

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: 6/25/2015

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, 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	
	7.50% RP-2000 Static 9/30/2014	7.50% RP-2000 Generational 9/30/2014	5.50% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>			
Service Cost	-	-	-
Interest	141,696	145,635	129,083
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	(188,607)	(188,607)	(188,607)
Net Change in Total Pension Liability	(46,911)	(42,972)	(59,524)
Total Pension Liability - Beginning	1,983,589	2,036,104	2,441,275
Total Pension Liability - Ending (a)	<u>1,936,678</u>	<u>\$ 1,993,132</u>	<u>\$ 2,381,751</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	25,454	25,454	25,454
Contributions - State	-	-	-
Contributions - Employee	-	-	-
Contributions - Buy Back	-	-	-
Net Investment Income	152,834	152,834	152,834
Benefit Payments, Including Refunds of Employee Contributions	(188,607)	(188,607)	(188,607)
Administrative Expense	(1,910)	(1,910)	(1,910)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	(12,229)	(12,229)	(12,229)
Plan Fiduciary Net Position - Beginning	1,930,394	1,930,394	1,930,394
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,918,165</u>	<u>\$ 1,918,165</u>	<u>\$ 1,918,165</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 18,513</u>	<u>\$ 74,967</u>	<u>\$ 463,586</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
2014	1,918,165	-	187,855	-	136,818	1,867,128
2015	1,867,128	-	186,126	-	133,055	1,814,057
2016	1,814,057	-	184,203	-	129,147	1,759,001
2017	1,759,001	-	182,075	-	125,097	1,702,023
2018	1,702,023	-	179,738	-	120,912	1,643,197
2019	1,643,197	-	177,188	-	116,595	1,582,604
2020	1,582,604	-	174,426	-	112,154	1,520,332
2021	1,520,332	-	171,455	-	107,595	1,456,472
2022	1,456,472	-	168,281	-	102,925	1,391,116
2023	1,391,116	-	164,901	-	98,150	1,324,365
2024	1,324,365	-	161,314	-	93,278	1,256,329
2025	1,256,329	-	157,513	-	88,318	1,187,134
2026	1,187,134	-	153,487	-	83,279	1,116,926
2027	1,116,926	-	149,222	-	78,174	1,045,878
2028	1,045,878	-	144,701	-	73,015	974,192
2029	974,192	-	139,908	-	67,818	902,102
2030	902,102	-	134,841	-	62,601	829,862
2031	829,862	-	129,501	-	57,383	757,744
2032	757,744	-	123,900	-	52,185	686,029
2033	686,029	-	118,059	-	47,025	614,995
2034	614,995	-	111,999	-	41,925	544,921
2035	544,921	-	105,747	-	36,904	476,078
2036	476,078	-	99,336	-	31,981	408,723
2037	408,723	-	92,808	-	27,174	343,089
2038	343,089	-	86,215	-	22,499	279,373
2039	279,373	-	79,613	-	17,967	217,727
2040	217,727	-	73,052	-	13,590	158,265
2041	158,265	-	66,578	-	9,373	101,060
2042	101,060	-	60,233	-	5,321	46,148
2043	46,148	-	54,054	-	-	-

Number of Years Expected Benefit Payments Sustained: 29.85

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
2014	1,918,165	-	187,943	-	136,815	1,867,037
2015	1,867,037	-	186,423	-	133,037	1,813,651
2016	1,813,651	-	184,735	-	129,096	1,758,012
2017	1,758,012	-	182,872	-	124,993	1,700,133
2018	1,700,133	-	180,821	-	120,729	1,640,041
2019	1,640,041	-	178,580	-	116,306	1,577,767
2020	1,577,767	-	176,156	-	111,727	1,513,338
2021	1,513,338	-	173,557	-	106,992	1,446,773
2022	1,446,773	-	170,786	-	102,104	1,378,091
2023	1,378,091	-	167,839	-	97,063	1,307,315
2024	1,307,315	-	164,741	-	91,871	1,234,445
2025	1,234,445	-	161,469	-	86,528	1,159,504
2026	1,159,504	-	157,996	-	81,038	1,082,546
2027	1,082,546	-	154,317	-	75,404	1,003,633
2028	1,003,633	-	150,403	-	69,632	922,862
2029	922,862	-	146,239	-	63,731	840,354
2030	840,354	-	141,834	-	57,708	756,228
2031	756,228	-	137,171	-	51,573	670,630
2032	670,630	-	132,267	-	45,337	583,700
2033	583,700	-	127,117	-	39,011	495,594
2034	495,594	-	121,692	-	32,606	406,508
2035	406,508	-	115,992	-	26,138	316,654
2036	316,654	-	110,068	-	19,622	226,208
2037	226,208	-	103,970	-	13,067	135,305
2038	135,305	-	97,742	-	6,483	44,046
2039	44,046	-	91,448	-	-	-

Number of Years Expected Benefit Payments Sustained: 25.48

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
2014	1,918,165	-	187,943	-	100,331	1,830,553
2015	1,830,553	-	186,423	-	95,554	1,739,684
2016	1,739,684	-	184,735	-	90,602	1,645,551
2017	1,645,551	-	182,872	-	85,476	1,548,155
2018	1,548,155	-	180,821	-	80,176	1,447,510
2019	1,447,510	-	178,580	-	74,702	1,343,632
2020	1,343,632	-	176,156	-	69,055	1,236,531
2021	1,236,531	-	173,557	-	63,236	1,126,210
2022	1,126,210	-	170,786	-	57,245	1,012,669
2023	1,012,669	-	167,839	-	51,081	895,911
2024	895,911	-	164,741	-	44,745	775,915
2025	775,915	-	161,469	-	38,235	652,681
2026	652,681	-	157,996	-	31,553	526,238
2027	526,238	-	154,317	-	24,699	396,620
2028	396,620	-	150,403	-	17,678	263,895
2029	263,895	-	146,239	-	10,493	128,149
2030	128,149	-	141,834	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.90

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, 2015

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Expected Sponsor Contribution (Fixed \$)	\$25,887	\$31,823	\$65,467
<u>ASSETS</u>			
Actuarial Value	1,918,165	1,918,165	1,918,165
Market Value	1,918,165	1,918,165	1,918,165
<u>LIABILITIES</u>			
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	1,567,750	1,613,353	1,924,515
Beneficiaries	70,488	72,416	83,004
Terminated Vested	0	0	0
Disability Retirees	312,493	320,016	389,208
Total:	1,950,731	2,005,785	2,396,727
Present Value of Future Salaries	N/A	N/A	N/A
Present Value of Expected Future Lifetimes	76.07	78.35	92.48
Total Normal Cost	3,425	8,947	41,398
Total Actuarial Accrued Liability	1,950,731	2,005,785	2,396,727
Unfunded Actuarial Accrued Liability (UAAL)	N/A	N/A	N/A

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR

ENDING SEPTEMBER 30, 2015

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest) ¹	3,682	9,618	43,675
Administrative Expenses (with interest) ¹	22,205	22,205	21,792
Payment Required To Amortize UAAL (with interest) ¹	0	0	0
Total Required Contribution	\$25,887	\$31,823	\$65,467

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