



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 21, 2016

VIA EMAIL

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

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

Dear Ryan:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 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 #14-6595

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: 3/21/2016

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, 2015 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.

	ACTUAL		HYPOTHETICAL	
	7.75% RP-2000 Static 9/30/2015	7.75% RP-2000 Generational 9/30/2015	5.75% RP-2000 Generational 9/30/2015	9.75% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	230,254	239,738	356,662	169,242
Interest	1,212,870	1,273,214	1,212,969	1,291,306
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	103,860	85,850	100,652	77,294
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,348,403)	(1,348,403)	(1,348,403)	(1,348,403)
Net Change in Total Pension Liability	198,581	250,399	321,880	189,439
Total Pension Liability - Beginning	16,345,362	17,114,508	21,664,141	14,000,602
Total Pension Liability - Ending (a)	<u>\$ 16,543,943</u>	<u>\$ 17,364,907</u>	<u>\$ 21,986,021</u>	<u>\$ 14,190,041</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	413,656	413,656	413,656	413,656
Contributions - State	392,128	392,128	392,128	392,128
Contributions - Employee	50,369	50,369	50,369	50,369
Net Investment Income	(72,360)	(72,360)	(72,360)	(72,360)
Benefit Payments, Including Refunds of Employee Contributions	(1,348,403)	(1,348,403)	(1,348,403)	(1,348,403)
Administrative Expenses	(19,804)	(19,804)	(19,804)	(19,804)
Net Change in Plan Fiduciary Net Position	(584,414)	(584,414)	(584,414)	(584,414)
Plan Fiduciary Net Position - Beginning	11,205,448	11,205,448	11,205,448	11,205,448
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,621,034</u>	<u>\$ 10,621,034</u>	<u>\$ 10,621,034</u>	<u>\$ 10,621,034</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,922,909</u>	<u>\$ 6,743,873</u>	<u>\$ 11,364,987</u>	<u>\$ 3,569,007</u>

GASB 68: Pension Expense for Fiscal Year Ending September 30, 2015

Pension Expense	<u>\$ 520,603</u>	<u>\$ 585,227</u>	<u>\$ 814,883</u>	<u>\$ 363,834</u>
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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
2015	10,621,034	-	988,578	-	784,823	10,417,279
2016	10,417,279	-	1,015,764	-	767,978	10,169,493
2017	10,169,493	-	1,059,040	-	747,098	9,857,551
2018	9,857,551	-	1,106,842	-	721,070	9,471,779
2019	9,471,779	-	1,161,382	-	689,059	8,999,456
2020	8,999,456	-	1,236,903	-	649,528	8,412,081
2021	8,412,081	-	1,283,772	-	602,190	7,730,499
2022	7,730,499	-	1,333,521	-	547,440	6,944,418
2023	6,944,418	-	1,344,836	-	486,080	6,085,662
2024	6,085,662	-	1,357,683	-	419,029	5,147,008
2025	5,147,008	-	1,396,602	-	344,775	4,095,181
2026	4,095,181	-	1,421,598	-	262,290	2,935,873
2027	2,935,873	-	1,430,300	-	172,106	1,677,679
2028	1,677,679	-	1,436,632	-	74,351	315,398
2029	315,398	-	1,444,924	-	-	-

Number of Years Expected Benefit Payments Sustained: 14.22

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
2015	10,621,034	-	989,045	-	784,805	10,416,794
2016	10,416,794	-	1,017,699	-	767,866	10,166,961
2017	10,166,961	-	1,062,625	-	746,763	9,851,099
2018	9,851,099	-	1,112,307	-	720,358	9,459,150
2019	9,459,150	-	1,169,112	-	687,781	8,977,819
2020	8,977,819	-	1,247,270	-	647,449	8,377,998
2021	8,377,998	-	1,297,079	-	599,033	7,679,952
2022	7,679,952	-	1,350,047	-	542,882	6,872,787
2023	6,872,787	-	1,364,829	-	479,754	5,987,712
2024	5,987,712	-	1,381,521	-	410,514	5,016,705
2025	5,016,705	-	1,424,912	-	333,579	3,925,372
2026	3,925,372	-	1,456,912	-	247,761	2,716,221
2027	2,716,221	-	1,471,725	-	153,478	1,397,974
2028	1,397,974	-	1,484,906	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.94

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
2015	10,621,034	-	989,045	-	582,274	10,214,263
2016	10,214,263	-	1,017,699	-	558,061	9,754,625
2017	9,754,625	-	1,062,625	-	530,340	9,222,340
2018	9,222,340	-	1,112,307	-	498,306	8,608,339
2019	8,608,339	-	1,169,112	-	461,368	7,900,595
2020	7,900,595	-	1,247,270	-	418,425	7,071,750
2021	7,071,750	-	1,297,079	-	369,335	6,144,006
2022	6,144,006	-	1,350,047	-	314,466	5,108,425
2023	5,108,425	-	1,364,829	-	254,496	3,998,092
2024	3,998,092	-	1,381,521	-	190,172	2,806,743
2025	2,806,743	-	1,424,912	-	120,422	1,502,253
2026	1,502,253	-	1,456,912	-	44,493	89,834
2027	89,834	-	1,471,725	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.06

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
2015	10,621,034	-	989,045	-	987,335	10,619,324
2016	10,619,324	-	1,017,699	-	985,771	10,587,396
2017	10,587,396	-	1,062,625	-	980,468	10,505,239
2018	10,505,239	-	1,112,307	-	970,036	10,362,968
2019	10,362,968	-	1,169,112	-	953,395	10,147,251
2020	10,147,251	-	1,247,270	-	928,553	9,828,534
2021	9,828,534	-	1,297,079	-	895,049	9,426,504
2022	9,426,504	-	1,350,047	-	853,269	8,929,726
2023	8,929,726	-	1,364,829	-	804,113	8,369,010
2024	8,369,010	-	1,381,521	-	748,629	7,736,118
2025	7,736,118	-	1,424,912	-	684,807	6,996,013
2026	6,996,013	-	1,456,912	-	611,087	6,150,188
2027	6,150,188	-	1,471,725	-	527,897	5,206,360
2028	5,206,360	-	1,484,906	-	435,231	4,156,685
2029	4,156,685	-	1,500,675	-	332,119	2,988,129
2030	2,988,129	-	1,509,436	-	217,758	1,696,451
2031	1,696,451	-	1,556,003	-	89,549	229,997
2032	229,997	-	1,575,280	-	-	-

Number of Years Expected Benefit Payments Sustained: 17.15

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, 2017

Valuation Date: 10/1/2015

	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 (Fixed \$)	\$726,201	\$791,382	\$1,116,874	\$516,850
Total Required Contribution (% of Payroll)	42.7%	46.6%	65.7%	30.4%
Expected Member Contribution	51,011	51,011	51,011	51,011
Expected State Money	182,199	182,199	182,199	182,199
Expected Sponsor Contribution (Fixed \$)	\$492,991	\$558,172	\$883,664	\$283,640
Expected Sponsor Contribution (% of Payroll)	29.0%	32.9%	52.0%	16.7%

ASSETS

Actuarial Value ¹	11,137,714	11,137,714	11,137,714	11,137,714
Market Value ¹	10,621,034	10,621,034	10,621,034	10,621,034

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	3,766,888	3,988,231	5,494,762	3,019,279
Disability Benefits	72,018	75,981	106,886	56,451
Death Benefits	34,492	23,882	30,250	19,380
Vested Benefits	619,141	645,616	1,053,520	417,537
Refund of Contributions	62,632	62,647	66,210	59,448
Service Retirees	11,363,891	11,891,965	14,993,563	9,766,994
DROP Retirees ¹	0	0	0	0
Beneficiaries	266,855	270,046	317,011	236,849
Disability Retirees	469,722	488,452	589,744	415,747
Terminated Vested	166,930	173,878	261,007	120,833
Excess State Monies Reserve	251,482	251,482	251,482	251,482
Total:	17,074,051	17,872,180	23,164,435	14,364,000

Present Value of Future Salaries	10,685,032	10,708,410	11,989,908	9,694,234
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Present Value of Future Member Contributions	320,551	321,252	359,697	290,827
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Total Normal Cost	207,480	217,094	341,603	143,765
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Present Value of Future Normal Costs (Entry Age Normal)	923,280	967,056	1,676,097	587,548
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Total Actuarial Accrued Liability ¹	16,150,771	16,905,124	21,488,338	13,776,452
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Unfunded Actuarial Accrued Liability (UAAL)	5,013,057	5,767,410	10,350,624	2,638,738
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	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)	215,520	225,506	351,424	150,774
Administrative Expenses (with interest)	20,571	20,571	20,373	20,769
Payment Required To Amortize UAAL (with interest)	490,110	545,305	745,077	345,307
Total Required Contribution	\$726,201	\$791,382	\$1,116,874	\$516,850

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.