

June 15, 2015

VIA EMAIL

Ms. Ruby Williams, Administrator  
City of Palatka  
Firefighters' Retirement Plan  
201 North 2nd Street  
Palatka, FL 32177

Re: City of Palatka Firefighters' Retirement Plan  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Ruby:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

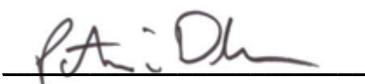
Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #14-6595

PTD/lke  
Enclosures

cc via email: Bonni Jensen, Board Attorney  
Matt Reynolds, Finance Director

CITY OF PALATKA  
FIREFIGHTERS' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES  
COMPLIANCE

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 me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By: Patrick T. Donlan Date: 6/15/2015

Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #14-6595



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2014 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static 9/30/2014	8.00% RP-2000 Generational 9/30/2014	6.00% RP-2000 Generational 9/30/2014
<b><u>Total Pension Liability</u></b>			
Service Cost	168,142	173,123	271,504
Interest	676,786	690,464	652,867
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(458,910)	(458,910)	(458,910)
Net Change in Total Pension Liability	386,018	404,677	465,461
Total Pension Liability - Beginning	8,521,138	8,687,133	10,839,066
Total Pension Liability - Ending (a)	<u>8,907,156</u>	<u>\$ 9,091,810</u>	<u>\$ 11,304,527</u>
<b><u>Plan Fiduciary Net Position</u></b>			
Contributions - Employer	310,161	310,161	310,161
Contributions - State	80,280	80,280	80,280
Contributions - Employee	47,041	47,041	47,041
Contributions - Buy Back	-	-	-
Net Investment Income	649,062	649,062	649,062
Benefit Payments, Including Refunds of Employee Contributions	(458,910)	(458,910)	(458,910)
Administrative Expense	(14,901)	(14,901)	(14,901)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	612,733	612,733	612,733
Plan Fiduciary Net Position - Beginning	6,764,640	6,764,640	6,764,640
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,377,373</u>	<u>\$ 7,377,373</u>	<u>\$ 7,377,373</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,529,783</u>	<u>\$ 1,714,437</u>	<u>\$ 3,927,154</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 8.00% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	7,377,373	-	1,234,372	-	540,815	6,683,816
2015	6,683,816	-	619,566	-	509,923	6,574,173
2016	6,574,173	-	616,407	-	501,278	6,459,044
2017	6,459,044	-	622,345	-	491,830	6,328,529
2018	6,328,529	-	619,358	-	481,508	6,190,679
2019	6,190,679	-	617,236	-	470,565	6,044,008
2020	6,044,008	-	615,519	-	458,900	5,887,389
2021	5,887,389	-	622,860	-	446,077	5,710,606
2022	5,710,606	-	621,726	-	431,979	5,520,859
2023	5,520,859	-	627,430	-	416,572	5,310,001
2024	5,310,001	-	625,162	-	399,794	5,084,633
2025	5,084,633	-	629,975	-	381,572	4,836,230
2026	4,836,230	-	625,791	-	361,867	4,572,306
2027	4,572,306	-	626,984	-	340,705	4,286,027
2028	4,286,027	-	622,615	-	317,978	3,981,390
2029	3,981,390	-	662,705	-	292,003	3,610,688
2030	3,610,688	-	670,042	-	262,053	3,202,699
2031	3,202,699	-	667,360	-	229,522	2,764,861
2032	2,764,861	-	667,946	-	194,471	2,291,386
2033	2,291,386	-	665,372	-	156,696	1,782,710
2034	1,782,710	-	663,578	-	116,074	1,235,206
2035	1,235,206	-	649,224	-	72,848	658,830
2036	658,830	-	641,002	-	27,066	44,894
2037	44,894	-	625,049	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 23.07

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
Hypothetical Assumptions: 8.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	7,377,373	-	1,234,450	-	540,812	6,683,735
2015	6,683,735	-	619,827	-	509,906	6,573,814
2016	6,573,814	-	616,838	-	501,232	6,458,208
2017	6,458,208	-	622,975	-	491,738	6,326,971
2018	6,326,971	-	620,217	-	481,349	6,188,103
2019	6,188,103	-	618,377	-	470,313	6,040,039
2020	6,040,039	-	617,104	-	458,519	5,881,454
2021	5,881,454	-	624,916	-	445,520	5,702,058
2022	5,702,058	-	624,315	-	431,192	5,508,935
2023	5,508,935	-	630,727	-	415,486	5,293,694
2024	5,293,694	-	629,265	-	398,325	5,062,754
2025	5,062,754	-	635,199	-	379,612	4,807,167
2026	4,807,167	-	632,226	-	359,284	4,534,225
2027	4,534,225	-	634,919	-	337,341	4,236,647
2028	4,236,647	-	632,190	-	313,644	3,918,101
2029	3,918,101	-	674,232	-	286,479	3,530,348
2030	3,530,348	-	683,754	-	255,078	3,101,672
2031	3,101,672	-	683,524	-	220,793	2,638,941
2032	2,638,941	-	686,746	-	183,645	2,135,840
2033	2,135,840	-	687,121	-	143,382	1,592,101
2034	1,592,101	-	688,550	-	99,826	1,003,377
2035	1,003,377	-	677,661	-	53,164	378,880
2036	378,880	-	673,053	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 22.56

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.00% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 6.00% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	7,377,373	-	1,234,450	-	405,609	6,548,532
2015	6,548,532	-	619,827	-	374,317	6,303,022
2016	6,303,022	-	616,838	-	359,676	6,045,860
2017	6,045,860	-	622,975	-	344,062	5,766,947
2018	5,766,947	-	620,217	-	327,410	5,474,140
2019	5,474,140	-	618,377	-	309,897	5,165,660
2020	5,165,660	-	617,104	-	291,426	4,839,982
2021	4,839,982	-	624,916	-	271,651	4,486,717
2022	4,486,717	-	624,315	-	250,474	4,112,876
2023	4,112,876	-	630,727	-	227,851	3,710,000
2024	3,710,000	-	629,265	-	203,722	3,284,457
2025	3,284,457	-	635,199	-	178,011	2,827,269
2026	2,827,269	-	632,226	-	150,669	2,345,712
2027	2,345,712	-	634,919	-	121,695	1,832,488
2028	1,832,488	-	632,190	-	90,984	1,291,282
2029	1,291,282	-	674,232	-	57,250	674,300
2030	674,300	-	683,754	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 16.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.00% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent.**

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution	\$404,348	\$424,210	\$646,829
Expected Member Contribution	49,392	49,392	49,392
Expected State Money	80,280	80,280	80,280
Expected Sponsor Contribution (Fixed \$)	\$274,676	\$294,538	\$517,157
Expected Sponsor Contribution (% of Payroll)	33.4%	35.8%	62.8%

**ASSETS**

Actuarial Value <sup>1</sup>	7,026,801	7,026,801	7,026,801
Market Value <sup>1</sup>	7,377,373	7,377,373	7,377,373

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	2,581,741	2,664,008	4,364,620
Disability Benefits	89,454	91,865	135,813
Death Benefits	14,743	11,237	18,195
Vested Benefits	356,295	368,935	637,359
Refund of Contributions	13,148	13,144	13,508
Service Retirees	5,021,271	5,129,952	6,228,399
DROP Retirees <sup>1</sup>	2,377,814	2,405,086	2,835,633
Beneficiaries	61,284	62,706	66,710
Terminated Vested	100,532	103,570	129,459
Disability Retirees	0	0	0
Excess State Monies Reserve	0	0	0
Total:	10,616,282	10,850,503	14,429,696
Present Value of Future Salaries	7,839,407	7,845,677	8,839,741
Present Value of Future Member Contributions	470,364	470,741	530,384
Total Normal Cost (Entry Age Normal)	177,966	183,244	287,667
Present Value of Future Normal Costs (Entry Age Normal)	1,618,349	1,669,329	3,000,665
Total Actuarial Accrued Liability <sup>1</sup>	8,997,933	9,181,174	11,429,031
Unfunded Actuarial Accrued Liability (Entry Age Normal)	1,971,132	2,154,373	4,402,230

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	185,085	190,574	296,297
Administrative Expenses (with interest)	15,497	15,497	15,348
Payment Required To Amortize UAAL (with interest)	203,766	218,139	335,184
Total Required Contribution	\$404,348	\$424,210	\$646,829

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.