

EMPLOYER PENSION REPORT  
FIREFIGHTERS' RETIREMENT SYSTEM  
JUNE 30, 2013

FIREFIGHTERS' RETIREMENT SYSTEM

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## INDEPENDENT AUDITOR'S REPORT

February 18, 2015

Board of Trustees of the  
Firefighters' Retirement System  
Baton Rouge, Louisiana

We have audited the accompanying schedule of employer allocations of the Firefighters' Retirement System as of and for the year ended June 30, 2013, and the related notes. We have also audited the total for all entities of the columns titled net pension liability included in the accompanying schedule of pension amounts by employer of Firefighters' Retirement System as of and for the year ended June 30, 2013, and the related notes to the schedules.

### **Management's Responsibility for the Schedules**

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of employer schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column total included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column total included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column total included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column total included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column total included in the schedule of pension amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability for the total of all participating entities for Firefighters' Retirement System as of and for the year ended June 30, 2013 in accordance with accounting principles generally accepted in the United States of America

### **Emphasis of Matter**

As disclosed in Note 6 to the employer schedules, the total pension liability for the Firefighters' Retirement System was \$1,771,931,777 as of June 30, 2013. The actuarial valuations were based on various assumptions made by the System's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2013 could be under or overstated.

### **Other Matters**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Firefighters' Retirement System as of and for the year ended June 30, 2013, and our report thereon, dated November 25, 2013, expressed an unmodified opinion on those financial statements.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2015 on our consideration of the Firefighters' Retirement System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Firefighters' Retirement System's internal control over financial reporting and compliance.

**Restriction on Use**

Our report is intended solely for the information and use of Firefighters' Retirement System's management, the Board of Trustees, Firefighters' Retirement System's participating employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

*Duplatis, Sharpman, Hogan and Maher, LLP*

New Orleans, Louisiana

FIREFIGHTERS' RETIREMENT SYSTEM  
 SCHEDULE OF EMPLOYER ALLOCATIONS  
JUNE 30, 2013

Employer	Projected Required Combined Contributions	Employer Allocation Percentage
Abbeville	\$ 654,264	0.806350 %
Alexandria	2,224,251	2.741288
Ascension #3	294,396	0.362830
Baker	336,948	0.415273
Bastrop	481,285	0.593162
Bayou Cane	760,934	0.937816
Beauregard	25,981	0.032020
Benton	491,528	0.605786
Berwick	13,007	0.016031
Bienville #7	20,953	0.025824
Bienville Parish Wards 4 & 5	42,902	0.052875
Bogalusa	512,391	0.631499
Bossier City	4,201,263	5.177865
Bossier Parish #7	36,310	0.044750
Brusly	95,023	0.117112
Bunkie	61,128	0.075337
Caddo #1	381,690	0.470415
Caddo #3	369,176	0.454993
Caddo #4	220,904	0.272254
Caddo #5	175,793	0.216657
Caddo #6	69,698	0.085900
Caddo #7	155,241	0.191327
Caddo #8	136,902	0.168725
Calcasieu Consolidated	605,950	0.746806
Cameron Parish	12,214	0.015053
Central #4	525,966	0.648229
Concordia #2	25,098	0.030932
Coteau	33,677	0.041505
Covington	360,249	0.443990
Crowley	562,056	0.692708
Denham Springs	497,053	0.612595
Deridder	288,121	0.355096

(Continued)

FIREFIGHTERS' RETIREMENT SYSTEM  
 SCHEDULE OF EMPLOYER ALLOCATIONS  
JUNE 30, 2013

Employer	Projected Required Combined Contributions	Employer Allocation Percentage
Desoto	\$ 494,314	0.609219 %
Desoto Fire District #1	143,140	0.176414
District #6	284,077	0.350112
Donaldsonville	154,093	0.189913
East Central Bossier #1	163,251	0.201199
East Side	268,975	0.331499
Eunice	316,711	0.390332
Farmerville	32,360	0.039882
Franklin	28,511	0.035139
Franklinton	23,452	0.028904
Hammond	1,109,660	1.367605
Harahan	164,503	0.202742
Haughton	160,461	0.197761
Iberia Parish	388,145	0.478371
Jeanerette	14,845	0.018296
Jefferson Davis Parish	20,950	0.025820
Jefferson Parish	6,308,014	7.774339
Jennings	170,887	0.210610
Jonesboro	54,959	0.067734
Kaplan	73,433	0.090503
Kenner	1,719,367	2.119041
Kentwood	30,592	0.037703
Lafayette	4,161,163	5.128443
Lake Charles	3,015,773	3.716802
Leesville	199,282	0.245606
Lincoln #1	252,059	0.310651
Livingston Fire District #4	30,324	0.037373
Marksville	12,716	0.015672
Minden	256,227	0.315788
Monroe	3,299,489	4.066469
Montegut	47,021	0.057951
Morgan City	500,417	0.616741

(Continued)

FIREFIGHTERS' RETIREMENT SYSTEM  
 SCHEDULE OF EMPLOYER ALLOCATIONS  
JUNE 30, 2013

Employer	Projected Required Combined Contributions	Employer Allocation Percentage
Natchitoches	\$ 778,319	0.959243 %
Natchitoches #6	8,576	0.010570
New Iberia	926,424	1.141775
New Llano	14,023	0.017283
Opelousas	825,168	1.016982
Ouachita Police Jury	2,793,446	3.442795
Pineville	1,035,605	1.276336
Plaquemine	179,639	0.221397
Plaquemines Parish	1,189,027	1.465421
Ponchatoula	105,751	0.130333
Port Allen	216,458	0.266775
Rapides Police Jury	1,011,882	1.247098
Rayville	27,514	0.033910
Ruston	824,804	1.016533
Shreveport	12,363,426	15.237358
South Bossier #2	213,406	0.263013
St Bernard	2,092,570	2.578997
St Gabriel	38,689	0.047682
St George	3,470,549	4.277293
St John the Baptist	743,707	0.916585
St Landry #1	100,603	0.123989
St Landry #2	127,477	0.157110
St Landry #3	563,904	0.694986
St Mary #3	100,007	0.123254
St Mary #7	36,912	0.045492
St Tammany #1	2,866,088	3.532323
St Tammany #12	1,152,573	1.420494
St Tammany #2	600,062	0.739549
St Tammany #3	351,558	0.433279
St Tammany #4	2,536,730	3.126404
St Tammany #5	38,548	0.047509
St Tammany #6	44,919	0.055361

(Continued)



FIREFIGHTERS' RETIREMENT SYSTEM  
 SCHEDULE OF EMPLOYER ALLOCATIONS  
JUNE 30, 2013

Employer	Projected Required Combined Contributions	Employer Allocation Percentage
St Tammany #8	\$ 247,178	0.304636 %
St Tammany #9	143,940	0.177399
Sulphur	1,054,271	1.299341
Tensas #1	46,535	0.057352
Terrebonne #10	144,383	0.177945
Terrebonne #5	14,403	0.017751
Terrebonne #7	96,920	0.119449
Terrebonne 4A	189,914	0.234060
Terrebonne Consolidated	1,057,789	1.303677
Terrebonne #9	36,945	0.045533
Vidalia	161,995	0.199651
Ville Platte	189,939	0.234091
Washington Parish	91,599	0.112892
West Baton Rouge #6	18,621	0.022950
West Feliciana #1	56,156	0.069210
West Monroe	531,016	0.654453
Westlake	309,454	0.381388
Westwego	213,458	0.263077
Winn Parish Fire District #2	11,628	0.014331
Winnfield	81,498	0.100443
Winnsboro	52,526	0.064736
Zachary	438,855	0.540869
Total	<u>\$ 81,138,910</u>	<u>100.000000 %</u>

See accompanying notes.

FIREFIGHTERS' RETIREMENT SYSTEM  
 SCHEDULE OF PENSION AMOUNTS BY EMPLOYER  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Employer	Net Pension Liability
Abbeville	\$ 4,182,688
Alexandria	14,219,573
Ascension #3	1,882,067
Baker	2,154,099
Bastrop	3,076,842
Bayou Cane	4,864,627
Beauregard	166,094
Benton	3,142,325
Berwick	83,156
Bienville #7	133,954
Bienville Parish Wards 4 & 5	274,273
Bogalusa	3,275,703
Bossier City	26,858,548
Bossier Parish #7	232,127
Brusly	607,482
Bunkie	390,787
Caddo #1	2,440,131
Caddo #3	2,360,134
Caddo #4	1,412,232
Caddo #5	1,123,840
Caddo #6	445,579
Caddo #7	992,449
Caddo #8	875,208
Calcasieu Consolidated	3,873,822
Cameron Parish	78,083
Central #4	3,362,485
Concordia #2	160,450
Coteau	215,294
Covington	2,303,059
Crowley	3,593,206
Denham Springs	3,177,645
Deridder	1,841,949
Desoto	3,160,133

(Continued)

FIREFIGHTERS' RETIREMENT SYSTEM  
 SCHEDULE OF PENSION AMOUNTS BY EMPLOYER  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Employer	Net Pension Liability
Desoto Fire District #1	\$ 915,092
District #6	1,816,096
Donaldsonville	985,114
East Central Bossier #1	1,043,657
East Side	1,719,547
Eunice	2,024,725
Farmerville	206,875
Franklin	182,273
Franklinton	149,930
Hammond	7,094,023
Harahan	1,051,661
Haughton	1,025,823
Iberia Parish	2,481,400
Jeanerette	94,905
Jefferson Davis Parish	133,933
Jefferson Parish	40,326,950
Jennings	1,092,473
Jonesboro	351,349
Kaplan	469,456
Kenner	10,991,862
Kentwood	195,573
Lafayette	26,602,193
Lake Charles	19,279,747
Leesville	1,274,004
Lincoln #1	1,611,405
Livingston Fire District #4	193,861
Marksville	81,294
Minden	1,638,051
Monroe	21,093,535
Montegut	300,603
Morgan City	3,199,151
Natchitoches	4,975,773
Natchitoches #6	54,829

(Continued)

FIREFIGHTERS' RETIREMENT SYSTEM  
 SCHEDULE OF PENSION AMOUNTS BY EMPLOYER  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Employer	Net Pension Liability
New Iberia	\$ 5,922,600
New Llano	89,650
Opelousas	5,275,276
Ouachita Police Jury	17,858,421
Pineville	6,620,593
Plaquemine	1,148,428
Plaquemines Parish	7,601,413
Ponchatoula	676,062
Port Allen	1,383,812
Rapides Police Jury	6,468,930
Rayville	175,898
Ruston	5,272,947
Shreveport	79,039,024
South Bossier #2	1,364,298
St Bernard	13,377,740
St Gabriel	247,335
St George	22,187,118
St John the Baptist	4,754,498
St Landry #1	643,154
St Landry #2	814,959
St Landry #3	3,605,022
St Mary #3	639,342
St Mary #7	235,976
St Tammany #1	18,322,820
St Tammany #12	7,368,368
St Tammany #2	3,836,179
St Tammany #3	2,247,499
St Tammany #4	16,217,242
St Tammany #5	246,438
St Tammany #6	287,168
St Tammany #8	1,580,204
St Tammany #9	920,202
Sulphur	6,739,925

(Continued)

FIREFIGHTERS' RETIREMENT SYSTEM  
 SCHEDULE OF PENSION AMOUNTS BY EMPLOYER  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Employer	Net Pension Liability
Tensas #1	\$ 297,496
Terrebonne #10	923,034
Terrebonne #5	92,078
Terrebonne #7	619,604
Terrebonne 4A	1,214,113
Terrebonne Consolidated	6,762,416
Terrebonne #9	236,188
Vidalia	1,035,627
Ville Platte	1,214,274
Washington Parish	585,592
West Baton Rouge #6	119,046
West Feliciana #1	359,005
West Monroe	3,394,770
Westlake	1,978,331
Westwego	1,364,630
Winn Parish Fire District #2	74,338
Winnfield	521,017
Winnsboro	335,798
Zachary	2,805,588
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Total	\$ 518,718,693

See accompanying notes.

FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
JUNE 30, 2013

The Firefighters' Retirement System (System) is a cost-sharing, multiple-employer defined benefit pension plan established in accordance with Act No. 434 of 1979, under Louisiana Revised Statutes 11:2251 – 11:2272 to provide retirement allowances and other benefits for full-time firefighters who earn \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Firefighters' Retirement System prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

Basis of Accounting:

The Firefighters' Retirement System's employer schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2013.

During the year ended June 30, 2014, the System adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 67 established new standards of financial reporting for defined benefit pension plans. Significant changes included specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan. The provisions of this statement were retroactively applied to the fiscal year ended June 30, 2013.

System Employees:

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Plan Fiduciary Net Position:

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

2. PLAN DESCRIPTION:

The System was created on January 1, 1980 for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. Titles 11:2251 – 11:2272, to provide retirement allowances and other benefits for full-time firefighters who earn \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Plan Benefits

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.33% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. The options are as follows:

FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
JUNE 30, 2013

2. PLAN DESCRIPTION: (Continued)

Plan Benefits (Continued)

1. At death, their beneficiary will receive a lump sum payment based on the present value of the employee's annuity account balance.
2. At death, their beneficiary will receive a life annuity equal to the employee's reduced retirement allowance.
3. At death, their beneficiary will receive a life annuity equal to ½ of the employee's reduced retirement allowance.
4. Any other benefit certified by the actuary and approved by the Board of Trustees that will be equivalent in value to the employee's retirement allowance limited to a spouse and/or minor children.
5. The member can select a reduced option 2 benefit. However, if the beneficiary predeceases the retiree, the benefit will convert to the maximum. This option is limited to a spouse and/or minor children or handicapped children.
6. The member can select a reduced option 3 benefit. However, if the beneficiary predeceases the retiree, the benefit will convert to the maximum. This option is limited to a spouse and/or minor children.
7. The member can select to receive a guaranteed 2 1/2% COLA every year beginning when the member reaches age 55. In exchange for this COLA, the member takes an actuarially reduced benefit upon retirement.

Death Benefits

If an active employee dies and is not eligible for retirement, his survivors shall be paid:

1. If the employee is not eligible to retire and dies in the line of duty, their spouse will receive monthly, an annual benefit equal to 2/3 of the employee's average final compensation. If death is not in the line of duty, the spouse will receive monthly, an annual benefit equal to 3.0% of the member's average final compensation multiplied by his total years of service; however, the benefit shall not be less than 40.0%, or more than 60.0% of the employee's average final compensation.
2. Children of deceased employees will receive the greater of \$200 or 10.0% of the member's final average compensation per month until reaching the age of 18 or until the age of 22, if enrolled full time in an institution of higher education. The surviving totally physically handicapped or mentally retarded child of a deceased employee, regardless of age, shall receive the benefits as long as they are dependent on the surviving spouse.



FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
JUNE 30, 2013

2. PLAN DESCRIPTION: (Continued)

Death Benefits (Continued)

3. If an employee, who is eligible to retire, dies before retiring, the designated beneficiary shall be paid under option 2, survivor benefit equal to member's benefit.

Disability Benefits

If an eligible member is officially certified as disabled by the State Medical Disability Board, he shall receive the greater retirement, if eligible for disability benefits as follows:

1. Any member totally disabled from injury received in the line of duty, shall be paid, on a monthly basis, an annual pension of 60.0% of the average final compensation being received at the time of the disability.
2. Any member of FRS who has become disabled or incapacitated because of continued illness or as a result of any injury received, even though not in the line of duty, and who has 5 years of creditable service, but is not eligible for retirement under the provisions of R. S. 11:2256 may apply for retirement under the provisions of R.S. 11:2258 and shall be retired on 75.0% of the retirement salary to which he would be entitled under R. S. 11:2256 if he were otherwise eligible there under or 25.0% of the member's average salary, whichever is greater.
3. Any retired member or DROP plan participant who becomes disabled for any reason provided for by law shall be permitted to apply for conversion of a service retirement to a service connected disability retirement under R.S. 11:2258(B)(1)(e).
4. Should a member who is on disability retirement die and leave a surviving spouse, the surviving spouse shall receive a benefit of \$200 per month. When the member takes disability retirement, he may, in addition, take an actuarially reduced benefit in which case the member's surviving spouse shall receive 50% of the disability benefit being paid immediately prior to the death of the disabled retiree. If the surviving spouse remarries prior to age 55, such benefits shall cease; however, the benefits shall resume upon subsequent divorce or death of the new spouse, and the approval of the board of trustees.

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
JUNE 30, 2013

2. PLAN DESCRIPTION: (Continued)

Deferred Retirement Option Plan (Continued)

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to FRS cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to FRS. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

3. CONTRIBUTIONS:

Employer contributions are actuarially determined each year. For the year ended June 30, 2013, employer and employee contributions for members who earn above the poverty level were 24.00% and 10.00%, respectively. The employer and employee contribution rates for those who earn below the poverty level is 26.00% and 8.00%, respectively.

In accordance with state statute, the System receives insurance premium tax refunds from the State of Louisiana. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

4. SCHEDULE OF EMPLOYER ALLOCATIONS:

The schedule of employer allocations reports the required projected combined (employer and employee) contributions in addition to the employer allocation percentage. The required projected combined contributions are used to determine the proportionate relationship of each employer to all employers of Firefighters' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
JUNE 30, 2013

4. SCHEDULE OF EMPLOYER ALLOCATIONS: (Continued)

The allocation method used in determining each employer's proportion was based on the projected combined (employer and employee) contribution effort to the plan for the next fiscal year as compared to the total of all projected combined contribution effort to the plan for the next fiscal year. The combined projected contribution effort was actuarially determined by the System's actuary.

The combined projected contribution effort was calculated by multiplying the projected future compensation of active members in the System on June 30, 2013 by the next fiscal year's actuarially required combined contribution rate. Projected future compensation was calculated by multiplying compensation by a payroll factor of 1.04. Compensation was determined as follows:

1. Actual earned compensation for active members enrolled in the System the entire fiscal year, plus;
2. Annualized compensation for active members on June 30, 2013 enrolled in the System for a portion of the fiscal year. Annualized compensation was calculated using actual compensation and the employee's date of hire.

The payroll factor was actuarially determined using salary assumptions for expected net changes in active members plus expected new hires and their payroll over the next fiscal year.

The next fiscal year's combined (employer and employee) actuarially required contribution rate is 38.25%.

5. SCHEDULE OF PENSION AMOUNTS BY EMPLOYER:

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

6. ACTUARIAL METHODS AND ASSUMPTIONS:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
JUNE 30, 2013

6. ACTUARIAL METHODS AND ASSUMPTIONS: (Continued)

The components of the net pension liability of the System's employers as of June 30, 2013 are as follows:

	<u>2013</u>
Total Pension Liability	\$ 1,771,931,777
Plan Fiduciary Net Position	<u>1,253,213,084</u>
Total Net Pension Liability	<u>\$ 518,718,693</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2013 are as follows:

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.5%, net of investment expense
Projected Salary Increases	Vary from 15.0% in the first two years of service to 5.5% after 14 years
Mortality Rates	RP-2000 Healthy Annuitant Mortality Table RP-2000 Employee Mortality Table RP-2000 Disabled Lives Mortality Table
Cost of Living Adjustments	Only those previously granted

Mortality assumptions were set after reviewing an experience study performed on plan data for the period July 1, 2004 through June 30, 2009. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The RP-2000 Healthy Annuitant Mortality Table (set back 1 year) was selected for healthy annuitants and beneficiaries; the RP-2000 Employee Mortality Table (set back 1 year) was selected for active members. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables. The RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FIREFIGHTERS' RETIREMENT SYSTEM  
NOTES TO SCHEDULES  
JUNE 30, 2013

7. RETIREMENT SYSTEM AUDIT REPORT:

The Firefighters' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2013. Access to the report can be found on the System's website: [www.lafirefighters.com](http://www.lafirefighters.com) or the Louisiana Legislative Auditor's website: [www.la.la.gov](http://www.la.la.gov).

8. ESTIMATES:

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF EMPLOYER PENSION SCHEDULES PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

February 18, 2015

Board of Trustees of the  
Firefighters' Retirement System  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the employer pension schedules of the Firefighters' Retirement System, as of June 30, 2013, and the related notes to the schedules and have issued our report thereon dated February 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the employer pension schedules, we considered the Firefighters' Retirement System's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the employer pension schedules, but not for the purpose of expressing an opinion on the effectiveness of the Firefighters' Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Firefighters' Retirement System's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's employer pension schedules will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Firefighters' Retirement System's employer pension schedules are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of employer pension schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Depleatico, Chapman, Hogan and Maher, LLP*

FIREFIGHTERS' RETIREMENT SYSTEM  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the employer pension schedules of Firefighters' Retirement System for the year ended June 30, 2013 was unmodified.
2. The audit of the employer pension schedules disclosed no instances of noncompliance.
3. Findings Required To Be Reported Under Generally Accepted Government Auditing Standards:  
None
4. Status of Prior Year Comments:  
Not applicable