



July 1, 2016

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, 2015 financial reporting requirements made under Section 112.664.

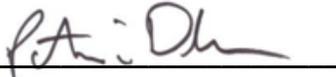
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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: 7/1/2016

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, 2015 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.

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static 9/30/2015	8.00% RP-2000 Generational 9/30/2015	6.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	177,733	183,010	287,097
Interest	707,171	722,366	680,783
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	73,309	71,769	106,668
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(490,496)	(490,496)	(490,496)
Net Change in Total Pension Liability	467,717	486,649	584,052
Total Pension Liability - Beginning	8,907,156	9,091,810	11,304,527
Total Pension Liability - Ending (a)	<u>\$ 9,374,873</u>	<u>\$ 9,578,459</u>	<u>\$ 11,888,579</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	283,346	283,346	283,346
Contributions - State	95,653	95,653	95,653
Contributions - Employee	47,712	47,712	47,712
Net Investment Income	(285,607)	(285,607)	(285,607)
Benefit Payments, Including Refunds of Employee Contributions	(490,496)	(490,496)	(490,496)
Administrative Expenses	(22,760)	(22,760)	(22,760)
Net Change in Plan Fiduciary Net Position	(372,152)	(372,152)	(372,152)
Plan Fiduciary Net Position - Beginning	7,377,373	7,377,373	7,377,373
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,005,221</u>	<u>\$ 7,005,221</u>	<u>\$ 7,005,221</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,369,652</u>	<u>\$ 2,573,238</u>	<u>\$ 4,883,358</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 251,201</u>	<u>\$ 269,860</u>	<u>\$ 438,587</u>
-----------------	-------------------	-------------------	-------------------

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

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

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	6,972,137	-	1,423,978	-	500,812	6,048,971
2016	6,048,971	-	618,050	-	459,196	5,890,117
2017	5,890,117	-	625,457	-	446,191	5,710,851
2018	5,710,851	-	621,886	-	431,993	5,520,958
2019	5,520,958	-	619,514	-	416,896	5,318,340
2020	5,318,340	-	617,430	-	400,770	5,101,680
2021	5,101,680	-	626,510	-	383,074	4,858,244
2022	4,858,244	-	634,342	-	363,286	4,587,188
2023	4,587,188	-	631,582	-	341,712	4,297,318
2024	4,297,318	-	629,479	-	318,606	3,986,445
2025	3,986,445	-	637,421	-	293,419	3,642,443
2026	3,642,443	-	633,325	-	266,062	3,275,180
2027	3,275,180	-	635,933	-	236,577	2,875,824
2028	2,875,824	-	632,009	-	204,786	2,448,601
2029	2,448,601	-	680,713	-	168,660	1,936,548
2030	1,936,548	-	688,608	-	127,380	1,375,320
2031	1,375,320	-	685,879	-	82,590	772,031
2032	772,031	-	682,500	-	34,462	123,993
2033	123,993	-	678,450	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 18.18

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. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

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

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	6,972,137	-	1,424,070	-	500,808	6,048,875
2016	6,048,875	-	618,330	-	459,177	5,889,722
2017	5,889,722	-	625,942	-	446,140	5,709,920
2018	5,709,920	-	622,602	-	431,890	5,519,208
2019	5,519,208	-	620,509	-	416,716	5,315,415
2020	5,315,415	-	618,849	-	400,479	5,097,045
2021	5,097,045	-	628,392	-	382,628	4,851,281
2022	4,851,281	-	636,793	-	362,631	4,577,119
2023	4,577,119	-	634,701	-	340,781	4,283,199
2024	4,283,199	-	633,389	-	317,320	3,967,130
2025	3,967,130	-	642,334	-	291,677	3,616,473
2026	3,616,473	-	639,417	-	263,741	3,240,797
2027	3,240,797	-	643,511	-	233,523	2,830,809
2028	2,830,809	-	641,198	-	200,817	2,390,428
2029	2,390,428	-	691,849	-	163,560	1,862,139
2030	1,862,139	-	701,901	-	120,895	1,281,133
2031	1,281,133	-	701,639	-	74,425	653,919
2032	653,919	-	701,023	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.93

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. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

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

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2015	6,972,137	-	1,424,070	-	375,606	5,923,673
2016	5,923,673	-	618,330	-	336,870	5,642,213
2017	5,642,213	-	625,942	-	319,755	5,336,026
2018	5,336,026	-	622,602	-	301,484	5,014,908
2019	5,014,908	-	620,509	-	282,279	4,676,678
2020	4,676,678	-	618,849	-	262,035	4,319,864
2021	4,319,864	-	628,392	-	240,340	3,931,812
2022	3,931,812	-	636,793	-	216,805	3,511,824
2023	3,511,824	-	634,701	-	191,668	3,068,791
2024	3,068,791	-	633,389	-	165,126	2,600,528
2025	2,600,528	-	642,334	-	136,762	2,094,956
2026	2,094,956	-	639,417	-	106,515	1,562,054
2027	1,562,054	-	643,511	-	74,418	992,961
2028	992,961	-	641,198	-	40,342	392,105
2029	392,105	-	691,849	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 14.57

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. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$405,986	\$428,095	\$666,510
Total Required Contribution (% of Payroll)	50.7%	53.4%	83.2%
Expected Member Contribution	48,101	48,101	48,101
Expected State Money	95,653	95,653	95,653
Expected Sponsor Contribution (Fixed \$)	\$262,232	\$284,341	\$522,756
Expected Sponsor Contribution (% of Payroll)	32.8%	35.5%	65.3%

ASSETS

Actuarial Value ¹	7,513,601	7,513,601	7,513,601
Market Value ¹	6,972,137	6,972,137	6,972,137

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	2,608,114	2,690,660	4,367,194
Disability Benefits	85,192	87,480	128,782
Death Benefits	14,193	10,776	17,383
Vested Benefits	352,487	365,157	627,661
Refund of Contributions	11,499	11,495	11,906
Service Retirees	5,075,521	5,192,722	6,289,075
DROP Retirees ¹	2,548,093	2,577,313	2,999,903
Beneficiaries	58,607	59,933	63,611
Disability Retirees	0	0	0
Terminated Vested	69,644	72,289	101,270
Excess State Monies Reserve	0	0	0
Total:	10,823,350	11,067,825	14,606,785
Present Value of Future Salaries	7,459,654	7,465,650	8,397,501
Present Value of Future Member Contributions	447,579	447,939	503,850
Total Normal Cost	172,128	177,274	279,133
Present Value of Future Normal Costs (Entry Age Normal)	1,529,435	1,578,009	2,842,857
Total Actuarial Accrued Liability ¹	9,293,915	9,489,816	11,763,928
Unfunded Actuarial Accrued Liability (UAAL)	1,780,314	1,976,215	4,250,327

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	8.00% RP-2000 Static	8.00% RP-2000 Generational	6.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	179,013	184,365	287,507
Administrative Expenses (with interest)	23,670	23,670	23,443
Payment Required To Amortize UAAL (with interest)	203,303	220,060	355,560
Total Required Contribution	\$405,986	\$428,095	\$666,510

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.