



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

June 25, 2015

VIA EMAIL

Mr. Bill Palmer
155 Corey Ave.
St. Pete Beach, FL 33706

Re: City of St. Pete Beach General Employees' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Bill:

Please find enclosed the annual disclosures that satisfy the October 1, 2014 financial reporting requirements made under Section 112.664.

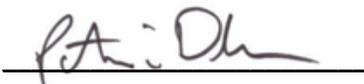
Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website 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 ST. PETE BEACH
GENERAL EMPLOYEES' 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: 6/25/2015

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, 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	79,454	80,997	115,289	59,591
Interest	1,235,212	1,257,985	1,163,115	1,310,012
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	(1,139,505)	(1,139,505)	(1,139,505)	(1,139,505)
Net Change in Total Pension Liability	175,161	199,477	138,899	230,098
Total Pension Liability - Beginning	16,428,517	16,720,821	20,682,556	13,946,182
Total Pension Liability - Ending (a)	<u>16,603,678</u>	<u>\$ 16,920,298</u>	<u>\$ 20,821,455</u>	<u>\$ 14,176,280</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	557,646	557,646	557,646	557,646
Contributions - State	-	-	-	-
Contributions - Employee	30,176	30,176	30,176	30,176
Contributions - Buy Back	-	-	-	-
Net Investment Income	1,203,892	1,203,892	1,203,892	1,203,892
Benefit Payments, Including Refunds of Employee Contributions	(1,139,505)	(1,139,505)	(1,139,505)	(1,139,505)
Administrative Expense	(25,430)	(25,430)	(25,430)	(25,430)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	626,779	626,779	626,779	626,779
Plan Fiduciary Net Position - Beginning	11,317,986	11,317,986	11,317,986	11,317,986
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,944,765</u>	<u>\$ 11,944,765</u>	<u>\$ 11,944,765</u>	<u>\$ 11,944,765</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,658,913</u>	<u>\$ 4,975,533</u>	<u>\$ 8,876,690</u>	<u>\$ 2,231,515</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	11,944,766	-	1,615,134	-	863,133	11,192,765
2015	11,192,765	-	1,254,351	-	818,833	10,757,247
2016	10,757,247	-	1,250,487	-	785,230	10,291,990
2017	10,291,990	-	1,320,649	-	746,454	9,717,795
2018	9,717,795	-	1,339,903	-	701,208	9,079,100
2019	9,079,100	-	1,355,313	-	651,112	8,374,899
2020	8,374,899	-	1,352,376	-	596,650	7,619,173
2021	7,619,173	-	1,367,219	-	537,506	6,789,460
2022	6,789,460	-	1,368,588	-	473,150	5,894,022
2023	5,894,022	-	1,379,217	-	403,342	4,918,147
2024	4,918,147	-	1,378,376	-	327,744	3,867,515
2025	3,867,515	-	1,371,651	-	246,581	2,742,445
2026	2,742,445	-	1,370,818	-	159,420	1,531,047
2027	1,531,047	-	1,364,805	-	65,770	232,012
2028	232,012	-	1,375,473	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 14.17

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 7.75% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	11,944,766	-	1,615,134	-	863,133	11,192,765
2015	11,192,765	-	1,254,401	-	818,831	10,757,195
2016	10,757,195	-	1,250,701	-	785,218	10,291,712
2017	10,291,712	-	1,321,156	-	746,413	9,716,969
2018	9,716,969	-	1,340,828	-	701,108	9,077,249
2019	9,077,249	-	1,356,830	-	650,910	8,371,329
2020	8,371,329	-	1,354,637	-	596,286	7,612,978
2021	7,612,978	-	1,370,368	-	536,904	6,779,514
2022	6,779,514	-	1,372,892	-	472,213	5,878,835
2023	5,878,835	-	1,384,823	-	401,948	4,895,960
2024	4,895,960	-	1,385,583	-	325,746	3,836,123
2025	3,836,123	-	1,381,088	-	243,782	2,698,817
2026	2,698,817	-	1,382,500	-	155,586	1,471,903
2027	1,471,903	-	1,379,484	-	60,617	153,036
2028	153,036	-	1,393,392	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 14.11

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 5.75% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	11,944,766	-	1,615,134	-	640,389	10,970,021
2015	10,970,021	-	1,254,401	-	594,712	10,310,332
2016	10,310,332	-	1,250,701	-	556,886	9,616,517
2017	9,616,517	-	1,321,156	-	514,966	8,810,327
2018	8,810,327	-	1,340,828	-	468,045	7,937,544
2019	7,937,544	-	1,356,830	-	417,400	6,998,114
2020	6,998,114	-	1,354,637	-	363,446	6,006,923
2021	6,006,923	-	1,370,368	-	306,000	4,942,555
2022	4,942,555	-	1,372,892	-	244,726	3,814,389
2023	3,814,389	-	1,384,823	-	179,514	2,609,080
2024	2,609,080	-	1,385,583	-	110,187	1,333,684
2025	1,333,684	-	1,381,088	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 11.97

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4
Hypothetical Assumptions: 9.75% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	11,944,766	-	1,615,134	-	1,085,877	11,415,509
2015	11,415,509	-	1,254,401	-	1,051,860	11,212,968
2016	11,212,968	-	1,250,701	-	1,032,293	10,994,560
2017	10,994,560	-	1,321,156	-	1,007,563	10,680,967
2018	10,680,967	-	1,340,828	-	976,029	10,316,168
2019	10,316,168	-	1,356,830	-	939,681	9,899,019
2020	9,899,019	-	1,354,637	-	899,116	9,443,498
2021	9,443,498	-	1,370,368	-	853,936	8,927,066
2022	8,927,066	-	1,372,892	-	803,460	8,357,634
2023	8,357,634	-	1,384,823	-	747,359	7,720,170
2024	7,720,170	-	1,385,583	-	685,169	7,019,756
2025	7,019,756	-	1,381,088	-	617,098	6,255,766
2026	6,255,766	-	1,382,500	-	542,540	5,415,806
2027	5,415,806	-	1,379,484	-	460,791	4,497,113
2028	4,497,113	-	1,393,392	-	370,541	3,474,262
2029	3,474,262	-	1,395,397	-	270,715	2,349,580
2030	2,349,580	-	1,391,142	-	161,266	1,119,704
2031	1,119,704	-	1,383,244	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 17.81

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.

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
Total Required Contribution	\$627,381	\$653,250	\$876,360	\$438,816
Expected Member Contribution	23,608	23,608	23,608	23,608
Expected Sponsor Contribution (Fixed \$)	\$603,773	\$629,642	\$852,752	\$415,208
Expected Sponsor Contribution (% of Payroll)	76.8%	80.0%	108.3%	52.8%

ASSETS

Actuarial Value ¹	11,422,059	11,422,059	11,422,059	11,422,059
Market Value ¹	11,944,766	11,944,766	11,944,766	11,944,766

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	2,070,408	2,125,065	2,803,475	1,671,015
Disability Benefits	30,708	31,590	41,033	25,144
Death Benefits	12,593	11,977	16,229	9,202
Vested Benefits	41,657	42,485	58,167	32,469
Refund of Contributions	11,637	11,638	12,374	10,986
Service Retirees	10,332,715	10,513,197	12,838,162	8,853,990
Beneficiaries	887,821	906,206	1,146,922	742,131
Terminated Vested	1,469,787	1,490,558	1,882,040	1,218,632
Disability Retirees	3,857	3,864	4,003	3,738
DROP Retirees ¹	1,988,404	2,012,989	2,407,781	1,738,528
Total:	16,849,587	17,149,569	21,210,186	14,305,835

Present Value of Future Salaries	3,532,887	3,534,355	3,821,366	3,293,293
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Present Value of Future

Member Contributions	105,987	106,031	114,641	98,799
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Total Normal Cost (Entry Age Normal)	56,668	57,862	82,857	41,988
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Present Value of Future

Normal Costs (Entry Age Normal)	213,190	218,649	337,480	147,511
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Total Actuarial Accrued Liability ¹	16,636,397	16,930,920	20,872,706	14,158,324
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Unfunded Actuarial Accrued Liability (Entry Age Normal)	5,214,338	5,508,861	9,450,647	2,736,265
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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 (with interest)	58,864	60,104	85,239	44,035
Administrative Expenses (with interest)	26,415	26,415	26,161	26,670
Payment Required To Amortize UAAL (with interest)	542,102	566,731	764,960	368,111
Total Required Contribution	\$627,381	\$653,250	\$876,360	\$438,816

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 09/30/14.