

CITY OF TALLAHASSEE PENSION PLAN FOR FIREFIGHTERS

CHAPTER 112.664, F.S. COMPLIANCE REPORT

IN CONNECTION WITH THE OCTOBER 1, 2017
FUNDING ACTUARIAL VALUATION REPORT
AND THE PLAN'S FINANCIAL REPORTING FOR THE
YEAR ENDING SEPTEMBER 30, 2017





July 23, 2018

Board of Trustees
Pension Plan for the City of Tallahassee
Tallahassee, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Tallahassee Pension Plan for Firefighters (Plan) to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the City and is intended for use by the Retirement System and those designated or approved by the City. This report may be provided to parties other than the System only in its entirety and only with the permission of the City.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

For financial reporting purposes under GASB 67, the liabilities were "rolled forward" from October 1, 2016 to the measurement date, September 30, 2017. The liabilities for this purpose were based on the October 1, 2016 Actuarial Valuation report dated March 13, 2017.

The findings in this report are based on data or other information through September 30, 2017. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the City and the Plan Administrator concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the City and Plan Administrator.

Except as otherwise indicated as required for the disclosures contained herein, this report was prepared using certain assumptions selected by the Board as described in our October 1, 2017 Actuarial Valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2017 Actuarial Valuation report. Please refer to the October 1, 2017

Actuarial Valuation report, dated June 5, 2018, and the GASB No. 67 actuarial disclosure report, dated March 1, 2018, for summaries and descriptions of this information.

The use of an investment return assumption that is 2% higher than the investment return assumption used to determine the funding requirements does not represent an estimate of future Plan experience nor does it reflect an observation of future return estimates inherent in financial market data. The use of this investment return assumption is provided as a counterpart to the Chapter 112.664, Florida Statutes requirement to utilize an investment return assumption that is 2% lower than the assumption used to determine the funding requirements. The inclusion of the additional exhibits showing the effect of using a 2% higher investment return assumption shows a more complete assessment of the range of possible results as opposed to showing a one-sided range as required by Florida Statutes.

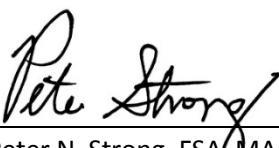
Peter N. Strong and Jeffrey Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1) F.S., the actuarial disclosures required under this section were prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our opinion, meet the requirements of Section 112.664(1), F.S. and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
Peter N. Strong, FSA, MAAA
Enrolled Actuary No. 17-06975
Senior Consultant & Actuary

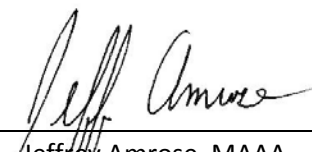
By 
Jeffrey Amrose, MAAA
Enrolled Actuary No. 17-06599
Senior Consultant & Actuary

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Ch. 112.664, F.S. Results	
Schedule of Changes in Net Pension Liability	
1. Using financial reporting assumptions per GASB Statement No. 67	1
2. Using assumptions prescribed in Section 112.664(1)(a), F.S.	2
3. Using assumptions prescribed in Section 112.664(1)(b), F.S.	3
4. Using the mandated mortality and funding interest rate +2%	4
Assets Versus Benefit Payments Projections	
5. Using assumptions from the Plan's latest actuarial valuation	5
6. Using assumptions prescribed in Section 112.664(1)(a), F.S.	6
7. Using assumptions prescribed in Section 112.664(1)(b), F.S.	7
8. Using the mandated mortality and funding interest rate +2%	8
Actuarially Determined Contribution	9

CH. 112.664, FLORIDA STATUTES

RESULTS

**Schedule of Changes in the Employers' Net Pension Liability
Using Financial Reporting Assumptions per GASB Statement No. 67**

Fiscal year ending September 30,	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 3,863,000
b. Interest	17,968,000
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	8,020,000
e. Assumption Changes	9,978,000
f. Benefit Payments	(13,669,000)
g. Contribution Refunds	(65,000)
h. Net Change in Total Pension Liability	<u>26,095,000</u>
i. Total Pension Liability - Beginning	<u>226,836,000</u>
j. Total Pension Liability - Ending	<u>\$ 252,931,000</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 5,036,000
b. Contributions - State	-
c. Contributions - Member	3,270,000
d. Net Investment Income	23,810,000
e. Benefit Payments	(13,669,000)
f. Contribution Refunds	(65,000)
g. Administrative Expense	(227,000)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>18,155,000</u>
j. Plan Fiduciary Net Position - Beginning	<u>187,102,000</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 205,257,000</u>
3. Net Pension Liability / (Asset)	47,674,000
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.70%
Mortality Table	FRS Mortality - Special Risk

**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(a), F.S.**

Fiscal year ending September 30,

1. Total pension liability

	2017
a. Service Cost	\$ 3,863,000
b. Interest	17,968,000
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	8,020,000
e. Assumption Changes	9,978,000
f. Benefit Payments	(13,669,000)
g. Contribution Refunds	(65,000)
h. Net Change in Total Pension Liability	26,095,000
i. Total Pension Liability - Beginning	226,836,000
j. Total Pension Liability - Ending	\$ 252,931,000

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 5,036,000
b. Contributions - State	-
c. Contributions - Member	3,270,000
d. Net Investment Income	23,810,000
e. Benefit Payments	(13,669,000)
f. Contribution Refunds	(65,000)
g. Administrative Expense	(227,000)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	18,155,000
j. Plan Fiduciary Net Position - Beginning	187,102,000
k. Plan Fiduciary Net Position - Ending	\$ 205,257,000

3. Net Pension Liability / (Asset) 47,674,000

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.70%
Mortality Table	FRS Mortality - Special Risk

**Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(b), F.S.**

Fiscal year ending September 30,

	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 6,983,000
b. Interest	18,061,000
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(13,669,000)
g. Contribution Refunds	(65,000)
h. Net Change in Total Pension Liability	<u>11,310,000</u>
i. Total Pension Liability - Beginning	<u>316,741,000</u>
j. Total Pension Liability - Ending	<u>\$ 328,051,000</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 5,036,000
b. Contributions - State	-
c. Contributions - Member	3,270,000
d. Net Investment Income	23,810,000
e. Benefit Payments	(13,669,000)
f. Contribution Refunds	(65,000)
g. Administrative Expense	(227,000)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>18,155,000</u>
j. Plan Fiduciary Net Position - Beginning	<u>187,102,000</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 205,257,000</u>
3. Net Pension Liability / (Asset)	122,794,000
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	5.70%
Mortality Table	FRS Mortality - Special Risk

Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

Fiscal year ending September 30,	<u>2017</u>
1. Total pension liability	
a. Service Cost	\$ 2,670,000
b. Interest	18,522,000
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(13,669,000)
g. Contribution Refunds	(65,000)
h. Net Change in Total Pension Liability	<u>7,458,000</u>
i. Total Pension Liability - Beginning	<u>195,141,000</u>
j. Total Pension Liability - Ending	<u>\$ 202,599,000</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 5,036,000
b. Contributions - State	-
c. Contributions - Member	3,270,000
d. Net Investment Income	23,810,000
e. Benefit Payments	(13,669,000)
f. Contribution Refunds	(65,000)
g. Administrative Expense	(227,000)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>18,155,000</u>
j. Plan Fiduciary Net Position - Beginning	<u>187,102,000</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 205,257,000</u>
3. Net Pension Liability / (Asset)	(2,658,000)
Certain Key Assumptions	
Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	9.70%
Mortality Table	FRS Mortality - Special Risk

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions from the Plan's Latest Actuarial Valuation

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	205,257,000	15,053,000	14,380,000	205,930,000
2019	205,930,000	15,087,000	14,844,000	206,173,000
2020	206,173,000	15,087,000	15,311,000	205,949,000
2021	205,949,000	15,052,000	15,792,000	205,209,000
2022	205,209,000	14,977,000	16,290,000	203,896,000
2023	203,896,000	14,860,000	16,747,000	202,009,000
2024	202,009,000	14,700,000	17,178,000	199,531,000
2025	199,531,000	14,493,000	17,674,000	196,350,000
2026	196,350,000	14,231,000	18,212,000	192,369,000
2027	192,369,000	13,910,000	18,678,000	187,601,000
2028	187,601,000	13,534,000	19,035,000	182,100,000
2029	182,100,000	13,102,000	19,417,000	175,785,000
2030	175,785,000	12,609,000	19,762,000	168,632,000
2031	168,632,000	12,052,000	20,101,000	160,583,000
2032	160,583,000	11,429,000	20,408,000	151,604,000
2033	151,604,000	10,736,000	20,689,000	141,651,000
2034	141,651,000	9,969,000	20,961,000	130,659,000
2035	130,659,000	9,125,000	21,192,000	118,592,000
2036	118,592,000	8,200,000	21,398,000	105,394,000
2037	105,394,000	7,190,000	21,576,000	91,008,000
2038	91,008,000	6,092,000	21,707,000	75,393,000
2039	75,393,000	4,901,000	21,805,000	58,489,000
2040	58,489,000	3,615,000	21,846,000	40,258,000
2041	40,258,000	2,230,000	21,840,000	20,648,000
2042	20,648,000	741,000	21,798,000	-
2043	-	-	21,696,000	-

Number of years for which current market value of assets is adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 24.92

Certain Key Assumptions

Valuation Investment Return Assumption	7.60%
Valuation Mortality Table	FRS Mortality - Special Risk

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	205,257,000	15,053,000	14,380,000	205,930,000
2019	205,930,000	15,087,000	14,844,000	206,173,000
2020	206,173,000	15,087,000	15,311,000	205,949,000
2021	205,949,000	15,052,000	15,792,000	205,209,000
2022	205,209,000	14,977,000	16,290,000	203,896,000
2023	203,896,000	14,860,000	16,747,000	202,009,000
2024	202,009,000	14,700,000	17,178,000	199,531,000
2025	199,531,000	14,493,000	17,674,000	196,350,000
2026	196,350,000	14,231,000	18,212,000	192,369,000
2027	192,369,000	13,910,000	18,678,000	187,601,000
2028	187,601,000	13,534,000	19,035,000	182,100,000
2029	182,100,000	13,102,000	19,417,000	175,785,000
2030	175,785,000	12,609,000	19,762,000	168,632,000
2031	168,632,000	12,052,000	20,101,000	160,583,000
2032	160,583,000	11,429,000	20,408,000	151,604,000
2033	151,604,000	10,736,000	20,689,000	141,651,000
2034	141,651,000	9,969,000	20,961,000	130,659,000
2035	130,659,000	9,125,000	21,192,000	118,592,000
2036	118,592,000	8,200,000	21,398,000	105,394,000
2037	105,394,000	7,190,000	21,576,000	91,008,000
2038	91,008,000	6,092,000	21,707,000	75,393,000
2039	75,393,000	4,901,000	21,805,000	58,489,000
2040	58,489,000	3,615,000	21,846,000	40,258,000
2041	40,258,000	2,230,000	21,840,000	20,648,000
2042	20,648,000	741,000	21,798,000	-
2043	-	-	21,696,000	-

Number of years for which current market value of assets is adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 24.92

Certain Key Assumptions

Valuation Investment Return Assumption	7.60%
Valuation Mortality Table	FRS Mortality - Special Risk

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	205,257,000	11,092,000	14,380,000	201,969,000
2019	201,969,000	10,895,000	14,844,000	198,020,000
2020	198,020,000	10,660,000	15,311,000	193,369,000
2021	193,369,000	10,386,000	15,792,000	187,963,000
2022	187,963,000	10,070,000	16,290,000	181,743,000
2023	181,743,000	9,709,000	16,747,000	174,705,000
2024	174,705,000	9,302,000	17,178,000	166,829,000
2025	166,829,000	8,848,000	17,674,000	158,003,000
2026	158,003,000	8,338,000	18,212,000	148,129,000
2027	148,129,000	7,772,000	18,678,000	137,223,000
2028	137,223,000	7,152,000	19,035,000	125,340,000
2029	125,340,000	6,475,000	19,417,000	112,398,000
2030	112,398,000	5,741,000	19,762,000	98,377,000
2031	98,377,000	4,946,000	20,101,000	83,222,000
2032	83,222,000	4,089,000	20,408,000	66,903,000
2033	66,903,000	3,167,000	20,689,000	49,381,000
2034	49,381,000	2,178,000	20,961,000	30,598,000
2035	30,598,000	1,120,000	21,192,000	10,526,000
2036	10,526,000	-	21,398,000	-
2037	-	-	21,576,000	-
2038	-	-	21,707,000	-
2039	-	-	21,805,000	-
2040	-	-	21,846,000	-
2041	-	-	21,840,000	-
2042	-	-	21,798,000	-
2043	-	-	21,696,000	-

Number of years for which current market value of assets is adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:** 18.50

Certain Key Assumptions

Valuation Investment Return Assumption	5.60%
Valuation Mortality Table	FRS Mortality - Special Risk

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection

Not Reflecting Any Contributions from the Employer, State or Employee

Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	205,257,000	19,014,000	14,380,000	209,891,000
2019	209,891,000	19,437,000	14,844,000	214,484,000
2020	214,484,000	19,856,000	15,311,000	219,029,000
2021	219,029,000	20,269,000	15,792,000	223,506,000
2022	223,506,000	20,675,000	16,290,000	227,891,000
2023	227,891,000	21,074,000	16,747,000	232,218,000
2024	232,218,000	21,468,000	17,178,000	236,508,000
2025	236,508,000	21,856,000	17,674,000	240,690,000
2026	240,690,000	22,232,000	18,212,000	244,710,000
2027	244,710,000	22,596,000	18,678,000	248,628,000
2028	248,628,000	22,955,000	19,035,000	252,548,000
2029	252,548,000	23,313,000	19,417,000	256,444,000
2030	256,444,000	23,670,000	19,762,000	260,352,000
2031	260,352,000	24,029,000	20,101,000	264,280,000
2032	264,280,000	24,391,000	20,408,000	268,263,000
2033	268,263,000	24,760,000	20,689,000	272,334,000
2034	272,334,000	25,138,000	20,961,000	276,511,000
2035	276,511,000	25,528,000	21,192,000	280,847,000
2036	280,847,000	25,934,000	21,398,000	285,383,000
2037	285,383,000	26,361,000	21,576,000	290,168,000
2038	290,168,000	26,814,000	21,707,000	295,275,000
2039	295,275,000	27,300,000	21,805,000	300,770,000
2040	300,770,000	27,825,000	21,846,000	306,749,000
2041	306,749,000	28,400,000	21,840,000	313,309,000
2042	313,309,000	29,031,000	21,798,000	320,542,000
2043	320,542,000	29,731,000	21,696,000	328,577,000

Number of years for which current market value of assets is adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:**

All future years

Certain Key Assumptions

Valuation Investment Return Assumption

9.60%

Valuation Mortality Table

FRS Mortality - Special Risk

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

ACTUARIALLY DETERMINED CONTRIBUTION

	Plan's Latest Actuarial Valuation	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. except 2% higher investment return assumption
A. Valuation Date	October 1, 2017	October 1, 2017	October 1, 2017	October 1, 2017
B. Actuarial Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 3,841,000	\$ 3,841,000	\$ 8,752,000	\$ 594,000
E. Employer Normal Cost	1,507,000	1,507,000	4,309,000	(70,000)
F. Employer ADC if Paid on Valuation Date: D + E	5,348,000	5,348,000	13,061,000	524,000
G. Employer ADC Adjusted for Frequency of Payments	5,657,000	5,657,000	13,505,000	684,000
H. Employer ADC Adjusted for Frequency of Payments as % of Covered Payroll	39.81 %	39.81 %	95.03 %	4.81 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.25 %	3.25 %	3.25 %	3.25 %
J. Covered Payroll for Contribution Year	14,673,000	14,673,000	14,673,000	14,673,000
K. Employer ADC for Contribution Year: H x J	5,841,000	5,841,000	13,944,000	706,000
L. Estimated State Revenue in Contribution Year	0	0	0	0
M. Net Employer ADC in Contribution Year	5,841,000	5,841,000	13,944,000	706,000
N. Net Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	39.81 %	39.81 %	95.03 %	4.81 %
O. Expected Member Contributions	2,800,000	2,800,000	2,800,000	2,800,000
P. Total Contribution (including Members)	8,641,000	8,641,000	16,744,000	3,506,000
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	58.89 %	58.89 %	114.11 %	23.89 %
R. Certain Key Assumptions				
Investment Return Assumption	7.60%	7.60%	5.60%	9.60%
Mortality Table	FRS Mortality - Special Risk	FRS Mortality - Special Risk	FRS Mortality - Special Risk	FRS Mortality - Special Risk