

ACTUARIAL VALUATION REPORT

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

Annual Actuarial Valuation
as of January 1, 2021

CONEFRY & COMPANY, LLC

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BELLE CHASSE, 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, 2021. 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. Beginning with the January 1, 2015 actuarial valuation, the ten year open level dollar amortization funding amount plus estimated expenses is less than the cash flow requirements for monthly benefit payments plus expenses and has therefore not been included.

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, 2021 - Old Fund

Market Value of Assets	\$ 7,287,333	Page 4
Actuarial Value of Assets	7,287,333	Page 4

II. ACTUARIAL LIABILITIES AND REQUIRED CONTRIBUTIONS
as of January 1, 2021 - Old Fund

Unfunded Actuarial Liability	\$ 80,351,081	Page 6
Employer Contribution (Including Expenses)	13,049,377	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

CERTIFICATION

III. FINANCIAL AND ACTUARIAL STATUS as of January 1, 2021
Old Fund

Table 1
Market Value of Assets
As of December 31, 2020
Old Fund

CURRENT ASSETS *

Cash in Banks	\$	404,740
Deposits		0
Accrued investment income		0
Miscellaneous receivable		0
Prepaid insurance		0
Due from other System		<u>554,007</u>
Total Current Assets	\$	958,747

INVESTMENTS

Cash equivalents	\$	7,610,910
Stock		<u>0</u>
Total Investments	\$	7,610,910

PROPERTY AND EQUIPMENT, NET \$ 75,689

TOTAL ASSETS \$ 8,645,346

Less,

CURRENT LIABILITIES

Accounts payable	\$	10,150
Net Pension Liability - MERS		260,227
Net of Other Accounts Payable/Receivable		1,087,636
Due to New System		<u>0</u>
Total Current Liabilities	\$	<u>1,358,013</u>

NET ASSETS AVAILABLE FOR PENSION BENEFITS ** \$ 7,287,333

* 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, 2021

Old Fund

The Old Fund has been funded "pay-as-you-go" with appropriations generally sufficient only to cover actual benefit payments and distributions and expenses in any given year. As a result of this chronically inadequate funding, the Old Fund has accrued liabilities of about \$87.6 million over the years with about \$ 7.3 million in assets as of December 31, 2020. Benefit payments and allocated administrative expenses are estimated to be about \$12.5 million for calendar year 2021.

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 had 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 during 2010 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, 2021 - Old Fund

(1)	Actuarial Present Value of Expected Benefits to Plan Participants Participants (Including D.R.O.P.)		
	(a) Active *	\$	0
	(b) Ordinary Retirement		55,549,326
	(c) Disabled Retirement		5,932,968
	(d) Survivors and Widows		24,484,472
	(e) Terminated Vested		0
	(f) P.L.O.P. Account Balances **		961,914
	(g) D.R.O.P. Account Balances **		710,028
	(h) D.R.O.P. Future Benefits *		0
	Total		\$ 87,638,414
(2)	Actuarial Value of Assets ** (from Table 1)		7,287,333
(3)	Unfunded Actuarial Accrued Liability (1) - (2)		80,351,081
(4)	Actuarially Required Contribution in 2021 (Estimated total monthly benefit payments)		12,549,377
(5)	Estimated Administrative Expenses		500,000
(6)	Total Actuarially Required Contribution for 2021 (4) + (5)		13,049,377

* 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.

** The P.L.O.P. and D.R.O.P. account balances in items (1)(f) and (g) are included in the assets in item (2) and are thus not available to offset other actuarial liabilities of the Old System. It should also be noted that the "Actuarially Required Contribution" in item (4) does not include any additional cash flow allowance for anticipated D.R.O.P. or P.L.O.P. redemptions during fiscal calendar year 2021.

A P P E N D I X

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:	RP-2014 Mortality Table for males and females without projection, except for disabled; disabled mortality is the same with ages set forward five years. (Table on next page). 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 have been included in the valuation and it has not been assumed that there will be any future increases. Any such increases will be included in the valuation if, as and when granted by the Board.

FIREFIGHTERS' PENSION AND RELIEF FUND (OLD SYSTEM)
 ASSUMED RATES OF MORTALITY BY AGE AND GENDER

RP-2014 MORTALITY TABLE

AGE	MALE	FEMALE
18	.000328	.000157
19	.000369	.000162
20	.000406	.000162
21	.000449	.000162
22	.000488	.000162
23	.000509	.000166
24	.000516	.000169
25	.000484	.000173
26	.000462	.000179
27	.000449	.000187
28	.000444	.000196
29	.000446	.000206
30	.000452	.000218
31	.000463	.000231
32	.000477	.000244
33	.000492	.000258
34	.000508	.000272
35	.000523	.000286
36	.000536	.000300
37	.000551	.000318
38	.000570	.000339
39	.000595	.000365
40	.000628	.000396
41	.000671	.000433
42	.000725	.000477
43	.000793	.000529
44	.000876	.000589
45	.000973	.000657
46	.001087	.000733
47	.001215	.000816
48	.001358	.000906
49	.001515	.001001
50	.004064	.002768
51	.004384	.002905
52	.004709	.003057
53	.005042	.003225
54	.005384	.003412
55	.005735	.003622
56	.006099	.003858
57	.006478	.004128
58	.006877	.004436
59	.007305	.004789
60	.007771	.005191

FIREFIGHTERS' PENSION AND RELIEF FUND (OLD SYSTEM)
 ASSUMED RATES OF MORTALITY BY AGE AND GENDER

RP-2014 MORTALITY TABLE

AGE	MALE	FEMALE
61	.008284	.005646
62	.008854	.006156
63	.009492	.006723
64	.010209	.007352
65	.011013	.008048
66	.011916	.008821
67	.012930	.009679
68	.014067	.010163
69	.015342	.011692
70	.016769	.012868
71	.018363	.014171
72	.020141	.015614
73	.022127	.017210
74	.024345	.018977
75	.026826	.020938
76	.029608	.023118
77	.032735	.025554
78	.036258	.028288
79	.040232	.031366
80	.044722	.034844
81	.049795	.038783
82	.055526	.043246
83	.061996	.048305
84	.069290	.054032
85	.077497	.060504
86	.086712	.067801
87	.097038	.076012
88	.108591	.085230
89	.121499	.095563
90	.135908	.107126
91	.151322	.119744
92	.167422	.133299
93	.184030	.147720
94	.201074	.162971
95	.218559	.179034
96	.236535	.195903
97	.255059	.213565
98	.274170	.231991
99	.293848	.251123
100	.313988	.270858

EXHIBIT III

ACTIVE AND INACTIVE PARTICIPANT PROFILES

FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS
 1/1/2021 INACTIVE PARTICIPANT PROFILE
 JANUARY 1, 2021 ACTUARIAL VALUATION
 OLD FUND

AGE	ORDINARY 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+	TOTAL			
70-74	0	0	1	6	4	1	6	0	0	18	880,933.68	48,940.76	
75-79	0	0	2	3	19	12	33	5	0	74	3,622,121.76	48,947.59	
80-84	0	0	0	1	2	4	21	8	3	39	1,812,558.60	46,475.86	
85-89	0	0	0	0	1	1	9	1	6	18	848,445.84	47,135.88	
90+	0	0	0	0	0	0	2	2	7	11	439,162.44	39,923.86	
	0	0	3	10	26	18	71	16	16	160	7,603,222.32	47,520.14	

FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS
 1/1/2021 INACTIVE PARTICIPANT PROFILE
 JANUARY 1, 2021 ACTUARIAL VALUATION
 OLD FUND

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+	TOTAL			
70-74	0	0	0	0	0	0	1	2	3	6	137,210.28	22,868.38	
75-79	0	0	0	0	0	0	0	6	10	16	354,597.84	22,162.37	
80-84	0	0	0	0	0	1	1	1	3	5	132,178.68	26,435.74	
85-89	0	0	0	0	0	0	0	0	5	5	99,957.96	19,991.59	
90+	0	0	0	0	0	0	0	0	2	2	43,059.84	21,529.92	
	0	0	0	0	0	2	9	23	34	767,004.60	22,558.96		

FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS
 1/1/2021 INACTIVE PARTICIPANT PROFILE
 JANUARY 1, 2021 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+				
0-19	2	0	0	0	0	0	0	0	0	0	2	7,200.00	3,600.00
45-49	1	0	0	0	0	0	0	0	0	0	1	3,600.00	3,600.00
50-54	2	0	0	0	0	0	0	0	0	0	2	18,000.00	9,000.00
55-59	0	2	0	0	0	0	0	0	0	0	2	7,200.00	3,600.00
60-64	1	1	4	0	1	0	1	0	0	0	8	126,483.24	15,810.41
65-69	1	3	1	1	1	1	0	1	0	0	9	170,643.36	18,960.37
70-74	9	6	8	4	2	1	0	0	0	2	32	647,329.08	20,229.03
75-79	22	13	9	4	3	2	2	1	1	1	57	1,234,899.36	21,664.90
80-84	9	9	10	1	4	2	4	2	1	1	42	855,200.64	20,361.92
85-89	6	6	9	5	5	0	1	2	2	0	34	626,959.56	18,439.99
90+	1	4	1	3	3	2	5	2	2	5	26	481,635.24	18,524.43
	54	44	42	18	19	8	13	8	9	215	4,179,150.48	19,437.91	

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, 2021 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, EA

Belle Chasse, Louisiana
August, 2021

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