

CITY OF ST. PETE BEACH  
GENERAL EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION  
AS OF OCTOBER 1, 2017  
(Revised February 16, 2018)

CONTRIBUTIONS APPLICABLE TO THE PLAN/FISCAL  
YEAR ENDED SEPTEMBER 30, 2019

February 16, 2018

Board of Trustees  
City of St. Pete Beach  
General Employees' Retirement System  
155 Corey Avenue  
St. Pete Beach, FL 33706

Re: City of St. Pete Beach General Employees' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of St. Pete Beach General Employees' Retirement System. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapters 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the City, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2017 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

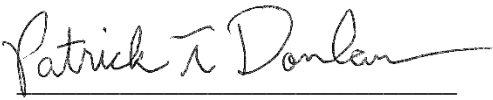
The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of St. Pete Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of St. Pete Beach General Employees' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact me at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

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

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Enclosures

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SUMMARY OF REPORT

The annual actuarial valuation of the City of St. Pete Beach General Employees' Retirement System, performed as of October 1, 2017, has been completed, and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended September 30, 2019.

The contribution requirements, compared with those developed in the October 1, 2016 actuarial valuation, are as follows:

Valuation Date	10/1/2017	10/1/2016
Applicable Plan/Fiscal Year End	<u>9/30/2019</u>	<u>9/30/2018</u>
Total Required Contribution		
% of Total Non-DROP Payroll <sup>1</sup>	<b>102.5%</b>	<b>83.4%</b>
Member Contributions		
% of Total Non-DROP Payroll	3.0%	3.0%
Balance from City	604,578	582,750
% of Total Non-DROP Payroll	99.5%	80.4%

<sup>1</sup> The total required contribution for the fiscal year beginning October 1, 2017 and ending September 30, 2018, will be 83.4% of the actual pensionable earnings during that year. The City can then subtract the actual Member Contributions that year to get their bottom line requirements. Similarly, the total required contribution for fiscal 2019 is 103.3% of the non-DROP pensionable payroll realized during that year.

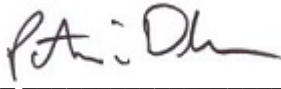
During the past year, the actuarial experience has been less favorable than expected on the basis of the actuarial assumptions. The primary components of unfavorable experience included lower than expected mortality and an investment return of 7.30% (Actuarial Asset basis) which fell short of the 7.65% assumption. These losses were partially offset by the effect of an average salary increase of 2.81% which fell short of the 5.00% assumption.

In total, costs increased as a percentage of payroll due to the significant decrease in payroll of around 16%.

The balance of this Report presents additional details of the actuarial valuation and the general operation of the Fund. The undersigned would be pleased to meet with the Board of Trustees in order to discuss the Report and answer any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.

By:   
Patrick T. Donlan, ASA, EA, MAAA

By:   
Julie E. Franken, EA, MAAA

### PLAN CHANGES SINCE PRIOR VALUATION

There have been no Plan changes since the prior valuation.

### ACTUARIAL ASSUMPTION/METHOD CHANGES SINCE PRIOR VALUATION

As required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those used in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report for other than special risk lives.

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2016	80.4%
(2) Summary of Contribution Impact by component:	
Change in Normal Cost Rate	0.5%
Change in Administrative Expense Percentage	2.0%
Payroll Change Effect on UAAL Amortization	14.3%
Investment Return (Actuarial Asset Basis)	0.6%
Salary Increases	-0.1%
Active Decrements	0.1%
Inactive Mortality/Beneficiary Change	1.2%
Other	<u>0.5%</u>
Total Change in Contribution	19.1%
(3) Contribution Determined as of October 1, 2017	99.5%



COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2017</u>	<u>10/1/2016</u>
<b>A. Participant Data</b>		
Actives	16	18
Service Retirees	64	62
DROP Retirees	2	2
Beneficiaries	8	8
Disability Retirees	1	1
Terminated Vested	<u>51</u>	<u>45</u>
 Total	 142	 136
 Total Annual Payroll	 \$607,616	 \$724,814
Payroll Under Assumed Ret. Age	607,616	724,814
 Annual Rate of Payments to:		
Service Retirees	974,193	916,455
DROP Retirees	25,205	25,205
Beneficiaries	111,603	117,798
Disability Retirees	1,806	1,806
Terminated Vested	127,520	143,363
 <b>B. Assets</b>		
Actuarial Value (AVA) <sup>1</sup>	12,288,062	12,018,526
Market Value (MVA) <sup>1</sup>	12,068,109	11,625,585
 <b>C. Liabilities</b>		
	604,578	
Present Value of Benefits		
Actives		
Retirement Benefits	1,596,124	2,096,427
Disability Benefits	21,676	22,240
Death Benefits	12,924	21,837
Vested Benefits	3,803	18,012
Refund of Contributions	10,296	12,999
Service Retirees	12,104,097	11,307,166
DROP Retirees <sup>1</sup>	461,681	413,175
Beneficiaries	1,632,499	1,554,330
Disability Retirees	4,626	5,152
Terminated Vested	<u>1,268,133</u>	<u>1,393,967</u>
Total	17,115,859	16,845,305

C. Liabilities - (Continued)	<u>10/1/2017</u>	<u>10/1/2016</u>
Present Value of Future Salaries	2,817,006	2,692,302
Present Value of Future Member Contributions	84,510	80,769
Normal Cost (Retirement)	35,214	36,849
Normal Cost (Disability)	1,686	1,673
Normal Cost (Death)	1,183	1,789
Normal Cost (Vesting)	477	1,563
Normal Cost (Refunds)	<u>1,666</u>	<u>2,506</u>
Total Normal Cost	40,226	44,380
Present Value of Future Normal Costs	172,272	161,335
Accrued Liability (Retirement)	1,447,412	1,963,780
Accrued Liability (Disability)	13,761	15,683
Accrued Liability (Death)	7,730	14,996
Accrued Liability (Vesting)	1,395	13,224
Accrued Liability (Refunds)	2,253	2,497
Accrued Liability (Inactives) <sup>1</sup>	<u>15,471,036</u>	<u>14,673,790</u>
Total Actuarial Accrued Liability (EAN AL)	16,943,587	16,683,970
Unfunded Actuarial Accrued Liability (UAAL)	4,655,525	4,665,444
Funded Ratio (AVA / EAN AL)	72.5%	72.0%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2017</u>	<u>10/1/2016</u>
Vested Accrued Benefits		
Inactives <sup>1</sup>	15,471,036	14,673,790
Actives	1,089,309	1,449,975
Member Contributions	<u>296,952</u>	<u>388,256</u>
Total	16,857,297	16,512,021
Non-vested Accrued Benefits	<u>57,335</u>	<u>131,584</u>
Total Present Value		
Accrued Benefits (PVAB)	16,914,632	16,643,605
Funded Ratio (MVA / PVAB)	71.3%	69.9%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
New Accrued Benefits	111,360	
Benefits Paid	(1,072,544)	
Interest	1,232,211	
Other	<u>0</u>	
Total	271,027	

Valuation Date	10/1/2017	10/1/2016
Applicable to Fiscal Year Ending	<u>9/30/2019</u>	<u>9/30/2018</u>

E. Pension Cost

Normal Cost (with interest) % of Total Annual Payroll <sup>2</sup>	6.9	6.4
Administrative Expenses (with interest) % of Total Annual Payroll <sup>2</sup>	7.2	5.2
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2017, with interest) % of Total Annual Payroll <sup>2</sup>	88.4	71.8
Total Required Contribution % of Total Annual Payroll <sup>2</sup>	102.5	83.4
Expected Member Contributions % of Total Annual Payroll <sup>2</sup>	3.0	3.0
Expected City Contribution % of Total Annual Payroll <sup>2</sup>	99.5	80.4

F. Past Contributions

Plan Years Ending:	<u>9/30/2017</u>
Total Required Contribution	488,879
City Requirement	464,066
Actual Contributions Made:	
Members (excluding buyback)	24,813
City	<u>503,935</u>
Total	528,748

G. Net Actuarial (Gain)/Loss 94,479

<sup>1</sup> The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2017 and 9/30/2016.

<sup>2</sup> Contributions developed as of 10/1/2017 are expressed as a percentage of total annual payroll at 10/1/2017 of \$607,616.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2017	4,655,525
2018	4,454,927
2019	4,238,984
2026	2,604,925
2033	934,199
2040	0
2047	0

I. (i) 3 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	2.81%	5.00%
Year Ended	9/30/2016	2.03%	5.00%
Year Ended	9/30/2015	2.03%	5.00%

(ii) 3 Year Comparison of Investment Return on Actuarial Value

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2017	7.30%	7.65%
Year Ended	9/30/2016	7.66%	7.65%
Year Ended	9/30/2015	9.74%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2017	\$607,616
	10/1/2007	1,855,096
(b) Total Increase		-67.25%
(c) Number of Years		10.00
(d) Average Annual Rate		-10.56%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was 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, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



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

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman  
Bureau of Local  
Retirement Systems  
Post Office Box 9000  
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2016	\$4,665,444
(2) Sponsor Normal Cost developed as of October 1, 2016	22,636
(3) Expected administrative expenses for the year ended September 30, 2017	36,156
(4) Expected interest on (1), (2) and (3)	360,021
(5) Sponsor contributions to the System during the year ended September 30, 2017	503,935
(6) Expected interest on (5)	19,276
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2017 (1)+(2)+(3)+(4)-(5)-(6)	4,561,046
(8) Change to UAAL due to Actuarial (Gain)/Loss	94,479
(9) Unfunded Actuarial Accrued Liability as of October 1, 2017	4,655,525

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2017 <u>Amount</u>	Amortization <u>Amount</u>
"A"	10/1/1990	3	75,712	27,119
"B"	10/1/1992	5	154,565	35,630
"C"	10/1/1994	7	85,864	15,137
"D"	10/1/1998	11	928,319	118,752
"E"	10/1/2004	17	1,835,178	182,552
"F"	10/1/2005	18	(63,376)	(6,130)
"G"	10/1/2006	19	(328,735)	(31,002)
"H"	10/1/2007	20	71,670	6,605
Loss	10/1/2008	21	88,451	7,983
Method Change	10/1/2008	21	1,297	117
Loss	10/1/2009	22	321,392	28,462
Assum Changes	10/1/2009	22	614,278	54,400
Loss	10/1/2010	23	515,454	44,863
Loss	10/1/2011	24	975,499	83,569
Assum Changes	10/1/2011	24	430,728	36,900
Benefit Change	10/1/2011	24	(220,648)	(18,902)
Gain	10/1/2012	25	(10,918)	(922)
Assum Change	10/1/2012	25	253,226	21,381
Gain	10/1/2013	26	(709,960)	(59,154)
Gain	10/1/2014	27	(238,566)	(19,637)
Gain	10/1/2015	28	(738,829)	(60,138)

"A"	10/1/1990	3	75,712	27,119
"B"	10/1/1992	5	154,565	35,630
Assum Change	10/1/2015	28	152,757	12,434
Assum Change	10/1/2016	29	790,594	63,693
Actuarial Gain	10/1/2016	29	(422,906)	(34,071)
Actuarial Loss	10/1/2017	30	<u>94,479</u>	<u>7,540</u>
			4,655,525	517,181



DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2016	\$4,665,444
(2) Expected UAAL as of October 1, 2017	4,561,046
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	41,021
Salary Increases	(10,709)
Active Decrements	7,870
Inactive Mortality / Beneficiary Change	87,754
Other	<u>(31,457)</u>
Increase in UAAL due to (Gain)/Loss	94,479
(4) Actual UAAL as of October 1, 2017	\$4,655,525

## ACTUARIAL ASSUMPTIONS AND METHODS

### Mortality Rate

#### *Healthy Inactive Lives:*

**Female:** RP2000 Generational, 100% Annuitant White Collar, Scale BB

**Male:** RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

#### *Healthy Active Lives:*

**Female:** RP2000 Generational, 100% Combined Healthy (previously Annuitant) White Collar, Scale BB

**Male:** RP2000 Generational, 50% Combined Healthy (previously Annuitant) White Collar / 50% Combined Healthy (previously Annuitant) Blue Collar, Scale BB

#### *Disabled Lives:*

**Female:** 100% RP2000 Disabled Female set forward two years

**Male:** 100% RP2000 Disabled Male setback four years

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report for other than special risk lives. The rates used in the prior valuation were those outlined in Milliman's July 1, 2015 FRS valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

### Interest Rate

7.65% per year compounded annually, net of investment related expenses. This assumption is in line with the national average for public programs and is reasonable

based on the asset allocation.

Retirement Age

Earlier of: 1) age 60 with 10 years of service, or 2) the completion of 30 years of service (earlier of 55 or 25 if hired before 10/1/2002). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on plan provisions.

Early Retirement

None.

Disability Rate

See table on the following page (1202). We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General Employees.

Termination Rate

See table on the following page (1305). We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General Employees.

Salary Increases

5% per year until the assumed retirement age; see table below. This is supported by an Experience Study prepared in 2008.

Payroll Growth

None.

Administrative Expense

\$42,257 annually, based on prior year actual expenses.

Cost-of-Living adjustment

3% per year following the completion of 10 years of retirement on the “frozen” benefit.

Funding Method

Entry Age Normal Actuarial Cost Method.

Asset Valuation Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

<u>Age</u>	<u>% Becoming Disabled During the Year</u>	<u>% Terminating During the Year</u>	<u>Current Salary as % of Salary at Age 55</u>
20	.051%	28.4%	18.1%
30	.058	24.8	29.5
40	.121	13.5	48.1
50	.429	2.8	78.4

## GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age .

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2017

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	360,597.40	360,597.40
Total Cash and Equivalents	360,597.40	360,597.40
Receivables:		
Member Contributions in Transit	102.20	102.20
Investment Income	31,922.60	31,922.60
Total Receivable	32,024.80	32,024.80
Investments:		
U. S. Bonds and Bills	2,013,329.07	2,000,003.09
Federal Agency Guaranteed Securities	3,643.76	3,474.67
Corporate Bonds	1,797,844.17	1,783,977.96
Stocks	911,364.88	1,201,366.25
Mutual Funds:		
Equity	4,743,511.73	6,689,001.47
Total Investments	9,469,693.61	11,677,823.44
Total Assets	9,862,315.81	12,070,445.64
<u>LIABILITIES</u>		
Payables:		
Refunds of Member Contributions	2,336.94	2,336.94
Total Liabilities	2,336.94	2,336.94
NET POSITION RESTRICTED FOR PENSIONS	9,859,978.87	12,068,108.70

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
Market Value Basis

ADDITIONS

Contributions:		
Member	24,813.41	
City	503,935.47	
Total Contributions		528,748.88
Investment Income:		
Net Realized Gain (Loss)	803,258.54	
Unrealized Gain (Loss)	26,132.14	
Net Increase in Fair Value of Investments	829,390.68	
Interest & Dividends	244,934.90	
Less Investment Expense <sup>1</sup>	(45,749.04)	
Net Investment Income		1,028,576.54
Total Additions		1,557,325.42
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	1,068,718.72	
Lump Sum DROP Distributions	1,488.80	
Refunds of Member Contributions	2,336.94	
Total Distributions		1,072,544.46
Administrative Expense		42,257.07
Total Deductions		1,114,801.53
Net Increase in Net Position		442,523.89
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		11,625,584.81
End of the Year		12,068,108.70

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.



ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2017

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return <sup>1</sup>	
09/30/2014	10.84%	
09/30/2015	-0.06%	
09/30/2016	9.72%	
09/30/2017	9.05%	
Annualized Rate of Return for prior four (4) years:		7.30%
(A) 10/01/2016 Actuarial Assets:		\$12,018,526.45
(I) Net Investment Income:		
1. Interest and Dividends	244,934.90	
2. Realized Gains (Losses)	803,258.54	
3. Change in Actuarial Value	(146,856.28)	
4. Investment Related Expenses	(45,749.04)	
Total		855,588.12
(B) 10/01/2017 Actuarial Assets:		\$12,288,061.92
Actuarial Asset Rate of Return = 2I/(A+B-I):		7.30%
10/01/2017 Limited Actuarial Assets:		\$12,288,061.92
10/01/2017 Market Value of Assets:		\$12,068,108.70
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)		(\$41,021.35)

<sup>1</sup>Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 SEPTEMBER 30, 2017  
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	24,813.41	
City	503,935.47	
Total Contributions		528,748.88
Earnings from Investments:		
Interest & Dividends	244,934.90	
Net Realized Gain (Loss)	803,258.54	
Change in Actuarial Value	(146,856.28)	
Total Earnings and Investment Gains		901,337.16

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,068,718.72	
Lump Sum DROP Distributions	1,488.80	
Refunds of Member Contributions	2,336.94	
Total Distributions		1,072,544.46
Expenses:		
Investment related <sup>1</sup>	45,749.04	
Administrative	42,257.07	
Total Expenses		88,006.11
Change in Net Assets for the Year		269,535.47
Net Assets Beginning of the Year		12,018,526.45
Net Assets End of the Year <sup>2</sup>		12,288,061.92

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY  
October 1, 2016 to September 30, 2017

Beginning of the Year Balance	74,757.93
Plus Additions	25,205.04
Investment Return Earned	6,479.92
Less Distributions	(1,488.80)
End of the Year Balance	104,954.09

STATISTICAL DATA

	<u>10/1/2014</u>	<u>10/1/2015</u>	<u>10/1/2016</u>	<u>10/1/2017</u>
<u>Actives</u>				
Number	19	21	18	16
Average Current Age	48.4	47.6	47.7	50.1
Average Age at Employment	38.9	38.9	36.7	40.2
Average Past Service	9.5	8.7	11.0	9.9
Average Annual Salary	\$41,418	\$39,349	\$40,267	\$37,976
<u>Service Retirees</u>				
Number	64	64	62	64
Average Current Age	69.1	68.5	69.4	69.3
Average Annual Benefit	\$14,042	\$14,499	\$14,782	\$15,222
<u>DROP Retirees</u>				
Number	5	3	2	2
Average Current Age	59.4	60.4	61.3	62.3
Average Annual Benefit	\$24,149	\$22,206	\$12,603	\$12,603
<u>Beneficiaries</u>				
Number	7	7	8	8
Average Current Age	69.1	63.8	61.6	59.9
Average Annual Benefit	\$10,581	\$10,897	\$14,725	\$13,950
<u>Disability Retirees</u>				
Number	1	1	1	1
Average Current Age	95.0	96.0	97.0	98.0
Average Annual Benefit	\$1,806	\$1,806	\$1,806	\$1,806
<u>Terminated Vested</u>				
Number	45	43	45	51
Average Current Age <sup>1</sup>	58.7	63.0	64.7	62.4
Average Annual Benefit <sup>1</sup>	\$3,670	\$3,299	\$3,413	\$3,110

<sup>1</sup> The Average Annual Benefit excludes participants awaiting a refund of contributions.

## AGE AND SERVICE DISTRIBUTION

### PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	1	0	0	0	0	0	0	0	0	0	1
35 - 39	0	0	0	1	0	0	0	0	0	0	0	1
40 - 44	1	1	0	0	0	0	0	0	0	0	0	2
45 - 49	1	0	1	1	0	0	0	0	0	0	0	3
50 - 54	0	0	0	0	1	0	1	0	1	1	1	5
55 - 59	1	0	0	0	0	0	0	1	0	0	0	2
60 - 64	0	0	0	0	0	0	0	1	0	0	0	1
65+	0	0	0	0	0	1	0	0	0	0	0	1
<b>Total</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>16</b>

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2016	18
b. Terminations	
i. Vested (partial or full) with deferred benefits	(2)
ii. Non-vested or full lump sum distribution received or opt out	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(2)
f. DROP	<u>0</u>
g. Continuing participants	13
h. New entrants	<u>3</u>
i. Total active life participants in valuation	16

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	<u>DROP Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	<u>Vested Deferred</u>	<u>Total</u>
a. Number prior valuation	62	2	8	1	45	118
Retired	3	0	0	0	(1)	2
DROP	0	0	0	0	0	0
Vested Deferred	0	0	0	0	2	2
Death, With Survivor	0	0	0	0	0	0
Death, No Survivor	(1)	0	0	0	0	(1)
Disabled	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0
Rehires	0	0	0	0	1	1
Expired Annuities	0	0	0	0	0	0
Data Corrections	0	0	0	0	4	4
b. Number current valuation	64	2	8	1	51	126

## SUMMARY OF PLAN PROVISIONS

Through Ordinance 2013-23

Original Effective Date October 1, 1960

Effective Date of Amended System October 8, 2013

**Please note that Members who had attained age 55 or completed 25 years of Credited Service on October 1, 2012 continue to make contributions and receive benefits based upon the provisions that were in effect on September 24, 2012.**

Eligibility Full-time employees who are not classified as full-time sworn Police Officers or Firefighters beginning at their date of employment. The City Manager and department directors and MAPS employees may elect not to participate.

Credited Service Total years and fractional parts of years of employment with the City as a General Employee. Service is not interrupted by authorized leaves of absence.

Salary Basic earnings, plus tax exempt and tax deferred items of income, but excluding non-regular payments at termination.

Average Final Compensation (AFC) Average Salary for the best 5 years of the 10 years immediately preceding retirement or termination. The benefit attributable to service before October 1, 2012 uses Average Final Compensation at that point. The benefit attributable to service on and after October 1, 2012 uses AFC at termination of employment.

Member Contributions 3.0% of Salary.

City Contributions Amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

Normal Retirement

“Frozen” Piece

Date Earlier of: 1) Age 55, or 2) the completion of 25 years of Credited Service, regardless of age

Benefit 2.25% of Average Final Compensation at September 30, 2012 times Credited Service earned prior to October 1, 2012.

“Future Service” Piece

Date If hired before October 1, 2002, then it is the earlier of:  
1) Age 55, or 2) the completion of 25 years of Credited Service, regardless of age.

If hired after October 1, 2002, then it is the earlier of: 1) Age 60 with 10 years of Credited Service, or 2) the completion of 30 years of Credited Service, regardless of age.

Benefit 1.00% of Average Final Compensation at termination times Credited Service earned on and after October 1, 2012.

Maximum combined benefit 75% of Average Final Compensation.

Form of Benefit Ten Year Certain and Life Annuity (options available).

Supplement \$75 per month.



Cost-of-living

“Frozen” Piece	3% per year following the completion of 10 years of retirement. Normal and Early Retirees only.
“Future Service” Piece	None

Early Retirement

“Frozen” Piece	
Date	Age 50 and the completion of 10 years of Credited Service.
Benefit	Accrued benefit, reduced 1/15th for each year that the commencement of payments precedes Normal Retirement (Supplement is not reduced).
“Future Service” Piece	None.

Vesting

Schedule	
“Frozen” Piece	10% after 1 year of Credited Service plus 10% per year thereafter up to 100% after 10 years.
“Future Service” Piece	100% after 10 years of Credited Service. None prior to 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date or on a reduced basis beginning at Early Retirement.

## Disability

Eligibility	Total and permanent after 10 years of Credited Service.
Waiting Period	Board approval.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability.
Duration	Payable for life or until recovery (as determined by the Board).

## Death Benefits

Pre-Retirement	Value of accrued benefit payable on a monthly basis to designated beneficiary for 10 years.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

## Board of Trustees

- a. Mayor
- b. City Manager;
- c. Two employee members elected by the membership; and
- d. One public member appointed by the City Commission.

DEFERRED RETIREMENT OPTION PLAN

Eligibility	<b>Only those Members who were age 55 or had completed 25 years of Credited Service on October 1, 2012. There is no DROP for other Members.</b>
Participation	Not to exceed 60 months.
Rate of Return	At the Member's election: (1) 7.5% annual rate, credited as of last business day of prior month, or (2) actual net rate of investment return (total return net of brokerage commissions and transaction costs), credited on the last business day of each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2017

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	360,597
Total Cash and Equivalents	360,597
Receivables:	
Member Contributions in Transit	102
Investment Income	31,923
Total Receivable	32,025
Investments:	
U. S. Bonds and Bills	2,000,003
Federal Agency Guaranteed Securities	3,475
Corporate Bonds	1,783,978
Stocks	1,201,366
Mutual Funds:	
Equity	6,689,002
Total Investments	11,677,824
Total Assets	12,070,446
<u>LIABILITIES</u>	
Payables:	
Refunds of Member Contributions	2,337
Total Liabilities	2,337
NET POSITION RESTRICTED FOR PENSIONS	12,068,109

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
Market Value Basis

ADDITIONS

## Contributions:

Member	24,813	
City	503,935	
Total Contributions		528,748
Investment Income:		
Net Increase in Fair Value of Investments	829,391	
Interest & Dividends	244,935	
Less Investment Expense <sup>1</sup>	(45,749)	
Net Investment Income		1,028,577
Total Additions		1,557,325

DEDUCTIONS

## Distributions to Members:

Benefit Payments	1,068,719	
Lump Sum DROP Distributions	1,489	
Refunds of Member Contributions	2,336	
Total Distributions		1,072,544
Administrative Expense		42,257
Total Deductions		1,114,801
Net Increase in Net Position		442,524
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		11,625,585
End of the Year		12,068,109

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS  
(For the Year Ended September 30, 2017)

Plan Description

*Plan Administration*

The City of St. Pete Beach General Employees' Retirement System is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees:

- a) Mayor;
- b) City Manager;
- c) Two employee members elected by the membership; and
- d) One public member appointed by the City Commission.

*Plan Membership as of October 1, 2016:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	73
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	45
Active Plan Members	18
	136

*Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

**Please note that Members who had attained age 55 or completed 25 years of Credited Service on October 1, 2012 continue to make contributions and receive benefits based upon the provisions that were in effect on September 24, 2012.**

Normal Retirement:

"Frozen" Piece:

Date: Earlier of: 1) Age 55, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 2.25% of Average Final Compensation at September 30, 2012 times Credited Service earned prior to October 1, 2012.

"Future Service" Piece:

Date: If hired before October 1, 2002, then it is the earlier of: 1) Age 55, or 2) the completion of 25 years of Credited Service, regardless of age.

If hired after October 1, 2002, then it is the earlier of: 1) Age 60 with 10 years of Credited Service, or 2) the completion of 30 years of Credited Service, regardless of age.

Benefit: 1.00% of Average Final Compensation at termination times Credited Service earned on and after October 1, 2012.

Maximum Combined Benefit: 75% of Average Final Compensation.

Supplement: \$75 per month.

Cost of Living:

"Frozen" Piece: 3% per year following the completion of 10 years of retirement. Normal and Early Retirees only.

"Future Service" Piece: None

Early Retirement:

"Frozen" Piece:

Date: Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 1/15th for each year that the commencement of payments precedes Normal Retirement (Supplement is not reduced).

"Future Service" Piece: None.

Vesting:

Schedule:

"Frozen" Piece: 10% after 1 year of Credited Service plus 10% per year thereafter up to 100% after 10 years.

"Future Service" Piece: 100% after 10 years of Credited Service. None prior to 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date or on a reduced basis beginning at Early Retirement.

Disability:

Eligibility: Total and permanent after 10 years of Credited Service.

Benefit: Benefit accrued to date of disability.

Pre-Retirement Death Benefits:

Value of accrued benefit payable on a monthly basis to designated beneficiary for 10 years.

*Contributions*

Member Contributions: 3.0% of Salary.

City Contributions: Amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

Investments

*Investment Policy:*

The following was the Board's adopted asset allocation policy as of September 30, 2017:

Asset Class	Target Allocation
Domestic Equity	48%
International Equity	6%
Fixed Income	40%
REITS	6%
Total	100%

*Concentrations:*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

*Rate of Return:*

For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 9.05 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

**Eligibility: Only those Members who were age 55 or had completed 25 years of Credited Service on October 1, 2012. There is no DROP for other Members.**

Participation: Not to exceed 60 months.

Rate of Return: At the Member's election: (1) 7.5% annual rate, or (2) actual net rate of investment return (total return net of brokerage commissions and transaction costs), credited each fiscal quarter.

The DROP balance as September 30, 2017 is \$104,954.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2017 were as follows:

Total Pension Liability	\$ 16,887,217
Plan Fiduciary Net Position	\$ (12,068,109)
Sponsor's Net Pension Liability	<u>\$ 4,819,108</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	71.46%

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.30%
Salary Increases	5.00%
Discount Rate	7.65%
Investment Rate of Return	7.65%

*Mortality Rate Healthy Lives:*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

*Mortality Rate Disabled Lives:*

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male set back four years.

The most recent actuarial experience study used to review the other significant assumptions was dated July 14, 2015.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2017 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	6.37%
International Equity	5.70%
Fixed Income	2.15%
REITS	4.88%



## GASB 67

### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.65 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current Discount Rate	1% Increase
	6.65%	7.65%	8.65%
Sponsor's Net Pension Liability	\$ 6,619,803	\$ 4,819,108	\$ 3,309,397

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>
Total Pension Liability		
Service Cost	55,922	63,167
Interest	1,274,501	1,248,359
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(511,151)	(570,758)
Changes of assumptions	-	989,394
Benefit Payments, including Refunds of Employee Contributions	<u>(1,072,544)</u>	<u>(1,268,722)</u>
Net Change in Total Pension Liability	(253,272)	461,440
Total Pension Liability - Beginning	<u>17,140,489</u>	<u>16,679,049</u>
Total Pension Liability - Ending (a)	<u>\$ 16,887,217</u>	<u>\$ 17,140,489</u>
Plan Fiduciary Net Position		
Contributions - Employer	503,935	563,121
Contributions - Employee	24,813	25,913
Net Investment Income	1,028,577	1,052,550
Benefit Payments, including Refunds of Employee Contributions	(1,072,544)	(1,268,722)
Administrative Expense	<u>(42,257)</u>	<u>(36,156)</u>
Net Change in Plan Fiduciary Net Position	442,524	336,706
Plan Fiduciary Net Position - Beginning	<u>11,625,585</u>	<u>11,288,879</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,068,109</u>	<u>\$ 11,625,585</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,819,108</u>	<u>\$ 5,514,904</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.46%	67.83%
Covered Employee Payroll <sup>1</sup>	\$ 700,400	\$ 738,138
Net Pension Liability as a percentage of Covered Employee Payroll	688.05%	747.14%

**Notes to Schedule:**

<sup>1</sup> The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

*Changes of assumptions:*

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System.

The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

The investment rate return was lowered from 7.75% to 7.65% per year compounded annually, net of investment related expenses.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	67,894	79,454
Interest	1,244,204	1,235,212
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(2,077)	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,234,650)</u>	<u>(1,139,505)</u>
Net Change in Total Pension Liability	75,371	175,161
Total Pension Liability - Beginning	<u>16,603,678</u>	<u>16,428,517</u>
Total Pension Liability - Ending (a)	<u><u>\$ 16,679,049</u></u>	<u><u>\$ 16,603,678</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	585,936	557,646
Contributions - Employee	29,971	30,176
Net Investment Income	(6,633)	1,203,892
Benefit Payments, including Refunds of Employee Contributions	(1,234,650)	(1,139,505)
Administrative Expense	<u>(30,510)</u>	<u>(25,430)</u>
Net Change in Plan Fiduciary Net Position	(655,886)	626,779
Plan Fiduciary Net Position - Beginning	<u>11,944,765</u>	<u>11,317,986</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 11,288,879</u></u>	<u><u>\$ 11,944,765</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 5,390,170</u></u>	<u><u>\$ 4,658,913</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	67.68%	71.94%
Covered Employee Payroll <sup>1</sup>	\$ 1,017,523	\$ 761,318
Net Pension Liability as a percentage of Covered Employee Payroll	529.73%	611.95%

**Notes to Schedule:**

<sup>1</sup> The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	464,066	563,121	585,936	548,356
Contributions in relation to the Actuarially Determined Contributions	503,935	563,121	585,936	557,646
Contribution Deficiency (Excess)	\$ (39,869)	\$ -	\$ -	\$ (9,290)
Covered Employee Payroll <sup>1</sup>	\$ 700,400	\$ 738,138	\$ 1,017,523	\$ 761,318
Contributions as a percentage of Covered Employee Payroll	71.95%	76.29%	57.58%	73.25%

<sup>1</sup> The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Notes to Schedule

Valuation Date: 10/01/2015

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.  
 Amortization Method: Level Percentage of Pay, Closed.  
 Remaining Amortization Period: 30 Years (as of 10/01/2015).  
 Mortality Rate: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disableds are set forward 5 years. We feel that these assumptions accommodate expected mortality improvements.  
 Interest Rate: 7.75% per year compounded annually, net of investment related expenses. This assumption is in line with the national average for public programs and is reasonable based on the asset allocation.  
 Retirement Age: Earlier of: 1) age 60 with 10 years of service, or 2) the completion of 30 years of service (earlier of 55 or 25 if hired before 10/1/2002). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on plan provisions.  
 Early Retirement: None.  
 Disability Rates: See table on following page (1202). We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General Employees.  
 Termination Rates: See table on following page (1305). We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General Employees.  
 Salary Increases: 5% per year until the assumed retirement age. This is supported by an Experience Study prepared in 2008.  
 Payroll Growth: None.  
 Cost-of-Living Adjustment: 3% per year following the completion of 10 years of retirement on the “frozen” benefit.  
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

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Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.051%	28.4%
30	0.058%	24.8%
40	0.121%	13.5%
50	0.429%	2.8%

**SCHEDULE OF INVESTMENT RETURNS**  
Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>09/30/2014</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	9.05%	9.72%	-0.06%	10.84%

NOTES TO THE FINANCIAL STATEMENTS  
(For the Year Ended September 30, 2017)

General Information about the Pension Plan

*Plan Description*

The City of St. Pete Beach General Employees' Retirement System is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board of consists of 5 Trustees:

- a) Mayor;
- b) City Manager;
- c) Two employee members elected by the membership; and
- d) One public member appointed by the City Commission.

Full-time employees who are not classified as full-time sworn Police Officers or Firefighters beginning at their date of employment. The City Manager and department directors and MAPS employees may elect not to participate.

*Plan Membership as of October 1, 2016:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	73
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	45
Active Plan Members	18
	136

*Benefits Provided*

The Plan provides retirement, termination, disability and death benefits.

**Please note that Members who had attained age 55 or completed 25 years of Credited Service on October 1, 2012 continue to make contributions and receive benefits based upon the provisions that were in effect on September 24, 2012.**

Normal Retirement:

"Frozen" Piece:

Date: Earlier of: 1) Age 55, or 2) the completion of 25 years of Credited Service, regardless of age.

Benefit: 2.25% of Average Final Compensation at September 30, 2012 times Credited Service earned prior to October 1, 2012.

"Future Service" Piece:

Date: If hired before October 1, 2002, then it is the earlier of: 1) Age 55, or 2) the completion of 25 years of Credited Service, regardless of age.

If hired after October 1, 2002, then it is the earlier of: 1) Age 60 with 10 years of Credited Service, or 2) the completion of 30 years of Credited Service, regardless of age.

Benefit: 1.00% of Average Final Compensation at termination times Credited Service earned on and after October 1, 2012.

Maximum Combined Benefit: 75% of Average Final Compensation.

Supplement: \$75 per month.

Cost of Living:

"Frozen" Piece: 3% per year following the completion of 10 years of retirement. Normal and Early Retirees only.

"Future Service" Piece: None

Early Retirement:

"Frozen" Piece:

Date: Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 1/15th for each year that the commencement of payments precedes Normal Retirement (Supplement is not reduced).

"Future Service" Piece: None.

Vesting:

Schedule:

"Frozen" Piece: 10% after 1 year of Credited Service plus 10% per year thereafter up to 100% after 10 years.

"Future Service" Piece: 100% after 10 years of Credited Service. None prior to 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date or on a reduced basis beginning at Early Retirement.

Disability:

Eligibility: Total and permanent after 10 years of Credited Service.

Benefit: Benefit accrued to date of disability.

Pre-Retirement Death Benefits:

Value of accrued benefit payable on a monthly basis to designated beneficiary for 10 years.

*Contributions*

Member Contributions: 3.0% of Salary.

City Contributions: Amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years.

Net Pension Liability

The measurement date is September 30, 2017.

The measurement period for the pension expense was October 1, 2016 to September 30, 2017.

The reporting period is October 1, 2016 through September 30, 2017.

The Sponsor's Net Pension Liability was measured as of September 30, 2017.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.30%
Salary Increases	5.00%
Discount Rate	7.65%
Investment Rate of Return	7.65%

*Mortality Rate Healthy Lives:*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

*Mortality Rate Disabled Lives:*

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male set back four years.

The most recent actuarial experience study used to review the other significant assumptions was dated July 14, 2015.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2017 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.



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Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	48%	6.37%
International Equity	6%	5.70%
Fixed Income	40%	2.15%
REITS	6%	4.88%
<u>Total</u>	<u>100%</u>	

### Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.65 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2016	\$ 17,140,489	\$ 11,625,585	\$ 5,514,904
Changes for a Year:			
Service Cost	55,922	-	55,922
Interest	1,274,501	-	1,274,501
Differences between Expected and Actual Experience	(511,151)	-	(511,151)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	503,935	(503,935)
Contributions - Employee	-	24,813	(24,813)
Net Investment Income	-	1,028,577	(1,028,577)
Benefit Payments, including Refunds of Employee Contributions	(1,072,544)	(1,072,544)	-
Administrative Expense	-	(42,257)	42,257
Net Changes	(253,272)	442,524	(695,796)
Balances at September 30, 2017	\$ 16,887,217	\$ 12,068,109	\$ 4,819,108

*Sensitivity of the Net Pension Liability to changes in the Discount Rate.*

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.65%	7.65%	8.65%
Sponsor's Net Pension Liability	\$ 6,619,803	\$ 4,819,108	\$ 3,309,397

*Pension Plan Fiduciary Net Position.*

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2017, the Sponsor will recognize a Pension Expense of \$7,984.

On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	-
Changes of assumptions	-	-
Net difference between Projected and Actual Earnings on Pension Plan investments	40,508	-
Total	\$ 40,508	\$ -

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:			
2018		\$	38,210
2019		\$	108,032
2020		\$	(73,407)
2021		\$	(32,327)
2022		\$	-
Thereafter		\$	-

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

	<u>09/30/2017</u>	<u>09/30/2016</u>
Total Pension Liability		
Service Cost	55,922	63,167
Interest	1,274,501	1,248,359
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(511,151)	(570,758)
Changes of assumptions	-	989,394
Benefit Payments, including Refunds of Employee Contributions	(1,072,544)	(1,268,722)
Net Change in Total Pension Liability	<u>(253,272)</u>	<u>461,440</u>
Total Pension Liability - Beginning	17,140,489	16,679,049
Total Pension Liability - Ending (a)	<u>\$ 16,887,217</u>	<u>\$ 17,140,489</u>
Plan Fiduciary Net Position		
Contributions - Employer	503,935	563,121
Contributions - Employee	24,813	25,913
Net Investment Income	1,028,577	1,052,550
Benefit Payments, including Refunds of Employee Contributions	(1,072,544)	(1,268,722)
Administrative Expense	(42,257)	(36,156)
Net Change in Plan Fiduciary Net Position	<u>442,524</u>	<u>336,706</u>
Plan Fiduciary Net Position - Beginning	11,625,585	11,288,879
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,068,109</u>	<u>\$ 11,625,585</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,819,108</u>	<u>\$ 5,514,904</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.46%	67.83%
Covered Employee Payroll <sup>1</sup>	\$ 700,400	\$ 738,138
Net Pension Liability as a percentage of Covered Employee Payroll	688.05%	747.14%

**Notes to Schedule:**

<sup>1</sup> The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Effective for the City's fiscal year ending 09/30/2016, the GASB 68 measurement date of the Pension Expense has been approved and changed from 09/30/2015 to 09/30/2016.

*Changes of assumptions:*

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System.

The inflation assumption rate was lowered from 3.00% to 2.30%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

The investment rate return was lowered from 7.75% to 7.65% per year compounded annually, net of investment related expenses.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years

	<u>09/30/2015</u>	<u>09/30/2014</u>
Total Pension Liability		
Service Cost	67,894	79,454
Interest	1,244,204	1,235,212
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	(2,077)	-
Changes of assumptions	-	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,234,650)</u>	<u>(1,139,505)</u>
Net Change in Total Pension Liability	75,371	175,161
Total Pension Liability - Beginning	<u>16,603,678</u>	<u>16,428,517</u>
Total Pension Liability - Ending (a)	<u><u>\$ 16,679,049</u></u>	<u><u>\$ 16,603,678</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	585,936	557,646
Contributions - Employee	29,971	30,176
Net Investment Income	(6,633)	1,203,892
Benefit Payments, including Refunds of Employee Contributions	(1,234,650)	(1,139,505)
Administrative Expense	<u>(30,510)</u>	<u>(25,430)</u>
Net Change in Plan Fiduciary Net Position	(655,886)	626,779
Plan Fiduciary Net Position - Beginning	<u>11,944,765</u>	<u>11,317,986</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 11,288,879</u></u>	<u><u>\$ 11,944,765</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 5,390,170</u></u>	<u><u>\$ 4,658,913</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	67.68%	71.94%
Covered Employee Payroll <sup>1</sup>	\$ 1,017,523	\$ 761,318
Net Pension Liability as a percentage of Covered Employee Payroll	529.73%	611.95%

**Notes to Schedule:**

<sup>1</sup> The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

**SCHEDULE OF CONTRIBUTIONS**  
Last 10 Fiscal Years

	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Actuarially Determined Contribution	464,066	563,121	585,936	548,356
Contributions in relation to the				
Actuarially Determined Contributions	503,935	563,121	585,936	557,646
Contribution Deficiency (Excess)	\$ (39,869)	\$ -	\$ -	\$ (9,290)
Covered Employee Payroll <sup>1</sup>	\$ 700,400	\$ 738,138	\$ 1,017,523	\$ 761,318
Contributions as a percentage of				
Covered Employee Payroll	71.95%	76.29%	57.58%	73.25%

<sup>1</sup> The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Notes to Schedule

Valuation Date: 10/01/2015

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2015).
Mortality Rate:	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disableds are set forward 5 years. We feel that these assumptions accommodate expected mortality improvements.
Interest Rate:	7.75% per year compounded annually, net of investment related expenses. This assumption is in line with the national average for public programs and is reasonable based on the asset allocation.
Retirement Age:	Earlier of: 1) age 60 with 10 years of service, or 2) the completion of 30 years of service (earlier of 55 or 25 if hired before 10/1/2002). Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel that this assumption is reasonable based on plan provisions.
Early Retirement:	None.
Disability Rates:	See table on following page (1202). We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General
Termination Rates:	See table on following page (1305). We believe this assumption is in line with the experience incurred by other plans containing Florida municipal General Employees.
Salary Increases:	5% per year until the assumed retirement age. This is supported by an Experience Study prepared in 2008.
Payroll Growth:	None.
Cost-of-Living Adjustment:	3% per year following the completion of 10 years of retirement on the “frozen” benefit.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

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Termination and Disability Rate Table:

<u>Age</u>	<u>% Becoming Disabled</u>	<u>% Terminating During the</u>
20	0.051%	28.40%
30	0.058%	24.80%
40	0.121%	13.50%
50	0.429%	2.80%

**COMPONENTS OF PENSION EXPENSE**  
FISCAL YEAR SEPTEMBER 30, 2017

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 5,514,904	\$ 303,964	\$ 544,317	\$ -
Total Pension Liability Factors:				
Service Cost	55,922	-	-	55,922
Interest	1,274,501	-	-	1,274,501
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	(511,151)	511,151	-	-
Current year amortization of experience difference	-	(511,151)	-	(511,151)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	-	-
Benefit Payments	(1,072,544)	-	-	-
Net change	<u>(253,272)</u>	<u>-</u>	<u>-</u>	<u>819,272</u>
Plan Fiduciary Net Position:				
Contributions - Employer	503,935	-	-	-
Contributions - Employee	24,813	-	-	(24,813)
Projected Net Investment Income	866,941	-	-	(866,941)
Difference between projected and actual earnings on Pension Plan investments	161,636	161,636	-	-
Current year amortization	-	(143,230)	(181,439)	38,209
Benefit Payments	(1,072,544)	-	-	-
Administrative Expenses	(42,257)	-	-	42,257
Net change	<u>442,524</u>	<u>18,406</u>	<u>(181,439)</u>	<u>(811,288)</u>
Ending Balance	<u>\$ 4,819,108</u>	<u>\$ 322,370</u>	<u>\$ 362,878</u>	<u>\$ 7,984</u>



AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2014	\$ (349,111)	5	\$ (69,822)	\$ (69,822)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ 907,194	5	\$ 181,439	\$ 181,439	\$ 181,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ (205,401)	5	\$ (41,080)	\$ (41,080)	\$ (41,080)	\$ (41,080)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (161,636)	5	\$ (32,328)	\$ (32,327)	\$ (32,327)	\$ (32,327)	\$ (32,327)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 38,209	\$ 38,210	\$ 108,032	\$ (73,407)	\$ (32,327)	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2017	\$ (511,151)	1	\$ (511,151)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			<u>\$ (511,151)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>