

April 6, 2018

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  
Section 112.664, Florida Statutes Compliance

Dear Claudia:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 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 #17-6595

PTD/lke  
Enclosures

cc via email: David Robinson, Board Attorney  
cc via email: Jessica A. De la Torre Vila, Legal Assistant

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: 4/6/2018

Patrick T. Donlan, EA, ASA, MAAA  
Enrolled Actuary #17-6595



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, 2017 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  
FISCAL YEAR SEPTEMBER 30, 2017

	ACTUAL	HYPOTHETICAL	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	269,679	420,188	182,875
Interest	2,027,851	1,918,357	2,072,108
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	76,802	149,297	24,420
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,924,346)	(1,924,346)	(1,924,346)
Net Change in Total Pension Liability	449,986	563,496	355,057
Total Pension Liability - Beginning	26,361,491	33,056,511	21,709,677
Total Pension Liability - Ending (a)	<u>\$ 26,811,477</u>	<u>\$ 33,620,007</u>	<u>\$ 22,064,734</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,298,978	1,298,978	1,298,978
Contributions - State	288,780	288,780	288,780
Contributions - Employee	217,961	217,961	217,961
Net Investment Income	2,020,439	2,020,439	2,020,439
Benefit Payments, Including Refunds of Employee Contributions	(1,924,346)	(1,924,346)	(1,924,346)
Administrative Expenses	(35,437)	(35,437)	(35,437)
Net Change in Plan Fiduciary Net Position	1,866,375	1,866,375	1,866,375
Plan Fiduciary Net Position - Beginning	19,385,328	19,385,328	19,385,328
Plan Fiduciary Net Position - Ending (b)	<u>\$ 21,251,703</u>	<u>\$ 21,251,703</u>	<u>\$ 21,251,703</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,559,774</u>	<u>\$ 12,368,304</u>	<u>\$ 813,031</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan 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
2017	21,244,841	-	1,979,248	-	1,600,162	20,865,755
2018	20,865,755	-	1,768,104	-	1,578,555	20,676,206
2019	20,676,206	-	1,811,866	-	1,561,852	20,426,192
2020	20,426,192	-	1,834,556	-	1,541,204	20,132,840
2021	20,132,840	-	1,834,493	-	1,518,032	19,816,379
2022	19,816,379	-	1,880,676	-	1,491,207	19,426,910
2023	19,426,910	-	1,964,889	-	1,457,113	18,919,134
2024	18,919,134	-	1,990,249	-	1,415,997	18,344,882
2025	18,344,882	-	2,051,490	-	1,368,212	17,661,604
2026	17,661,604	-	2,047,782	-	1,314,379	16,928,201
2027	16,928,201	-	2,068,296	-	1,255,630	16,115,535
2028	16,115,535	-	2,081,356	-	1,190,914	15,225,093
2029	15,225,093	-	2,135,457	-	1,118,432	14,208,068
2030	14,208,068	-	2,113,149	-	1,038,968	13,133,887
2031	13,133,887	-	2,121,433	-	953,780	11,966,234
2032	11,966,234	-	2,113,855	-	861,835	10,714,214
2033	10,714,214	-	2,103,071	-	763,352	9,374,495
2034	9,374,495	-	2,075,197	-	658,615	7,957,913
2035	7,957,913	-	2,037,529	-	548,193	6,468,577
2036	6,468,577	-	2,001,995	-	431,939	4,898,521
2037	4,898,521	-	1,962,144	-	309,478	3,245,855
2038	3,245,855	-	1,922,243	-	180,494	1,504,106
2039	1,504,106	-	1,892,679	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 22.79

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: 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
2017	21,244,841	-	1,979,248	-	1,195,058	20,460,651
2018	20,460,651	-	1,768,104	-	1,155,019	19,847,566
2019	19,847,566	-	1,811,866	-	1,117,556	19,153,256
2020	19,153,256	-	1,834,556	-	1,075,923	18,394,623
2021	18,394,623	-	1,834,493	-	1,031,165	17,591,295
2022	17,591,295	-	1,880,676	-	982,406	16,693,025
2023	16,693,025	-	1,964,889	-	926,924	15,655,060
2024	15,655,060	-	1,990,249	-	864,936	14,529,747
2025	14,529,747	-	2,051,490	-	796,736	13,274,993
2026	13,274,993	-	2,047,782	-	722,815	11,950,026
2027	11,950,026	-	2,068,296	-	644,037	10,525,767
2028	10,525,767	-	2,081,356	-	559,620	9,004,031
2029	9,004,031	-	2,135,457	-	468,242	7,336,816
2030	7,336,816	-	2,113,149	-	370,534	5,594,201
2031	5,594,201	-	2,121,433	-	267,476	3,740,244
2032	3,740,244	-	2,113,855	-	158,316	1,784,705
2033	1,784,705	-	2,103,071	-	-	-

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 16.85

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 3  
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
2017	21,244,841	-	1,979,248	-	2,005,266	21,270,859
2018	21,270,859	-	1,768,104	-	2,018,294	21,521,049
2019	21,521,049	-	1,811,866	-	2,040,896	21,750,079
2020	21,750,079	-	1,834,556	-	2,062,447	21,977,970
2021	21,977,970	-	1,834,493	-	2,085,012	22,228,489
2022	22,228,489	-	1,880,676	-	2,107,527	22,455,340
2023	22,455,340	-	1,964,889	-	2,125,817	22,616,268
2024	22,616,268	-	1,990,249	-	2,140,493	22,766,512
2025	22,766,512	-	2,051,490	-	2,152,336	22,867,358
2026	22,867,358	-	2,047,782	-	2,162,503	22,982,079
2027	22,982,079	-	2,068,296	-	2,172,845	23,086,628
2028	23,086,628	-	2,081,356	-	2,182,549	23,187,821
2029	23,187,821	-	2,135,457	-	2,189,889	23,242,253
2030	23,242,253	-	2,113,149	-	2,196,382	23,325,486
2031	23,325,486	-	2,121,433	-	2,204,212	23,408,265
2032	23,408,265	-	2,113,855	-	2,212,782	23,507,192
2033	23,507,192	-	2,103,071	-	2,223,110	23,627,231
2034	23,627,231	-	2,075,197	-	2,236,374	23,788,408
2035	23,788,408	-	2,037,529	-	2,254,195	24,005,074
2036	24,005,074	-	2,001,995	-	2,277,404	24,280,483
2037	24,280,483	-	1,962,144	-	2,306,642	24,624,981
2038	24,624,981	-	1,922,243	-	2,342,722	25,045,460
2039	25,045,460	-	1,892,679	-	2,385,813	25,538,594
2040	25,538,594	-	1,850,441	-	2,436,724	26,124,877
2041	26,124,877	-	1,799,916	-	2,497,267	26,822,228
2042	26,822,228	-	1,746,665	-	2,568,941	27,644,504
2043	27,644,504	-	1,689,665	-	2,653,167	28,608,006
2044	28,608,006	-	1,631,901	-	2,751,413	29,727,518
2045	29,727,518	-	1,570,588	-	2,865,280	31,022,210
2046	31,022,210	-	1,506,744	-	2,996,615	32,512,081
2047	32,512,081	-	1,440,829	-	3,147,375	34,218,627
2048	34,218,627	-	1,373,068	-	3,319,677	36,165,236
2049	36,165,236	-	1,302,863	-	3,515,867	38,378,240
2050	38,378,240	-	1,233,346	-	3,738,395	40,883,289
2051	40,883,289	-	1,164,502	-	3,989,803	43,708,590
2052	43,708,590	-	1,096,442	-	4,272,877	46,885,025
2053	46,885,025	-	1,029,841	-	4,590,640	50,445,824
2054	50,445,824	-	965,039	-	4,946,367	54,427,152
2055	54,427,152	-	902,127	-	5,343,633	58,868,658
2056	58,868,658	-	841,148	-	5,786,360	63,813,870
2057	63,813,870	-	781,838	-	6,278,872	69,310,904
2058	69,310,904	-	723,994	-	6,825,942	75,412,852
2059	75,412,852	-	667,585	-	7,432,827	82,178,094
2060	82,178,094	-	612,436	-	8,105,316	89,670,974
2061	89,670,974	-	558,758	-	8,849,768	97,961,984
2062	97,961,984	-	506,904	-	9,673,145	107,128,225
2063	107,128,225	-	457,049	-	10,583,070	117,254,246
2064	117,254,246	-	409,462	-	11,587,902	128,432,686
2065	128,432,686	-	364,299	-	12,696,803	140,765,190
2066	140,765,190	-	321,627	-	13,919,833	154,363,396

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
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
2067	154,363,396	-	281,917	-	15,268,021	169,349,500
2068	169,349,500	-	245,286	-	16,753,459	185,857,673
2069	185,857,673	-	211,895	-	18,389,421	204,035,199
2070	204,035,199	-	181,895	-	20,190,481	224,043,785
2071	224,043,785	-	155,229	-	22,172,651	246,061,207
2072	246,061,207	-	131,662	-	24,353,542	270,283,087
2073	270,283,087	-	110,978	-	26,752,532	296,924,641
2074	296,924,641	-	92,982	-	29,390,937	326,222,596
2075	326,222,596	-	77,328	-	32,292,209	358,437,477
2076	358,437,477	-	63,968	-	35,482,144	393,855,653
2077	393,855,653	-	52,658	-	38,989,103	432,792,098
2078	432,792,098	-	43,109	-	42,844,284	475,593,273
2079	475,593,273	-	35,078	-	47,081,998	522,640,193
2080	522,640,193	-	28,354	-	51,739,976	574,351,815
2081	574,351,815	-	22,799	-	56,859,701	631,188,717
2082	631,188,717	-	18,243	-	62,486,780	693,657,254
2083	693,657,254	-	14,529	-	68,671,349	762,314,074
2084	762,314,074	-	11,487	-	75,468,525	837,771,112
2085	837,771,112	-	9,016	-	82,938,894	920,700,990
2086	920,700,990	-	7,023	-	91,149,050	1,011,843,017
2087	1,011,843,017	-	5,428	-	100,172,190	1,112,009,779
2088	1,112,009,779	-	4,161	-	110,088,762	1,222,094,380
2089	1,222,094,380	-	3,165	-	120,987,187	1,343,078,402
2090	1,343,078,402	-	2,382	-	132,964,644	1,476,040,664
2091	1,476,040,664	-	1,773	-	146,127,938	1,622,166,829
2092	1,622,166,829	-	1,297	-	160,594,452	1,782,759,984
2093	1,782,759,984	-	934	-	176,493,192	1,959,252,242
2094	1,959,252,242	-	658	-	193,965,939	2,153,217,523
2095	2,153,217,523	-	457	-	213,168,512	2,366,385,578
2096	2,366,385,578	-	312	-	234,272,157	2,600,657,423
2097	2,600,657,423	-	211	-	257,465,074	2,858,122,286
2098	2,858,122,286	-	140	-	282,954,099	3,141,076,245
2099	3,141,076,245	-	91	-	310,966,544	3,452,042,698
2100	3,452,042,698	-	59	-	341,752,224	3,793,794,863
2101	3,793,794,863	-	38	-	375,585,690	4,169,380,515
2102	4,169,380,515	-	24	-	412,768,670	4,582,149,161
2103	4,582,149,161	-	15	-	453,632,766	5,035,781,912
2104	5,035,781,912	-	9	-	498,542,409	5,534,324,312
2105	5,534,324,312	-	6	-	547,898,107	6,082,222,413
2106	6,082,222,413	-	4	-	602,140,019	6,684,362,428
2107	6,684,362,428	-	2	-	661,751,880	7,346,114,306
2108	7,346,114,306	-	1	-	727,265,316	8,073,379,621
2109	8,073,379,621	-	1	-	799,264,582	8,872,644,202
2110	8,872,644,202	-	-	-	878,391,776	9,751,035,978

\*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 999.99

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,706,237	\$2,268,775	\$1,209,057
Total Required Contribution (% of Payroll)	79.4%	105.5%	56.2%
Expected Member Contribution	215,100	215,100	215,100
Expected State Money	262,959	262,959	262,959
Expected Sponsor Contribution (Fixed \$)	\$1,228,178	\$1,790,716	\$730,998
Expected Sponsor Contribution (% of Payroll)	57.2%	83.3%	34.0%

**ASSETS**

Actuarial Value <sup>1</sup>	21,231,093	21,231,093	21,231,093
Market Value <sup>1</sup>	21,244,841	21,244,841	21,244,841

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	6,709,737	9,643,407	4,865,770
Disability Benefits	228,890	302,671	178,889
Death Benefits	105,723	148,163	79,294
Vested Benefits	1,161,924	1,770,500	799,981
Refund of Contributions	161,806	171,067	153,473
Service Retirees	16,257,412	19,724,671	13,773,081
DROP Retirees <sup>1</sup>	2,447,883	3,017,397	2,062,013
Beneficiaries	382,312	457,384	327,357
Disability Retirees	434,820	502,695	382,282
Terminated Vested	257,595	359,754	194,172
Share Plan Balances <sup>1</sup>	0	0	0
Excess State Monies Reserve	0	0	0
Total:	28,148,102	36,097,709	22,816,312
Present Value of Future Salaries	13,787,444	15,080,611	12,709,457
Present Value of Future Member Contributions	1,378,744	1,508,061	1,270,946
Total Normal Cost	253,550	398,478	170,082
Present Value of Future Normal Costs (Entry Age Normal)	1,438,897	2,508,699	876,657
Total Actuarial Accrued Liability <sup>1</sup>	26,709,205	33,589,010	21,939,655
Unfunded Actuarial Accrued Liability (UAAL)	5,478,112	12,357,917	708,562

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.90% RP-2000 Generational	5.90% RP-2000 Generational	9.90% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	263,565	410,233	178,501
Administrative Expenses (with interest)	36,836	36,481	37,190
Payment Required To Amortize UAAL (with interest)	1,405,836	1,822,061	993,366
Total Required Contribution	\$1,706,237	\$2,268,775	\$1,209,057

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2017.