

April 8, 2016

VIA EMAIL

Ms. Claudia Rogers
City of New Smyrna Beach
210 Sams Avenue
New Smyrna Beach, FL 32168

Re: City of New Smyrna Beach Firefighters' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Claudia:

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: H. Lee Dehner, Board Attorney

CITY OF NEW SMYRNA BEACH
FIREFIGHTERS' RETIREMENT SYSTEM

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: 4/8/2016

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	
	7.90% RP-2000 Static 9/30/2015	7.90% RP-2000 Generational 9/30/2015	5.90% RP-2000 Generational 9/30/2015	9.90% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	213,595	221,206	353,790	144,845
Interest	1,933,796	1,991,378	1,865,942	2,054,166
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	3,756	(437)	130,384	(94,066)
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,089,977)	(3,089,977)	(3,089,977)	(3,089,977)
Net Change in Total Pension Liability	(938,830)	(877,830)	(739,861)	(985,032)
Total Pension Liability - Beginning	25,809,825	26,531,099	32,817,338	22,149,297
Total Pension Liability - Ending (a)	<u>\$ 24,870,995</u>	<u>\$ 25,653,269</u>	<u>\$ 32,077,477</u>	<u>\$ 21,164,265</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	1,361,079	1,361,079	1,361,079	1,361,079
Contributions - State	277,167	277,167	277,167	277,167
Contributions - Employee	189,832	189,832	189,832	189,832
Net Investment Income	178,352	178,352	178,352	178,352
Benefit Payments, Including Refunds of Employee Contributions	(3,089,977)	(3,089,977)	(3,089,977)	(3,089,977)
Administrative Expenses	(28,126)	(28,126)	(28,126)	(28,126)
Net Change in Plan Fiduciary Net Position	(1,111,673)	(1,111,673)	(1,111,673)	(1,111,673)
Plan Fiduciary Net Position - Beginning	19,233,813	19,233,813	19,233,813	19,233,813
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,122,140</u>	<u>\$ 18,122,140</u>	<u>\$ 18,122,140</u>	<u>\$ 18,122,140</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,748,855</u>	<u>\$ 7,531,129</u>	<u>\$ 13,955,337</u>	<u>\$ 3,042,125</u>

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

Pension Expense	<u>\$ 639,953</u>	<u>\$ 700,085</u>	<u>\$ 985,141</u>	<u>\$ 406,079</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.90% 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	18,122,140	-	2,170,219	-	1,345,925	17,297,846
2016	17,297,846	-	1,674,767	-	1,300,377	16,923,456
2017	16,923,456	-	1,687,282	-	1,270,305	16,506,479
2018	16,506,479	-	1,738,616	-	1,235,337	16,003,200
2019	16,003,200	-	1,779,431	-	1,193,965	15,417,734
2020	15,417,734	-	1,801,433	-	1,146,844	14,763,145
2021	14,763,145	-	1,803,764	-	1,095,040	14,054,421
2022	14,054,421	-	1,886,743	-	1,035,773	13,203,451
2023	13,203,451	-	1,953,418	-	965,913	12,215,946
2024	12,215,946	-	1,964,869	-	887,447	11,138,524
2025	11,138,524	-	2,008,400	-	800,612	9,930,736
2026	9,930,736	-	1,998,846	-	705,574	8,637,464
2027	8,637,464	-	1,999,720	-	603,371	7,241,115
2028	7,241,115	-	2,000,955	-	493,010	5,733,170
2029	5,733,170	-	2,021,895	-	373,056	4,084,331
2030	4,084,331	-	1,989,256	-	244,087	2,339,162
2031	2,339,162	-	1,981,250	-	106,534	464,446
2032	464,446	-	1,951,463	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 17.24

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.90% 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: 7.90% 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	18,122,140	-	2,170,406	-	1,345,918	17,297,652
2016	17,297,652	-	1,675,604	-	1,300,328	16,922,376
2017	16,922,376	-	1,689,148	-	1,270,146	16,503,374
2018	16,503,374	-	1,742,284	-	1,234,946	15,996,036
2019	15,996,036	-	1,784,882	-	1,193,184	15,404,338
2020	15,404,338	-	1,808,936	-	1,145,490	14,740,892
2021	14,740,892	-	1,813,584	-	1,092,894	14,020,202
2022	14,020,202	-	1,899,701	-	1,032,558	13,153,059
2023	13,153,059	-	1,969,859	-	961,282	12,144,482
2024	12,144,482	-	1,985,029	-	881,005	11,040,458
2025	11,040,458	-	2,033,152	-	791,887	9,799,193
2026	9,799,193	-	2,028,608	-	694,006	8,464,591
2027	8,464,591	-	2,035,441	-	588,303	7,017,453
2028	7,017,453	-	2,043,945	-	473,643	5,447,151
2029	5,447,151	-	2,073,157	-	348,435	3,722,429
2030	3,722,429	-	2,048,779	-	213,145	1,886,795
2031	1,886,795	-	2,049,440	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 16.92

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.90% 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: 5.90% 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	18,122,140	-	2,170,406	-	1,005,179	16,956,913
2016	16,956,913	-	1,675,604	-	951,028	16,232,337
2017	16,232,337	-	1,689,148	-	907,878	15,451,067
2018	15,451,067	-	1,742,284	-	860,216	14,568,999
2019	14,568,999	-	1,784,882	-	806,917	13,591,034
2020	13,591,034	-	1,808,936	-	748,507	12,530,605
2021	12,530,605	-	1,813,584	-	685,805	11,402,826
2022	11,402,826	-	1,899,701	-	616,726	10,119,851
2023	10,119,851	-	1,969,859	-	538,960	8,688,952
2024	8,688,952	-	1,985,029	-	454,090	7,158,013
2025	7,158,013	-	2,033,152	-	362,345	5,487,206
2026	5,487,206	-	2,028,608	-	263,901	3,722,499
2027	3,722,499	-	2,035,441	-	159,582	1,846,640
2028	1,846,640	-	2,043,945	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 13.90

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.90% 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 4
Hypothetical Assumptions: 9.90% 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	18,122,140	-	2,170,406	-	1,686,657	17,638,391
2016	17,638,391	-	1,675,604	-	1,663,258	17,626,045
2017	17,626,045	-	1,689,148	-	1,661,366	17,598,263
2018	17,598,263	-	1,742,284	-	1,655,985	17,511,964
2019	17,511,964	-	1,784,882	-	1,645,333	17,372,415
2020	17,372,415	-	1,808,936	-	1,630,327	17,193,806
2021	17,193,806	-	1,813,584	-	1,612,414	16,992,636
2022	16,992,636	-	1,899,701	-	1,588,236	16,681,171
2023	16,681,171	-	1,969,859	-	1,553,928	16,265,240
2024	16,265,240	-	1,985,029	-	1,512,000	15,792,211
2025	15,792,211	-	2,033,152	-	1,462,788	15,221,847
2026	15,221,847	-	2,028,608	-	1,406,547	14,599,786
2027	14,599,786	-	2,035,441	-	1,344,624	13,908,969
2028	13,908,969	-	2,043,945	-	1,275,813	13,140,837
2029	13,140,837	-	2,073,157	-	1,198,322	12,266,002
2030	12,266,002	-	2,048,779	-	1,112,920	11,330,143
2031	11,330,143	-	2,049,440	-	1,020,237	10,300,940
2032	10,300,940	-	2,030,461	-	919,285	9,189,764
2033	9,189,764	-	2,007,689	-	810,406	7,992,481
2034	7,992,481	-	1,986,666	-	692,916	6,698,731
2035	6,698,731	-	1,944,493	-	566,922	5,321,160
2036	5,321,160	-	1,900,588	-	432,716	3,853,288
2037	3,853,288	-	1,852,675	-	289,768	2,290,381
2038	2,290,381	-	1,801,985	-	137,549	625,945
2039	625,945	-	1,747,451	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 24.36

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.90% 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	
	7.90% RP-2000 Static	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,639,110	\$1,712,844	\$2,233,747	\$1,254,235
Total Required Contribution (% of Payroll)	82.6%	86.4%	112.6%	63.2%
Expected Member Contribution	198,469	198,469	198,469	198,469
Expected State Money	277,167	277,167	277,167	277,167
Expected Sponsor Contribution (Fixed \$)	\$1,163,474	\$1,237,208	\$1,758,111	\$778,599
Expected Sponsor Contribution (% of Payroll)	58.6%	62.4%	88.6%	39.2%

ASSETS

Actuarial Value ¹	18,782,310	18,782,310	18,782,310	18,782,310
Market Value ¹	18,122,140	18,122,140	18,122,140	18,122,140

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	6,246,976	6,532,163	9,475,924	4,683,118
Disability Benefits	247,157	258,160	350,255	197,491
Death Benefits	94,932	71,659	99,299	54,132
Vested Benefits	1,157,230	1,205,056	1,840,924	825,925
Refund of Contributions	104,616	104,644	111,316	98,688
Service Retirees	15,296,870	15,717,172	19,038,695	13,327,537
DROP Retirees ¹	2,447,875	2,483,964	2,943,576	2,160,056
Beneficiaries	372,609	381,143	455,078	326,799
Disability Retirees	491,520	518,072	600,659	454,169
Terminated Vested	192,771	202,878	279,559	153,462
Excess State Monies Reserve	0	0	0	0
Total:	26,652,556	27,474,911	35,195,285	22,281,377

Present Value of Future Salaries	13,167,991	13,183,186	14,410,225	12,154,977
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Present Value of Future Member Contributions	1,316,799	1,318,319	1,441,023	1,215,498
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Total Normal Cost	228,069	236,162	377,848	154,856
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Present Value of Future Normal Costs (Entry Age Normal)	1,379,793	1,431,557	2,524,579	856,741
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Total Actuarial Accrued Liability ¹	25,272,763	26,043,354	32,670,706	21,424,636
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Unfunded Actuarial Accrued Liability (UAAL)	6,490,453	7,261,044	13,888,396	2,642,326
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.90% RP-2000 Static	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	237,078	245,490	388,995	162,521
Administrative Expenses (with interest)	29,237	29,237	28,956	29,518
Payment Required To Amortize UAAL (with interest)	1,372,795	1,438,117	1,815,796	1,062,196
Total Required Contribution	\$1,639,110	\$1,712,844	\$2,233,747	\$1,254,235

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