

June 15, 2015

VIA EMAIL

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

Re: City of Palatka General Employees' 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.

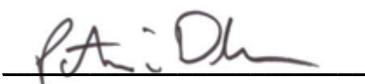
Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website 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

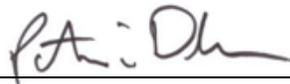
cc via email: Bonni Jensen, Board Attorney  
Matt Reynolds, Finance Director

CITY OF PALATKA  
GENERAL EMPLOYEES' 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:



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
<u>Total Pension Liability</u>			
Service Cost	352,477	361,207	497,781
Interest	1,657,695	1,687,510	1,584,319
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	(1,539,820)	(1,539,820)	(1,539,820)
Net Change in Total Pension Liability	470,352	508,897	542,280
Total Pension Liability - Beginning	21,138,625	21,502,582	26,677,442
Total Pension Liability - Ending (a)	<u>21,608,977</u>	<u>\$ 22,011,479</u>	<u>\$ 27,219,722</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	777,517	777,517	777,517
Contributions - State	-	-	-
Contributions - Employee	172,782	172,782	172,782
Contributions - Buy Back	-	-	-
Net Investment Income	1,600,605	1,600,605	1,600,605
Benefit Payments, Including Refunds of Employee Contributions	(1,539,820)	(1,539,820)	(1,539,820)
Administrative Expense	(30,698)	(30,698)	(30,698)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	980,386	980,386	980,386
Plan Fiduciary Net Position - Beginning	17,170,641	17,170,641	17,170,641
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,151,027</u>	<u>\$ 18,151,027</u>	<u>\$ 18,151,027</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,457,950</u>	<u>\$ 3,860,452</u>	<u>\$ 9,068,695</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	18,151,027	-	2,157,975	-	1,365,763	17,358,815
2015	17,358,815	-	1,637,989	-	1,323,186	17,044,012
2016	17,044,012	-	1,632,967	-	1,298,202	16,709,247
2017	16,709,247	-	1,638,506	-	1,271,200	16,341,941
2018	16,341,941	-	1,648,270	-	1,241,424	15,935,095
2019	15,935,095	-	1,641,411	-	1,209,151	15,502,835
2020	15,502,835	-	1,646,603	-	1,174,363	15,030,595
2021	15,030,595	-	1,674,383	-	1,135,472	14,491,684
2022	14,491,684	-	1,673,203	-	1,092,407	13,910,888
2023	13,910,888	-	1,672,960	-	1,045,953	13,283,881
2024	13,283,881	-	1,684,114	-	995,346	12,595,113
2025	12,595,113	-	1,678,785	-	940,458	11,856,786
2026	11,856,786	-	1,670,069	-	881,740	11,068,457
2027	11,068,457	-	1,653,324	-	819,344	10,234,477
2028	10,234,477	-	1,633,026	-	753,437	9,354,888
2029	9,354,888	-	1,610,128	-	683,986	8,428,746
2030	8,428,746	-	1,589,725	-	610,711	7,449,732
2031	7,449,732	-	1,563,465	-	533,440	6,419,707
2032	6,419,707	-	1,522,472	-	452,678	5,349,913
2033	5,349,913	-	1,477,781	-	368,882	4,241,014
2034	4,241,014	-	1,431,238	-	282,032	3,091,808
2035	3,091,808	-	1,378,861	-	192,190	1,905,137
2036	1,905,137	-	1,329,747	-	99,221	674,611
2037	674,611	-	1,271,641	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 23.53

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	18,151,027	-	2,157,975	-	1,365,763	17,358,815
2015	17,358,815	-	1,638,024	-	1,323,184	17,043,975
2016	17,043,975	-	1,633,167	-	1,298,191	16,708,999
2017	16,708,999	-	1,639,011	-	1,271,159	16,341,147
2018	16,341,147	-	1,649,250	-	1,241,322	15,933,219
2019	15,933,219	-	1,643,477	-	1,208,918	15,498,660
2020	15,498,660	-	1,649,843	-	1,173,899	15,022,716
2021	15,022,716	-	1,679,019	-	1,134,657	14,478,354
2022	14,478,354	-	1,679,468	-	1,091,090	13,889,976
2023	13,889,976	-	1,681,151	-	1,043,952	13,252,777
2024	13,252,777	-	1,694,557	-	992,440	12,550,660
2025	12,550,660	-	1,691,725	-	936,384	11,795,319
2026	11,795,319	-	1,685,791	-	876,194	10,985,722
2027	10,985,722	-	1,672,123	-	811,973	10,125,572
2028	10,125,572	-	1,655,309	-	743,833	9,214,096
2029	9,214,096	-	1,636,154	-	671,682	8,249,624
2030	8,249,624	-	1,619,752	-	595,180	7,225,052
2031	7,225,052	-	1,597,869	-	514,089	6,141,272
2032	6,141,272	-	1,561,395	-	428,846	5,008,723
2033	5,008,723	-	1,521,397	-	339,842	3,827,168
2034	3,827,168	-	1,479,749	-	246,983	2,594,402
2035	2,594,402	-	1,432,412	-	150,256	1,312,246
2036	1,312,246	-	1,388,505	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 22.95

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	18,151,027	-	2,157,975	-	1,024,322	17,017,374
2015	17,017,374	-	1,638,024	-	971,902	16,351,252
2016	16,351,252	-	1,633,167	-	932,080	15,650,165
2017	15,650,165	-	1,639,011	-	889,840	14,900,994
2018	14,900,994	-	1,649,250	-	844,582	14,096,326
2019	14,096,326	-	1,643,477	-	796,475	13,249,324
2020	13,249,324	-	1,649,843	-	745,464	12,344,945
2021	12,344,945	-	1,679,019	-	690,326	11,356,252
2022	11,356,252	-	1,679,468	-	630,991	10,307,775
2023	10,307,775	-	1,681,151	-	568,032	9,194,656
2024	9,194,656	-	1,694,557	-	500,843	8,000,942
2025	8,000,942	-	1,691,725	-	429,305	6,738,522
2026	6,738,522	-	1,685,791	-	353,738	5,406,469
2027	5,406,469	-	1,672,123	-	274,224	4,008,570
2028	4,008,570	-	1,655,309	-	190,855	2,544,116
2029	2,544,116	-	1,636,154	-	103,562	1,011,524
2030	1,011,524	-	1,619,752	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 16.62

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	\$863,648	\$905,001	\$1,352,633
Expected Member Contribution	178,002	178,002	178,002
Expected Sponsor Contribution (Fixed \$)	\$685,646	\$726,999	\$1,174,631
Expected Sponsor Contribution (% of Payroll)	23.2%	24.5%	39.6%

**ASSETS**

Actuarial Value <sup>1</sup>	17,442,764	17,442,764	17,442,764
Market Value <sup>1</sup>	18,151,027	18,151,027	18,151,027

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	6,110,250	6,332,364	9,149,444
Disability Benefits	730,291	756,731	1,044,485
Death Benefits	214,322	194,319	273,566
Vested Benefits	805,830	831,843	1,292,600
Refund of Contributions	85,222	85,224	87,944
Service Retirees	11,567,823	11,714,689	13,852,181
Beneficiaries	1,613,585	1,629,372	1,848,747
Terminated Vested	406,168	410,452	524,150
Disability Retirees	0	0	0
DROP Retirees <sup>1</sup>	2,573,217	2,594,334	3,058,028
Total:	24,106,708	24,549,328	31,131,145
Present Value of Future Salaries	20,914,277	20,936,213	23,234,654
Present Value of Future Member Contributions	1,254,857	1,256,173	1,394,079
Total Normal Cost (Entry Age Normal)	310,488	319,449	452,188
Present Value of Future Normal Costs (Entry Age Normal)	2,066,167	2,134,287	3,370,142
Total Actuarial Accrued Liability <sup>1</sup>	22,040,541	22,415,041	27,761,003
Unfunded Actuarial Accrued Liability (Entry Age Normal)	4,597,777	4,972,277	10,318,239

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)	322,908	332,227	465,754
Administrative Expenses (with interest)	31,926	31,926	31,619
Payment Required To Amortize UAAL (with interest)	508,814	540,848	855,260
Total Required Contribution	\$863,648	\$905,001	\$1,352,633

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