

May 23, 2018

VIA EMAIL

Mr. Ryan Holt  
7301 Gulf Blvd  
St. Pete Beach, FL 33706

Re: City of St. Pete Beach Firefighters' Retirement System  
Section 112.664, Florida Statutes Compliance

Dear Ryan:

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: H. Lee Dehner, Board Attorney

CITY OF ST. PETE 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: 5/23/2018

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	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	421,007	684,691	268,029
Interest	1,516,026	1,475,162	1,509,991
Change in Excess State Money	(251,482)	(251,482)	(251,482)
Changes of Benefit Terms	2,483,070	3,556,145	1,802,258
Differences Between Expected and Actual Experience	(251,797)	(392,602)	(160,564)
Changes of Assumptions	167,748	256,943	113,724
Benefit Payments, Including Refunds of Employee Contributions	(982,669)	(982,669)	(982,669)
Net Change in Total Pension Liability	3,101,903	4,346,188	2,299,287
Total Pension Liability - Beginning	17,527,390	22,382,011	14,239,445
Total Pension Liability - Ending (a)	<u>\$ 20,629,293</u>	<u>\$ 26,728,199</u>	<u>\$ 16,538,732</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	675,894	675,894	675,894
Contributions - State	176,996	176,996	176,996
Contributions - Employee	61,764	61,764	61,764
Net Investment Income	1,080,346	1,080,346	1,080,346
Benefit Payments, Including Refunds of Employee Contributions	(982,669)	(982,669)	(982,669)
Administrative Expenses	(50,943)	(50,943)	(50,943)
Net Change in Plan Fiduciary Net Position	961,388	961,388	961,388
Plan Fiduciary Net Position - Beginning	11,555,588	11,555,588	11,555,588
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,516,976</u>	<u>\$ 12,516,976</u>	<u>\$ 12,516,976</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,112,317</u>	<u>\$ 14,211,223</u>	<u>\$ 4,021,756</u>

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

Table 1  
Plan Assumptions: 7.65% 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	12,516,123	-	986,936	-	919,733	12,448,920
2018	12,448,920	-	1,144,565	-	908,563	12,212,918
2019	12,212,918	-	1,216,961	-	887,739	11,883,696
2020	11,883,696	-	1,279,860	-	860,148	11,463,984
2021	11,463,984	-	1,334,183	-	825,962	10,955,763
2022	10,955,763	-	1,381,469	-	785,275	10,359,569
2023	10,359,569	-	1,443,417	-	737,296	9,653,448
2024	9,653,448	-	1,462,378	-	682,553	8,873,623
2025	8,873,623	-	1,506,114	-	621,223	7,988,732
2026	7,988,732	-	1,536,600	-	552,363	7,004,495
2027	7,004,495	-	1,626,746	-	473,621	5,851,370
2028	5,851,370	-	1,643,537	-	384,765	4,592,598
2029	4,592,598	-	1,655,012	-	288,030	3,225,616
2030	3,225,616	-	1,668,488	-	182,940	1,740,068
2031	1,740,068	-	1,687,413	-	68,572	121,227
2032	121,227	-	1,704,473	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.07

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.65% 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: 5.65% 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	12,516,123	-	986,936	-	679,280	12,208,467
2018	12,208,467	-	1,144,565	-	657,444	11,721,346
2019	11,721,346	-	1,216,961	-	627,877	11,132,262
2020	11,132,262	-	1,279,860	-	592,817	10,445,219
2021	10,445,219	-	1,334,183	-	552,464	9,663,500
2022	9,663,500	-	1,381,469	-	506,961	8,788,992
2023	8,788,992	-	1,443,417	-	455,802	7,801,377
2024	7,801,377	-	1,462,378	-	399,466	6,738,465
2025	6,738,465	-	1,506,114	-	338,176	5,570,527
2026	5,570,527	-	1,536,600	-	271,326	4,305,253
2027	4,305,253	-	1,626,746	-	197,291	2,875,798
2028	2,875,798	-	1,643,537	-	116,053	1,348,314
2029	1,348,314	-	1,655,012	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.81

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.65% 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: 9.65% 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	12,516,123	-	986,936	-	1,160,186	12,689,373
2018	12,689,373	-	1,144,565	-	1,169,299	12,714,107
2019	12,714,107	-	1,216,961	-	1,168,193	12,665,339
2020	12,665,339	-	1,279,860	-	1,160,452	12,545,931
2021	12,545,931	-	1,334,183	-	1,146,308	12,358,056
2022	12,358,056	-	1,381,469	-	1,125,897	12,102,484
2023	12,102,484	-	1,443,417	-	1,098,245	11,757,312
2024	11,757,312	-	1,462,378	-	1,064,021	11,358,955
2025	11,358,955	-	1,506,114	-	1,023,469	10,876,310
2026	10,876,310	-	1,536,600	-	975,423	10,315,133
2027	10,315,133	-	1,626,746	-	916,920	9,605,307
2028	9,605,307	-	1,643,537	-	847,611	8,809,381
2029	8,809,381	-	1,655,012	-	770,251	7,924,620
2030	7,924,620	-	1,668,488	-	684,221	6,940,353
2031	6,940,353	-	1,687,413	-	588,326	5,841,266
2032	5,841,266	-	1,704,473	-	481,441	4,618,234
2033	4,618,234	-	1,715,718	-	362,876	3,265,392
2034	3,265,392	-	1,724,316	-	231,912	1,772,988
2035	1,772,988	-	1,737,727	-	87,248	122,509
2036	122,509	-	1,740,727	-	-	-

Number of Years Expected Benefit Payments Sustained: 19.07

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.65% 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	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$1,260,313	\$1,814,257	\$837,299
Total Required Contribution (% of Payroll)	55.4%	79.8%	36.8%
Expected Member Contribution	275,210	275,210	275,210
Expected State Money	176,996	176,996	176,996
Expected Sponsor Contribution (Fixed \$)	\$808,107	\$1,362,051	\$385,093
Expected Sponsor Contribution (% of Payroll)	35.5%	59.9%	16.9%

**ASSETS**

Actuarial Value <sup>1</sup>	12,617,219	12,617,219	12,617,219
Market Value <sup>1</sup>	12,516,123	12,516,123	12,516,123

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	9,877,783	15,130,505	6,879,348
Disability Benefits	110,230	153,042	82,744
Death Benefits	66,922	89,240	51,755
Vested Benefits	363,146	607,096	228,338
Refund of Contributions	84,136	139,469	53,147
Service Retirees	12,786,468	16,155,187	10,490,294
DROP Retirees <sup>1</sup>	0	0	0
Beneficiaries	203,841	251,676	170,438
Disability Retirees	464,651	558,534	397,165
Terminated Vested	176,375	250,887	129,022
Share Plan Balances <sup>1</sup>	0	0	0
Excess State Monies Reserve	0	0	0
Total:	24,133,552	33,335,636	18,482,251
Present Value of Future Salaries	16,963,310	19,158,615	15,215,707
Present Value of Future Member Contributions	2,052,561	2,318,192	1,841,101
Total Normal Cost	447,331	738,777	280,213
Present Value of Future Normal Costs (Entry Age Normal)	3,374,520	6,380,174	1,874,481
Total Actuarial Accrued Liability <sup>1</sup>	20,759,032	26,955,462	16,607,770
Unfunded Actuarial Accrued Liability (UAAL)	8,141,813	14,338,243	3,990,551



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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.65% RP-2000 Generational	5.65% RP-2000 Generational	9.65% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	464,441	759,647	293,733
Administrative Expenses (with interest)	52,892	52,382	53,401
Payment Required To Amortize UAAL (with interest)	742,980	1,002,228	490,165
Total Required Contribution	\$1,260,313	\$1,814,257	\$837,299

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