

CITY OF LIVE OAK
FIREFIGHTERS' SUBSTITUTE PENSION TRUST FUND

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: 7/25/2016
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #14-7778



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	
	7.50% RP-2000 Static 9/30/2015	7.50% RP-2000 Generational 9/30/2015	5.50% RP-2000 Generational 9/30/2015	
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	-	-	-	
Interest	138,318	142,552	125,912	
Changes of Benefit Terms	-	-	-	
Differences Between Expected and Actual Experience	15,106	13,603	15,801	
Changes of Assumptions	-	-	-	
Benefit Payments, Including Refunds of Employee Contributions	(184,871)	(184,871)	(184,871)	
Net Change in Total Pension Liability	(31,447)	(28,716)	(43,158)	
Total Pension Liability - Beginning	1,936,678	1,993,132	2,381,751	
Total Pension Liability - Ending (a)	<u>\$ 1,905,231</u>	<u>\$ 1,964,416</u>	<u>\$ 2,338,593</u>	
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	27,114	27,114	27,114	
Net Investment Income	(32,672)	(32,672)	(32,672)	
Benefit Payments, Including Refunds of Employee Contributions	(184,871)	(184,871)	(184,871)	
Administrative Expenses	-	-	-	
Net Change in Plan Fiduciary Net Position	(190,429)	(190,429)	(190,429)	
Plan Fiduciary Net Position - Beginning	1,918,165	1,918,165	1,918,165	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,727,736</u>	<u>\$ 1,727,736</u>	<u>\$ 1,727,736</u>	
Net Pension Liability - Ending (a) - (b)	<u>\$ 177,495</u>	<u>\$ 236,680</u>	<u>\$ 610,857</u>	
<u>GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015</u>				
Pension Expense	<u>\$ 2,167</u>	<u>\$ 6,106</u>	<u>\$ 19,121</u>	

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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	1,727,736	-	187,815	-	122,537	1,662,458
2016	1,662,458	-	186,015	-	117,709	1,594,152
2017	1,594,152	-	184,054	-	112,659	1,522,757
2018	1,522,757	-	181,920	-	107,385	1,448,222
2019	1,448,222	-	179,603	-	101,882	1,370,501
2020	1,370,501	-	177,090	-	96,147	1,289,558
2021	1,289,558	-	174,366	-	90,178	1,205,370
2022	1,205,370	-	171,417	-	83,975	1,117,928
2023	1,117,928	-	168,226	-	77,536	1,027,238
2024	1,027,238	-	164,775	-	70,864	933,327
2025	933,327	-	161,052	-	63,960	836,235
2026	836,235	-	157,039	-	56,829	736,025
2027	736,025	-	152,720	-	49,475	632,780
2028	632,780	-	148,083	-	41,905	526,602
2029	526,602	-	143,120	-	34,128	417,610
2030	417,610	-	137,838	-	26,152	305,924
2031	305,924	-	132,250	-	17,985	191,659
2032	191,659	-	126,382	-	9,635	74,912
2033	74,912	-	120,267	-	-	-

Number of Years Expected Benefit Payments Sustained: 18.62

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 7.50% 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	1,727,736	-	187,910	-	122,534	1,662,360
2016	1,662,360	-	186,332	-	117,690	1,593,718
2017	1,593,718	-	184,623	-	112,605	1,521,700
2018	1,521,700	-	182,767	-	107,274	1,446,207
2019	1,446,207	-	180,751	-	101,687	1,367,143
2020	1,367,143	-	178,577	-	95,839	1,284,405
2021	1,284,405	-	176,237	-	89,721	1,197,889
2022	1,197,889	-	173,715	-	83,327	1,107,501
2023	1,107,501	-	170,994	-	76,650	1,013,157
2024	1,013,157	-	168,078	-	69,684	914,763
2025	914,763	-	164,940	-	62,422	812,245
2026	812,245	-	161,539	-	54,861	705,567
2027	705,567	-	157,859	-	46,998	594,706
2028	594,706	-	153,875	-	38,833	479,664
2029	479,664	-	149,583	-	30,365	360,446
2030	360,446	-	144,995	-	21,596	237,047
2031	237,047	-	140,107	-	12,525	109,465
2032	109,465	-	134,954	-	-	-

Number of Years Expected Benefit Payments Sustained: 17.81

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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	1,727,736	-	187,910	-	89,858	1,629,684
2016	1,629,684	-	186,332	-	84,508	1,527,860
2017	1,527,860	-	184,623	-	78,955	1,422,192
2018	1,422,192	-	182,767	-	73,194	1,312,619
2019	1,312,619	-	180,751	-	67,223	1,199,091
2020	1,199,091	-	178,577	-	61,039	1,081,553
2021	1,081,553	-	176,237	-	54,639	959,955
2022	959,955	-	173,715	-	48,020	834,260
2023	834,260	-	170,994	-	41,182	704,448
2024	704,448	-	168,078	-	34,122	570,492
2025	570,492	-	164,940	-	26,841	432,393
2026	432,393	-	161,539	-	19,339	290,193
2027	290,193	-	157,859	-	11,619	143,953
2028	143,953	-	153,875	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.94

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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, 2016

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$43,177	\$48,916	\$78,943

ASSETS

Actuarial Value	1,727,736	1,727,736	1,727,736
Market Value	1,727,736	1,727,736	1,727,736

LIABILITIES

Present Value of Benefits

Active Members			
Retirement Benefits	0	0	0
Disability Benefits	0	0	0
Death Benefits	0	0	0
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	1,361,284	1,401,917	1,678,070
Beneficiaries	261,381	270,919	308,164
Disability Retirees	308,588	316,593	383,654
Terminated Vested	0	0	0
Excess State Monies Reserve	0	0	0
Total:	1,931,253	1,989,429	2,369,888

Present Value of Future Salaries	N/A	N/A	N/A
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Present Value of Future Lifetimes	75.07	77.47	91.16
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Total Normal Cost	21,688	27,026	56,351
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Total Actuarial Accrued Liability (EAN)	1,931,253	1,989,429	2,369,888
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Unfunded Actuarial Accrued Liability (UAAL)	N/A	N/A	N/A
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ¹	23,314	29,053	59,450
Administrative Expenses ¹	19,863	19,863	19,493
Payment Required To Amortize UAAL ¹	0	0	0
Total Required Contribution	\$43,177	\$48,916	\$78,943

¹ Interest adjustment assumes a City lump sum deposit on each September 30 following the valuation date.