

**Ft. Lupton Fire Protection District
Pension Fund**

**Actuarial Review as of
As of January 1, 2013**

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Ft. Lupton Fire Protection District
Pension fund

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Certification of Actuarial Valuation

This actuarial valuation was prepared based on benefits that are available in accordance with Colorado State statutes. It has also been prepared in accordance with generally accepted actuarial principles. This study was prepared to demonstrate that the current benefits, as described in this report, can be supported by the fund.

This study is based on member and fund data as reported by the Ft. Lupton Fire Protection District.

To the best of my knowledge, the information supplied in this study is complete and accurate and reflects the plan provisions, assumptions, funding method and data as specified in this study. Therefore this valuation fully and fairly discloses the actuarial position of the fund as of January 1, 2013.

ACTUARIAL SOLUTIONS CORP.



Frank J. Dobis, FSA, MAAA
Enrolled Actuary

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Summary of Principal Plan Provisions

Eligibility for Normal Retirement Pension: Age 50 with 20 years of volunteer service.

Eligibility for Early Retirement Pension: Age 50 with 10 years of volunteer service.

Benefits:

Normal Retirement:	\$42.50 per month per year of service. Maximum pension is \$1,275.00 per month. based on 30 years of volunteer service.
Temporary Disability:	None
Permanent Disability:	None
Death Before Retirement:	50% of firefighters earned pension with 10 or more years of service at the date of death and the following benefit: A lump sum funeral benefit equal to two times the monthly pension the member had earned at the date of death.
Death After Retirement:	50% of the retiree's benefit and a lump sum funeral benefit equal to two times the monthly pension payments the retiree was receiving on the date of death.
Service Pension:	\$42.50 per month per year of service commencing at age 50 for inactive firefighters with at least 10 years of service.

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Actuarial Assumptions

- Investment Return: 5.00%
(Net of expenses paid from the fund)
- Mortality After Retirement: RP-2000 Mortality Table projected to 2013 by
projection scale AA
- Pre-Retirement Mortality: RP-2000 Mortality Table projected to 2013 by
projection scale AA
- Turnover: T-9 Table
- Disability: None
- Retirement: All fire fighters are assumed to retire upon attainment of age 50,
completion of 10 years of service or January 1, 2013 whichever
is later.
- Actuarial Cost Method: Entry Age Normal
- Expenses: None assumed
- Marriage: 90% of active firefighters are assumed to be married. Female spouses
of an active firefighter assumed to be 3 years younger than their male
spouse. Male spouses are assumed to 3 years older.

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Covered Participants

Valuation Period	<u>Current</u>	<u>Prior</u>
Active	41	45
Average age	34.29	35.46
Average service	5.49	5.02
Normal retired drawing pensions	35	38
Total monthly payments	\$ 24,650	\$ 26,036
Average monthly payment	\$ 704	\$ 685
Average Age	64.6	62.5
Disabled retired drawing pensions	0	0
Total monthly payments	0	0
Average monthly payment	0	0
Beneficiaries drawing pensions	8	9
Total monthly payments	\$ 3,676	\$ 3,698
Average monthly payment	\$ 460	\$ 411
Average Age	75.9	77.9
Vested retired not yet drawing pensions	9	7
Total monthly payments	\$ 4,335	\$ 3,357
Average monthly payment	\$ 482	\$ 480
Average Age	40.7	40.7
Total members included	93	99

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Assets and Expected Revenue as of January 1, 2013:

Value of the Fund as of January 1, 2013	\$4,005,921
Accrued interest	<u>0</u>
Fair Market Value of the Fund as of January 1, 2013	<u>\$4,005,921</u>

Expected Revenues:	<u>District</u>	<u>State</u>	<u>Total</u>
2011	\$207,159	\$57,682	<u>\$264,841</u>
2012	\$206,354	\$57,682	<u>\$264,036</u>
2013	\$342,039	\$57,682	<u>\$399,721</u>

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	Current Benefit Level <u>\$42.50</u>	Excluding members with <u><5 years of service</u>
Actuarial Present Value of Future Benefits		
Active	\$ 1,677,677	\$ 1,200,778
Normal retired drawing pensions	\$ 3,690,385	\$ 3,690,385
Disabled retired drawing pensions		
Beneficiaries drawing pensions	\$ 354,679	\$ 354,679
Vested retired not yet drawing pensions	<u>\$ 553,645</u>	<u>\$ 553,645</u>
Total	\$ 6,276,386	\$ 5,799,487
Entry Age Normal Accrued Liability	\$ 5,872,889	\$ 5,676,912
Fund Balance as of January 1, 2013	\$ 4,005,921	\$ 4,005,921
Unfunded Accrued Liability	\$ 1,866,968	\$ 1,670,991
Amortization Payment over 20 years	\$ 142,677	\$ 127,700
Current Service Cost	\$ 83,417	\$ 30,143
Annual Required Contribution at beginning of year	\$ 226,094	\$ 157,843
<i>Annual Required Contribution as of the end of the year</i>	<i>\$ 237,398</i>	<i>\$ 165,735</i>
Approximate number of years from the valuation date over which the current contribution in excess of the Current Service Cost will amortize the Unfunded Accrued Liability	7.00	5.00
Actuarially Sound (amortization period derived above must be 20 years or less)	Yes	Yes

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GASB Statement Number 25

Schedule of Funding Progress

Actuarial Value of Assets	\$4,005,921
Actuarial Accrued Liability	5,872,889
Excess of Assets over Accrued Liability	(1,866,968)
Funded Ratio	68%

Schedule of Employer Contributions

Annual Required Contribution	237,398
Percentage Contributed	100%

GASB Statement Number 27

Estimated Net Pension Obligation as of January 1,	(\$168,167)
Estimated Annual Required Contribution	237,398
Estimated Contribution for Plan Year	399,721
Estimated Net Pension Obligation as of December 31,	(\$330,490)

The Net Pension Obligation shown above is a standardized disclosure measure of the difference between the cumulative annual pension costs and contributions made to the Pension Fund since transition to this reporting standard. The Annual Required Contribution is a disclosure measure of the annual pension cost.

Both standardized measures are calculated as of January 1, 2013, in accordance with Statement #25 and Statement #27 of the Governmental Accounting Standards Board (GASB). Actuarial assumptions used are the same as those used for the valuation of plan liabilities and are identical to those shown on page 2 of this report.

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\$42.50 Per Year of Service

Projected Cash Flows

<u>Calendar</u> <u>Year</u>	<u>Benefit</u> <u>Payments</u>
2013	337,456
2014	367,082
2015	368,506
2016	366,251
2017	363,788
2018	361,700
2019	362,985
2020	354,965
2021	362,141
2022	356,300
2023	374,957
2024	383,031
2025	374,833
2026	367,812
2027	363,716
2028	370,892
2029	368,232
2030	361,861

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Summary of Principal Plan Provisions
\$300 Benefit

Eligibility for Normal Retirement Pension: Age 50 with 20 years of volunteer service.

Eligibility for Early Retirement Pension: Age 50 with 10 years of volunteer service.

Amount of Pension:

Normal Retirement:	\$15.00 per month per year of service maximum of 20 years.
Temporary Disability:	None
Permanent Disability:	None
Death Before Retirement:	50% of earned pension with 10 years of service
Death After Retirement:	50% of the retiree's benefit.
Funeral Benefit	\$100 Lump sum payment
Service Accrual Pension:	Member who leaves the department with at least 10 years of service is entitled to a monthly benefit of \$15 per month per year of service commencing at age 50.

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Actuarial Review As of January 1, 2013
\$300 Benefit

Actuarial Present Value of Future Benefits

Active	\$579,788
Normal retired drawing pensions	\$1,302,489
Disabled retired drawing pensions	\$0
Beneficiaries drawing pensions	\$125,181
Vested retired not yet drawing pensions	<u>\$195,404</u>
 Total	 \$2,202,862
 Fund Balance as of January 1, 2013	 \$4,005,921
 Present Value of future Normal Cost	 -\$1,803,059
 Average Temporary annuity	 4.3778
 Annual Required Contribution as of the beginning of the year	 \$0
 Annual Required Contribution as of the end of the year	 \$0
 Actuarially Sound	 Yes

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Summary and Conclusions

The fund is actuarially sound for the benefit outlined on page 1 based on the assumptions outlined on page 2 and the expected contributions on page 4. In particular we have assumed that the long term rate of return on the on the fund will average 5.0% per year. The rate of return is net of all expenses that are paid from the fund such as accounting and actuarial fees. fees.

It appears that the fund has earned at approximately 4.44% per year since the last study. If the actual average annual return over future years is much less than 3.0% the fund could eventually not be considered actuarially sound.