

CITY OF SOUTH PASADENA
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: PT Donlan Date: 9/10/2015

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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		
	7.75% RP-2000 Static 9/30/2014	7.75% RP-2000 Generational 9/30/2014	5.75% RP-2000 Generational 9/30/2014	9.75% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>				
Service Cost	109,667	114,814	177,673	76,515
Interest	622,005	642,892	586,070	676,885
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	(542,143)	(542,143)	(542,143)	(542,143)
Net Change in Total Pension Liability	189,529	215,563	221,600	211,257
Total Pension Liability - Beginning	8,202,719	8,467,076	10,301,369	7,152,406
Total Pension Liability - Ending (a)	<u>8,392,248</u>	<u>\$ 8,682,639</u>	<u>\$ 10,522,969</u>	<u>\$ 7,363,663</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	198,912	198,912	198,912	198,912
Contributions - State	48,975	48,975	48,975	48,975
Contributions - Employee	39,662	39,662	39,662	39,662
Contributions - Buy Back	-	-	-	-
Net Investment Income	636,387	636,387	636,387	636,387
Benefit Payments, Including Refunds of Employee Contributions	(542,143)	(542,143)	(542,143)	(542,143)
Administrative Expense	(27,419)	(27,419)	(27,419)	(27,419)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	354,374	354,374	354,374	354,374
Plan Fiduciary Net Position - Beginning	6,244,625	6,244,625	6,244,625	6,244,625
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,598,999</u>	<u>\$ 6,598,999</u>	<u>\$ 6,598,999</u>	<u>\$ 6,598,999</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,793,249</u>	<u>\$ 2,083,640</u>	<u>\$ 3,923,970</u>	<u>\$ 764,664</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% 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	6,598,999	-	1,287,454	-	461,534	5,773,079
2015	5,773,079	-	589,511	-	424,570	5,608,138
2016	5,608,138	-	586,924	-	411,887	5,433,101
2017	5,433,101	-	584,763	-	398,406	5,246,744
2018	5,246,744	-	582,727	-	384,042	5,048,059
2019	5,048,059	-	604,278	-	367,809	4,811,590
2020	4,811,590	-	617,184	-	348,982	4,543,388
2021	4,543,388	-	613,238	-	328,350	4,258,500
2022	4,258,500	-	628,094	-	305,695	3,936,101
2023	3,936,101	-	619,973	-	281,024	3,597,152
2024	3,597,152	-	628,078	-	254,441	3,223,515
2025	3,223,515	-	626,306	-	225,553	2,822,762
2026	2,822,762	-	616,702	-	194,867	2,400,927
2027	2,400,927	-	627,899	-	161,741	1,934,769
2028	1,934,769	-	633,127	-	125,411	1,427,053
2029	1,427,053	-	617,695	-	86,661	896,019
2030	896,019	-	607,119	-	45,916	334,816
2031	334,816	-	596,900	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 17.56

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 7.75% 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	6,598,999	-	1,287,684	-	461,525	5,772,840
2015	5,772,840	-	590,295	-	424,521	5,607,066
2016	5,607,066	-	588,328	-	411,750	5,430,488
2017	5,430,488	-	586,855	-	398,122	5,241,755
2018	5,241,755	-	585,602	-	383,544	5,039,697
2019	5,039,697	-	608,007	-	367,016	4,798,706
2020	4,798,706	-	621,870	-	347,802	4,524,638
2021	4,524,638	-	618,997	-	326,673	4,232,314
2022	4,232,314	-	637,874	-	303,287	3,897,727
2023	3,897,727	-	631,608	-	277,599	3,543,718
2024	3,543,718	-	641,654	-	249,774	3,151,838
2025	3,151,838	-	642,238	-	219,381	2,728,981
2026	2,728,981	-	635,053	-	186,888	2,280,816
2027	2,280,816	-	648,868	-	151,620	1,783,568
2028	1,783,568	-	656,762	-	112,777	1,239,583
2029	1,239,583	-	644,712	-	71,085	665,956
2030	665,956	-	637,568	-	26,906	55,294
2031	55,294	-	630,476	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 17.09

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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	6,598,999	-	1,287,684	-	342,422	5,653,737
2015	5,653,737	-	590,295	-	308,119	5,371,561
2016	5,371,561	-	588,328	-	291,950	5,075,183
2017	5,075,183	-	586,855	-	274,951	4,763,279
2018	4,763,279	-	585,602	-	257,052	4,434,729
2019	4,434,729	-	608,007	-	237,517	4,064,239
2020	4,064,239	-	621,870	-	215,815	3,658,184
2021	3,658,184	-	618,997	-	192,549	3,231,736
2022	3,231,736	-	637,874	-	167,486	2,761,348
2023	2,761,348	-	631,608	-	140,619	2,270,359
2024	2,270,359	-	641,654	-	112,098	1,740,803
2025	1,740,803	-	642,238	-	81,632	1,180,197
2026	1,180,197	-	635,053	-	49,604	594,748
2027	594,748	-	648,868	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 13.92

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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: 9.75% 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	6,598,999	-	1,287,684	-	580,628	5,891,943
2015	5,891,943	-	590,295	-	545,688	5,847,336
2016	5,847,336	-	588,328	-	541,434	5,800,442
2017	5,800,442	-	586,855	-	536,934	5,750,521
2018	5,750,521	-	585,602	-	532,128	5,697,047
2019	5,697,047	-	608,007	-	525,822	5,614,862
2020	5,614,862	-	621,870	-	517,133	5,510,125
2021	5,510,125	-	618,997	-	507,061	5,398,189
2022	5,398,189	-	637,874	-	495,227	5,255,542
2023	5,255,542	-	631,608	-	481,624	5,105,558
2024	5,105,558	-	641,654	-	466,511	4,930,415
2025	4,930,415	-	642,238	-	449,406	4,737,583
2026	4,737,583	-	635,053	-	430,956	4,533,486
2027	4,533,486	-	648,868	-	410,383	4,295,001
2028	4,295,001	-	656,762	-	386,745	4,024,984
2029	4,024,984	-	644,712	-	361,006	3,741,278
2030	3,741,278	-	637,568	-	333,693	3,437,403
2031	3,437,403	-	630,476	-	304,411	3,111,338
2032	3,111,338	-	613,092	-	273,467	2,771,713
2033	2,771,713	-	601,277	-	240,930	2,411,366
2034	2,411,366	-	584,956	-	206,592	2,033,002
2035	2,033,002	-	566,028	-	170,624	1,637,598
2036	1,637,598	-	546,426	-	133,028	1,224,200
2037	1,224,200	-	525,043	-	93,764	792,921
2038	792,921	-	503,044	-	52,786	342,663
2039	342,663	-	481,487	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 25.71

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.75% 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: 10/1/2014

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
Total Required Contribution	\$398,188	\$429,871	\$606,687	\$280,017
Expected Member Contribution	45,984	45,984	45,541	46,426
Expected State Money	48,975	48,975	48,975	48,975
Expected Sponsor Contribution (Fixed \$)	\$303,229	\$334,912	\$512,171	\$184,616
Expected Sponsor Contribution (% of Payroll)	41.1%	45.4%	69.4%	25.0%

ASSETS

Actuarial Value ¹	6,226,849	6,226,849	6,226,849	6,226,849
Market Value ¹	6,598,999	6,598,999	6,598,999	6,598,999

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	2,349,263	2,471,158	3,729,709	1,711,236
Disability Benefits	40,226	42,251	59,678	31,243
Death Benefits	21,949	15,063	20,383	11,354
Vested Benefits	275,960	290,497	466,620	189,323
Refund of Contributions	11,803	11,807	12,475	11,213
Service Retirees	1,737,060	1,801,963	2,106,895	1,568,861
DROP Retirees ¹	4,259,605	4,368,892	5,138,319	3,812,309
Beneficiaries	111,691	115,922	130,301	104,241
Terminated Vested	37,157	38,659	46,329	32,969
Disability Retirees	651,125	676,388	808,887	578,850
Excess State Monies Reserve	15,444	15,444	15,444	15,444
Total:	<u>9,511,283</u>	<u>9,848,044</u>	<u>12,535,040</u>	<u>8,067,043</u>
Present Value of Future Salaries	5,948,484	5,957,341	6,674,709	5,380,540
Present Value of Future Member Contributions	356,909	357,440	400,483	322,832
Total Normal Cost (Entry Age Normal)	121,320	127,201	199,075	83,591
Present Value of Future Normal Costs (Entry Age Normal)	957,587	1,007,751	1,791,533	590,995
Total Actuarial Accrued Liability ¹	8,553,696	8,840,293	10,743,507	7,476,048
Unfunded Actuarial Accrued Liability (Entry Age Normal)	2,326,847	2,613,444	4,516,658	1,249,199

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.75% RP-2000 Static	7.75% RP-2000 Generational	5.75% RP-2000 Generational	9.75% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost ²	132,763	139,199	215,755	92,356
Administrative Expenses ²	30,005	30,005	29,716	30,294
Payment Required To Amortize UAAL ² (with interest)	235,420	260,667	361,216	157,367
Total Required Contribution	\$398,188	\$429,871	\$606,687	\$280,017

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

² Contributions developed as of 10/1/2014 include adjustments for interest and assumed salary increases.