%	6.33%
October 1, 2006	N/A	N/A	\$43,113	5.35%	1.98%
October 1, 2007	31.5	4.4	\$47,837	5.32%	15.80%
October 1, 2008	N/A	N/A	\$50,649	5.97%	9.53%
October 1, 2009	31.8	5.1	\$54,104	6.08%	5.69%
October 1, 2010	32.8	6.1	\$54,459	5.68%	0.69%
October 1, 2011	32.9	7.0	\$57,508	5.39%	3.97%
October 1, 2012	33.9	8.0	\$63,118	5.26%	11.11%
October 1, 2013	33.7	7.5	\$57,093	5.20%	-7.25%
October 1, 2014	35.0	8.8	\$56,488	4.50%	-0.60%



Active Age-Service Distribution

Table IV-D



- ▲ Eligible to retire
- ▲ May be eligible to retire
- ▲ Not eligible to retire



Active Age-Service-Salary Table

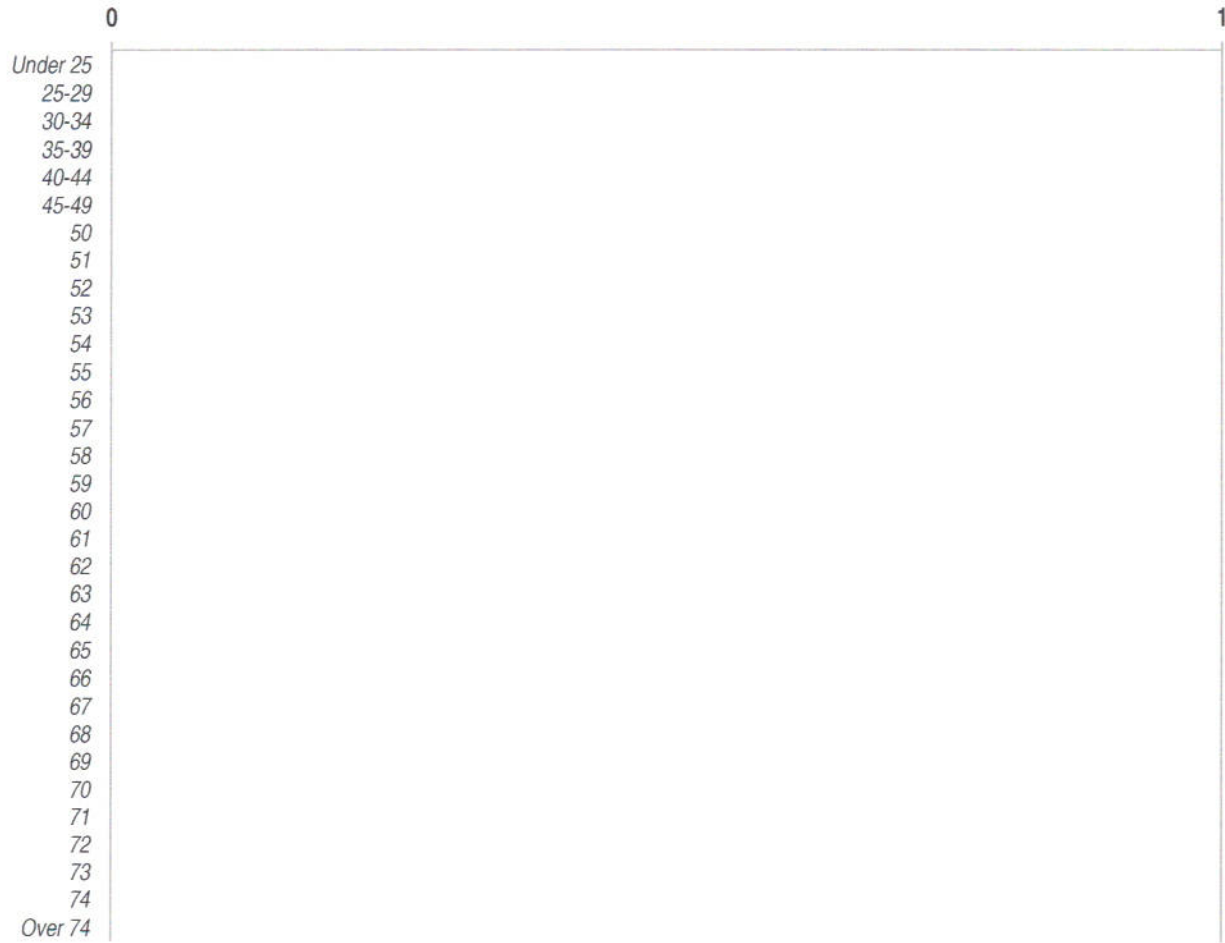
Table IV-E

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	1	0	0	0	0	0	0	0	0	1
Avg. Pay	0	49,021	0	0	0	0	0	0	0	0	49,021
25 to 29	0	1	3	0	0	0	0	0	0	0	4
Avg. Pay	0	46,400	51,719	0	0	0	0	0	0	0	50,389
30 to 34	0	1	3	1	0	0	0	0	0	0	5
Avg. Pay	0	49,247	53,029	73,647	0	0	0	0	0	0	56,396
35 to 39	0	0	0	3	0	0	0	0	0	0	3
Avg. Pay	0	0	0	58,922	0	0	0	0	0	0	58,922
40 to 44	0	0	0	2	1	0	0	0	0	0	3
Avg. Pay	0	0	0	66,602	74,978	0	0	0	0	0	69,394
45 to 49	0	0	1	1	0	0	0	0	0	0	2
Avg. Pay	0	0	49,772	49,515	0	0	0	0	0	0	49,644
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	3	7	7	1	0	0	0	0	0	18
Avg. Pay	0	48,223	52,002	61,876	74,978	0	0	0	0	0	56,488



Inactive Participant Data

Table IV-F



Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

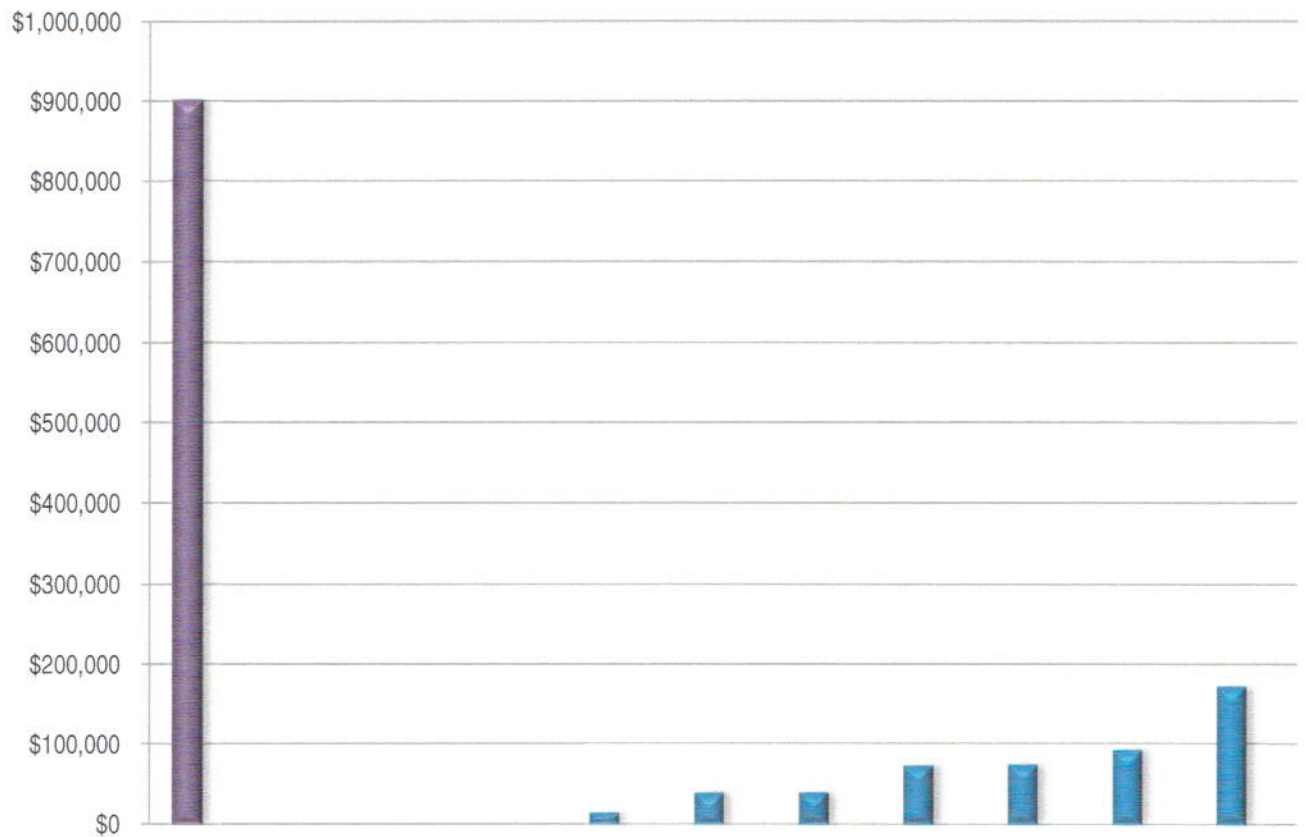
Average Monthly Benefit

Service Retirements	Not applicable
Disability Retirements	Not applicable
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable
Deferred Vested Participants	\$1,398.11
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table IV-G

Actual

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

\$902,410

Projected

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

\$0

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

\$0

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

\$0

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

\$14,369

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

\$39,466

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

\$40,255

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

\$73,430

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

\$74,898

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

\$93,172

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

\$172,141



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

7.00% per annum

4. Salary Increases

Plan compensation is 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 3.50% 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

3.00% of Average Monthly Earnings multiplied by Credited Service

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

Service-based disability: Participant must be disabled during the course of his employment with the City.

Non-service disability: Participant must have earned at least 10 years of credited service.

The disability benefit is a monthly 10-year certain and life annuity equal to the monthly accrued benefit, but not less than 42% of average monthly earnings in the case of a service-based disability and 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 the greater of 42% of average monthly earnings or 2.00% of average monthly earnings for each year of credited service. 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 firefighter.)

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.



Summary of Plan Provisions

Table VI-A

(continued)

5. Vesting

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

6. Pre-Retirement Death Benefit

If a vested, married participant dies prior to retirement, the participant's spouse receives a 10-year certain annuity commencing at the participant's normal or early retirement age and reduced for payment prior to the participant's normal retirement age at the rate of 3% per year, if applicable. Alternatively, the spouse may commence receipt of the 10-year certain annuity immediately, subject to an actuarial adjustment for earlier payment. The Trustees may elect to pay the pre-retirement death benefit as a single lump sum distribution if the value of the benefit is less than or equal to \$1,000.

If a vested, unmarried participant dies prior to retirement, the participant's beneficiary receives a 10-year certain annuity commencing immediately. If the participant was eligible for early retirement at the time of his death, the annuity is reduced for payment prior to the participant's normal retirement age at the rate of 3% per year, if applicable. Alternatively, the annuity is reduced actuarially for payment prior to the participant's normal retirement age. The Trustees may elect to pay the pre-retirement death benefit as a single lump sum distribution if the value of the benefit is less than or equal to \$1,000.

If a vested participant dies in the line of duty prior to retirement, the participant's beneficiary may elect to receive an immediate monthly life annuity equal to 50% of the deceased participant's plan compensation at the time of his death in lieu of the benefits described above.

If a non-vested participant dies prior to retirement, 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*);



Summary of Plan Provisions

Table VI-A

(continued)

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

Actuarially equivalent single lump sum distribution (*automatic if the single sum value of the participant's benefit is less than or equal to \$1,000*)

(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 2% cost-of-living adjustment beginning on the October 1 immediately following retirement. The cost-of-living adjustment is pro-rated for participants who have been retired for less than one year.

9. 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 W-2 compensation, but exclude payments for accrued annual or sick leave and lump sum payments other than bonuses and exclude overtime in excess of 300 hours per plan year after the date that the first collective bargaining agreement is effective after July 1, 2011. Earnings cannot exceed the maximum amount allowed under Internal Revenue Code (IRC) section 401(a)(17).

10. Credited Service

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

11. Employee Contribution

Employees must contribute 1.00% of basic salary. Employee contributions are accumulated without interest.

12. City Contribution

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



Summary of Plan Provisions

Table VI-A

(continued)

13. Participant Requirement

All firefighters of the City of Safety Harbor automatically become participants in the plan on their date of hire.

14. Actuarial Equivalence

Based on 7.00% interest per annum and the mortality table promulgated by the Internal Revenue Service (IRS) for purposes of determining minimum lump sum distributions pursuant to Internal Revenue Code (IRC) section 417(e)(3).

15. Plan Effective Date

The plan was originally effective on January 1, 1996.

16. Deferred Retirement Option Plan (DROP)

A participant who reaches his Normal Retirement Age is eligible to participate in the DROP for a period of up to 60 months. Interest is credited on the DROP accounts at the rate of 1.30% per annum.



Summary of Plan Amendments

Table VI-B

Since the completion of the previous valuation, Resolution 2014-03 was adopted and this resolution had no actuarial impact on the plan. The resolution made the following changes:

- (1) The employee contribution rate was increased from 1.00% of covered compensation to 13.87% of covered compensation and was then immediately reduced back to 1.00%.
- (2) A Deferred Retirement Option Plan (DROP) was added whereby any member who is otherwise eligible to retire with a normal retirement benefit may choose to continue his employment with the City for a period up to 60 months but have his retirement benefit deposited into a DROP account along with interest at the rate of 1.30% per annum.
- (3) A share plan was added whereby \$902,410 of accumulated excess Chapter 175 distributions served as an initial deposit and, going forward, Chapter 175 distributions in excess of \$171,110 per year will be deposited into the share plan.
- (4) Payments for overtime in excess of 300 hours per plan year are excluded from plan compensation for service earned after the date that the first collective bargaining agreement is effective after July 1, 2011.
- (5) Several technical corrections and clarifications were made to the disability sections and Internal Revenue Code (IRC) section 415 language of the plan.

