

ACTUARIAL VALUATION REPORT

**FIREFIGHTERS' PENSION AND
RELIEF FUND FOR THE CITY
OF NEW ORLEANS
[OLD FUND]**

Annual Actuarial Valuation
as of January 1, 2015

CONEFRY & COMPANY, LLC

ACTUARIAL AND EMPLOYEE BENEFIT CONSULTING
NEW ORLEANS, LOUISIANA

INTRODUCTION

We present in this report the results of our actuarial valuation of the Firefighters' Pension and Relief Fund of the City of New Orleans as of January 1, 2015. The Old Fund has not been actuarially funded, but rather has been funded on a "pay-as-you-go" basis. Past practice in the annual actuarial valuations has been to present the results using the Entry Age Normal Cost Method, with the unfunded liability amortized over a varying period of years. However, there are not any active members left in the Old Fund nor are there any members in the D.R.O.P., with a resulting zero normal cost. Therefore, the Entry Age Normal Cost method for the Old Fund effectively results only in an amortization amount for the unfunded actuarial liability over ten years.

The Summary of Plan Provisions presented in the Appendix is intended to describe the principal benefits provided by the plan, particularly from the perspective of their significance in affecting the actuarial liability and cost of the plan. The summary is not, of course, intended to be a comprehensive or complete description of all benefits payable under all circumstances under the pension plan.

FIREFIGHTERS' PENSION AND RELIEF FUND
FOR THE CITY OF NEW ORLEANS

SUMMARY

I. FINANCIAL AND ACTUARIAL STATUS
as of January 1, 2015 - Old Fund

Market Value of Assets	\$ 15,260,711	Page 4
Actuarial Value of Assets	15,260,711	Page 4

II. ACTUARIAL LIABILITIES AND REQUIRED CONTRIBUTIONS
as of January 1, 2015 - Old Fund

Unfunded Actuarial Liability	\$ 124,209,523	Page 6
Interest Adjusted Employer Contribution (Including Expenses)	17,404,180	Page 6

APPENDIX

SUMMARY OF PLAN PROVISIONS	Exhibit I
STATEMENT OF ACTUARIAL BASIS FOR FUNDING PURPOSES	Exhibit II
ACTIVE AND INACTIVE PARTICIPANT PROFILES	Exhibit III
ACCOUNTING INFORMATION PURSUANT TO GASB 50	Exhibit IV

CERTIFICATION

III. FINANCIAL AND ACTUARIAL STATUS as of January 1, 2015
Old Fund

Table 1
Market Value of Assets
As of December 31, 2014
Old Fund

CURRENT ASSETS *

Cash in Banks	\$	466,711	
Deposits		0	
Accrued investment income		254	
Miscellaneous receivable		0	
Prepaid insurance		0	
Due from other System		<u>0</u>	
Total Current Assets	\$		466,965

INVESTMENTS

Cash equivalents	\$	18,621,741	
Stock		<u>0</u>	
Total Investments	\$		18,621,741

Equipment, net of accumulated depreciation 311

CURRENT LIABILITIES

Accounts payable	\$	95,677	
Due to New System		3,729,377	
Payroll taxes payable		<u>3,252</u>	
Total Current Liabilities	\$		3,828,306

NET ASSETS AVAILABLE FOR PENSION BENEFITS ** \$ 15,260,711

* See discussion on the following page concerning the omitted receivable, if any, relating to the "New Orleans Firefighters' Pension and Retirement Fund Trust" administered by the Board of City Trusts.

** The actuarial value of assets used in this valuation is Market Value.

IV. ACTUARIAL LIABILITIES AND REQUIRED CONTRIBUTIONS
for the Plan Year Beginning January 1, 2015

Old Fund

The Old Fund has been funded "pay-as-you-go" with appropriations generally sufficient only to cover actual benefit payments and expenses in any given year. As a result of this chronically inadequate funding, the Old Fund has accrued liabilities of about \$139.5 million over the years with about \$15.3 million in assets as of December 31, 2014. Benefit payments and allocated administrative expenses are estimated to be about \$17,350,000 for calendar year 2015.

The calculations presented in Table 2 represent accelerated funding, beyond the "pay-as-you-go" basis, of the existing liabilities (excluding future COLA's) by amortization of the current unfunded liability over 10 years.

During the year 2000, the City of New Orleans, as sponsoring employer of the Old Fund Pension Plan, issued revenue bonds intended to bolster funding of the liabilities of the Old Fund. However, the proceeds of that bond issue have been deposited in a separate trust, the "New Orleans Firefighters' Pension and Retirement Fund Trust", which is controlled by the Board of City Trusts. While the contents of that Trust are purportedly irrevocably dedicated to the Firefighters' Pension and Relief Fund (Old Fund), the Firefighters' Pension and Retirement Fund Trust Agreement limits the amounts deposited into the Old Fund effectively to the level which has heretofore been contributed; namely, the "pay-as-you-go" amounts needed for benefit payments and allocated expenses each year. Furthermore, the aforementioned Trust Agreement limits the employer contributions from the City of New Orleans to a set series of payments in its attached "Schedule 1".

Although the plan's auditors have historically included the amounts in the Trust representing the remaining bond issue proceeds, if any, as a "receivable" to the Old Fund because of GASB accounting rules, that receivable has not been deemed to be an asset of the Old Fund for purposes of this actuarial valuation. The reason for this is due to the barriers described above which effectively cause the Old Fund to be in the same actuarial funding position as prior to the bond issue; namely, on a pay-as-you-go basis.

IT SHOULD BE NOTED THAT THIS ACTUARIAL VALUATION HAS NOT BEEN PERFORMED ON THE SAME BASIS AS THE ACTUARIAL CALCULATIONS USED TO DETERMINE THE AMOUNT OF THE BOND ISSUE. THEREFORE, IT WOULD NOT BE APPROPRIATE TO USE THIS VALUATION AS THE "ACTUARY REPORT" ALLUDED TO IN PARAGRAPH 1.4 OF EXHIBIT B OF CITY COUNCIL RESOLUTION NO. R-00-553 THAT "ACTUARY REPORT" HAS BEEN PREPARED SEPARATELY AND PRESENTED DIRECTLY TO THE BOARD OF CITY TRUSTS.

The foregoing information regarding the 2000 bond issue and Board of City Trusts is included for historical information purposes. As a practical matter, the assets in that trust were depleted about five years ago and the actuarial valuations called for by the City Council Resolution have not been performed since that time.

Table 2
Actuarial Liabilities and Required Contributions
for the Year Beginning January 1, 2015 - Old Fund

(1)	Actuarial Present Value of Expected Benefits to Plan Participants Participants (Including D.R.O.P.)		
	(a) Active *	\$	0
	(b) Ordinary Retirement		64,416,200
	(c) Disabled Retirement		35,413,171
	(d) Survivors and Widows		33,427,195
	(e) Terminated Vested		0
	(f) P.L.O.P. Account Balances *		3,528,053
	(g) D.R.O.P. Account Balances *		2,685,615
	(h) D.R.O.P. Future Benefits *		<u>0</u>
	Total		\$ 139,470,234
(2)	Actuarial Value of Assets ** (from Table 1)		15,260,711
(3)	Unfunded Actuarial Accrued Liability (1) - (2)		124,209,523
(4)	Amortization of Unfunded Actuarial Accrued Liability as a Level Amount over 10 Years:		16,833,097
(5)	Interest Adjusted Actuarially Required Contribution in 2015		17,404,180
(6)	Estimated Administrative Expenses		500,000
(7)	Total Actuarially Required Contribution for 2015 (5) + (6)		17,904,180

* There are not any longer any active or D.R.O.P. participants in the Old Fund. D.R.O.P. account balances are on behalf of former D.R.O.P. participants with amounts remaining on deposit.

Not included in these amounts are additional D.R.O.P. account balances of \$3,494,485 and P.L.O.P. account balances of \$1,296,328 as a result of the Longevity Litigation proceeds. These amounts have not as yet been funded.

** The P.L.O.P. and D.R.O.P. account balances in items (1)(f) and (g) are included in these assets and are thus not available to offset other actuarial liabilities of the Old System.

APPENDIX

EXHIBIT I
FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
SUMMARY OF PLAN PROVISIONS
[OLD FUND]

COVERAGE

Firefighters employed before January 1, 1968 and elected to remain in the Old Fund.

EMPLOYEE CONTRIBUTIONS:

6% of salary. Employee contributions are no longer deducted when member becomes eligible for normal retirement.

EMPLOYER CONTRIBUTIONS:

Fire insurance premium taxes as stipulated in RS 22:1580 - RS 22:1585. The Fund also receives payments from the City of New Orleans to offset monthly retirement benefits and DROP accruals.

RETIREMENT BENEFITS:

Eligibility:

20 years of service; or Age 55 and 12 years of service

Benefits:

Retirement allowance equal to 50% of average compensation during the best year of service preceding the date of retirement. Members with more than 20 years, benefits are an additional 2.5% per year to be increased by 0.5% for each year of service over 25 upon attaining age 50.

Maximum Benefit payable is 100% of average compensation earned during any three highest average consecutive years of service preceding retirement.

Minimum Benefit

Benefit of retirees and widows shall not be less than \$500 per month.

Cost-of-living: Board is authorized to provide annual increases to retirees and widows based on excess earnings in an amount not to exceed 3% of the original benefit. For retirees and widows age 65 and older, the board is authorized to provide an additional amount not to exceed 2% of the original benefit.

EXHIBIT I
FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
SUMMARY OF PLAN PROVISIONS
[OLD FUND] - Continued

DISABILITY BENEFITS:

Eligibility:

1. Service-related physically and mentally permanently incapacitated for performance of duties as a member of the fire department. (certified by civil service physician and board).
2. Non-service related physically and mentally permanently incapacitated for performance of duties as a member of the fire department.

Benefit:

1. benefits are equal to the greater of two-thirds of monthly compensation or a regular retirement benefit if the member is eligible. If able to work, benefits are equal to the greater of one-half of monthly compensation or a regular retirement benefit if the member is so eligible.
2. members with 10 years of service or less receive 30% of average compensation during the last year of service immediately preceding disability; 40% of average compensation for members with more than 10 years but less than 15 years of service; and 50% of average compensation for members with 15 or more years of service.

DEATH BENEFITS:

Eligibility:

1. Death of an active member killed while performing duties as a firefighter.
2. Non-duty related death of active or former firefighter entitled to benefits.

Benefit:

1. Surviving widow receives 66 2/3% of salary at time of death. Each child under age 18 receives \$75 per month.
2. 50% of salary at the time of death.

Effective July 1, 1997, a death benefit of \$3,000 is paid to the beneficiary of the deceased active or retired firefighter.

EXHIBIT I
FIREFIGHTERS' PENSION AND RELIEF FUND
OF THE CITY OF NEW ORLEANS
SUMMARY OF PLAN PROVISIONS
[OLD FUND] - Continued

SEPARATION BENEFIT:

Eligibility:

1. withdrawal from service with 12 years of service prior to age 50, or 20 years of service prior to age 50.
2. Separation of service.

Benefit:

1. Employee may allow contributions to remain on deposit and receive benefit at age 50.
2. refund of 80% of his accumulated contributions.

DEFERRED RETIREMENT OPTION PLAN:

Any member who is eligible for a service retirement allowance and has at least 15 years in this system may participate in the DROP plan.

- 1) A member can only participant once, and only up to five years.
- 2) When a member joins the DROP, he stops contributing to and earning benefits in the system. Employer contributions also stop. His retirement benefit is paid into his DROP account.
- 3) Members of the DROP do not receive cost-of-living increases.
- 4) Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out in a lump sum payment.
- 5) If at the end of a Member's period of DROP participation he does not terminate employment, payments into the DROP account shall cease and he shall resume active contributing membership in the system.
- 6) There are no payments made from the DROP account until employment is terminated. Interest is earned each year after the completion of DROP participation based on a 5-year rolling average minus a 2% administrative fee.
- 7) An additional benefit is paid based on the additional service, using the method of computation for his original benefit if the additional service is less than one year. If the additional service is 12 months or more, the average compensation is based on the period of additional service.

EXHIBIT II
FIREFIGHTERS' PENSION AND RELIEF FUND
FOR THE CITY OF NEW ORLEANS
[OLD FUND]

STATEMENT OF ACTUARIAL BASIS FOR FUNDING PURPOSES

Actuarial Funding Method:

Cost Method:	Entry Age Normal Cost Method
Asset Valuation Method:	Market Value.

Actuarial Assumptions

Interest:	7.5% compounded annually.
Mortality:	1994 Uninsured Pensioner Table for males and females for active and retired except disabled; disabled mortality is the same with ages set forward five years. 50% of deaths of service retirees and 75% of deaths of disability retirees are assumed to be service related.
Turnover:	Not Applicable. There are not any more active members in the Old Fund.
Salary Increases:	Not Applicable. There are not any active members in the Old Fund.
Retirement:	Not Applicable. There are not any active members in the Old Fund.
Disability Incidence:	Not Applicable. There are not any active members in the Old Fund.
Marriage Statistics:	80% of members are assumed to be married.
Cost of Living Benefits:	Only cost of living increases previously granted by the Board, and not potential future increases, have been included.

EXHIBIT III

ACTIVE AND INACTIVE PARTICIPANT PROFILES

FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS
 1/1/2015 INACTIVE PARTICIPANT PROFILE
 JANUARY 1, 2015 ACTUARIAL VALUATION
 OLD FUND

----- ORDINARY RETIREMENT -----

AGE	YEARS SINCE RETIREMENT									TOTAL	TOTAL ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+			
65-69	0	3	7	9	1	6	0	0	0	26	1,331,806.20	51,223.32
70-74	0	2	9	16	11	10	7	0	0	55	2,922,219.00	53,131.25
75-79	0	0	2	2	6	19	14	1	0	44	2,090,347.56	47,507.90
80-84	0	0	1	1	0	14	7	3	2	28	1,207,371.84	43,120.42
85-89	0	0	0	0	0	3	0	10	10	23	698,042.88	30,349.69
90+	0	0	0	0	0	0	0	0	10	10	223,934.76	22,393.48
	0	5	19	28	18	52	28	14	22	186	8,473,722.24	45,557.65

FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS
 1/1/2015 INACTIVE PARTICIPANT PROFILE
 JANUARY 1, 2015 ACTUARIAL VALUATION
 OLD FUND

----- DISABILITY RETIREMENT -----

AGE	YEARS SINCE RETIREMENT									TOTAL	TOTAL ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+			
65-69	0	0	0	0	5	3	5	2	2	17	591,548.16	34,796.95
70-74	0	0	0	0	9	30	12	10	1	62	2,254,086.36	36,356.23
75-79	0	0	0	0	0	11	6	5	0	22	789,269.76	35,875.90
80-84	0	0	0	0	0	0	3	7	3	13	305,357.04	23,489.00
85-89	0	0	0	0	0	0	0	3	3	6	125,275.20	20,879.20
	0	0	0	0	14	44	26	27	9	120	4,065,536.52	33,794.47

FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS
 1/1/2015 INACTIVE PARTICIPANT PROFILE
 JANUARY 1, 2015 ACTUARIAL VALUATION
 OLD FUND

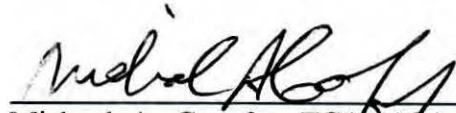
----- SURVIVORS AND BENEFICIARIES -----

AGE	YEARS SINCE RETIREMENT									TOTAL	TOTAL ANNUAL BENEFIT	AVERAGE ANNUAL BENEFIT
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+			
50-54	1	0	0	1	0	0	0	0	0	2	19,833.72	9,916.86
55-59	2	3	1	0	0	2	0	0	0	8	134,952.12	16,869.02
60-64	2	2	0	1	1	1	0	0	0	7	117,951.12	16,850.16
65-69	6	9	5	5	1	0	1	0	2	29	629,029.20	21,690.66
70-74	14	8	4	3	5	2	4	0	1	41	985,763.88	24,043.02
75-79	12	10	5	6	2	4	1	2	0	42	858,296.52	20,435.63
80-84	10	13	6	6	4	0	5	1	2	47	895,357.68	19,050.16
85-89	0	4	4	7	4	8	2	1	3	33	654,954.36	19,847.10
90+	1	3	5	3	2	3	4	2	4	27	506,280.72	18,751.14
	48	52	30	32	19	20	17	6	12	236	4,802,419.32	20,349.23

CERTIFICATION

The foregoing report presents fairly the actuarial position of the Firefighters' Pension and Relief Fund for the City of New Orleans [Old Fund] as of January 1, 2015 in accordance with generally accepted actuarial principles, applied on a basis consistent with that of the preceding valuation, except where noted. In our opinion, each assumption used in preparing the liabilities and estimated costs is reasonably related to the experience of the plan and to reasonable expectations and represents our best estimate of anticipated experience under the plan.

CONEFRY & COMPANY, L.L.C.



Michael A. Conefry, FCA, ASA, MAAA
Enrollment Number 14-1235

Belle Chasse, Louisiana
June, 2015

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