

CITY OF ST. PETE BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By: Patrick T. Donlan Date: 9/21/2018

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



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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	55,922	80,669	40,890
Interest	1,274,501	1,177,126	1,327,162
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(511,151)	(616,718)	(444,406)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,072,544)	(1,072,544)	(1,072,544)
Net Change in Total Pension Liability	(253,272)	(431,467)	(148,898)
Total Pension Liability - Beginning	17,140,489	21,289,685	14,248,361
Total Pension Liability - Ending (a)	<u>\$ 16,887,217</u>	<u>\$ 20,858,218</u>	<u>\$ 14,099,463</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	503,935	503,935	503,935
Contributions - Employee	24,813	24,813	24,813
Net Investment Income	1,028,577	1,028,577	1,028,577
Benefit Payments, Including Refunds of Employee Contributions	(1,072,544)	(1,072,544)	(1,072,544)
Administrative Expenses	(42,257)	(42,257)	(42,257)
Net Change in Plan Fiduciary Net Position	442,524	442,524	442,524
Plan Fiduciary Net Position - Beginning	11,625,585	11,625,585	11,625,585
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,068,109</u>	<u>\$ 12,068,109</u>	<u>\$ 12,068,109</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,819,108</u>	<u>\$ 8,790,109</u>	<u>\$ 2,031,354</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	12,068,109	-	1,298,940	-	873,526	11,642,695
2018	11,642,695	-	1,300,377	-	840,927	11,183,245
2019	11,183,245	-	1,323,674	-	804,888	10,664,459
2020	10,664,459	-	1,327,855	-	765,041	10,101,645
2021	10,101,645	-	1,347,555	-	721,232	9,475,322
2022	9,475,322	-	1,354,240	-	673,062	8,794,144
2023	8,794,144	-	1,378,930	-	620,008	8,035,222
2024	8,035,222	-	1,384,786	-	561,726	7,212,162
2025	7,212,162	-	1,389,707	-	498,574	6,321,029
2026	6,321,029	-	1,388,763	-	430,439	5,362,705
2027	5,362,705	-	1,390,771	-	357,050	4,328,984
2028	4,328,984	-	1,397,161	-	277,726	3,209,549
2029	3,209,549	-	1,403,569	-	191,844	1,997,824
2030	1,997,824	-	1,405,920	-	99,057	690,961
2031	690,961	-	1,403,212	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 14.49

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	12,068,109	-	1,298,940	-	645,153	11,414,322
2018	11,414,322	-	1,300,377	-	608,174	10,722,119
2019	10,722,119	-	1,323,674	-	568,406	9,966,851
2020	9,966,851	-	1,327,855	-	525,615	9,164,611
2021	9,164,611	-	1,347,555	-	479,732	8,296,788
2022	8,296,788	-	1,354,240	-	430,511	7,373,059
2023	7,373,059	-	1,378,930	-	377,623	6,371,752
2024	6,371,752	-	1,384,786	-	320,884	5,307,850
2025	5,307,850	-	1,389,707	-	260,634	4,178,777
2026	4,178,777	-	1,388,763	-	196,868	2,986,882
2027	2,986,882	-	1,390,771	-	129,470	1,725,581
2028	1,725,581	-	1,397,161	-	58,026	386,446
2029	386,446	-	1,403,569	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 12.28

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	12,068,109	-	1,298,940	-	1,101,899	11,871,068
2018	11,871,068	-	1,300,377	-	1,082,815	11,653,506
2019	11,653,506	-	1,323,674	-	1,060,696	11,390,528
2020	11,390,528	-	1,327,855	-	1,035,117	11,097,790
2021	11,097,790	-	1,347,555	-	1,005,917	10,756,152
2022	10,756,152	-	1,354,240	-	972,627	10,374,539
2023	10,374,539	-	1,378,930	-	934,610	9,930,219
2024	9,930,219	-	1,384,786	-	891,450	9,436,883
2025	9,436,883	-	1,389,707	-	843,606	8,890,782
2026	8,890,782	-	1,388,763	-	790,953	8,292,972
2027	8,292,972	-	1,390,771	-	733,167	7,635,368
2028	7,635,368	-	1,397,161	-	669,400	6,907,607
2029	6,907,607	-	1,403,569	-	598,862	6,102,900
2030	6,102,900	-	1,405,920	-	521,094	5,218,074
2031	5,218,074	-	1,403,212	-	435,839	4,250,701
2032	4,250,701	-	1,399,999	-	342,643	3,193,345
2033	3,193,345	-	1,391,862	-	241,000	2,042,483
2034	2,042,483	-	1,383,053	-	130,367	789,797
2035	789,797	-	1,371,160	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 18.58

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 \$)	\$622,601	\$858,797	\$392,764
Total Required Contribution (% of Payroll)	102.5%	141.4%	64.6%
Expected Member Contribution	18,228	18,228	18,228
Expected Sponsor Contribution (Fixed \$)	\$604,373	\$840,569	\$374,536
Expected Sponsor Contribution (% of Payroll)	99.5%	138.4%	61.6%

ASSETS

Actuarial Value ¹	12,288,062	12,288,062	12,288,062
Market Value ¹	12,068,109	12,068,109	12,068,109

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	1,596,124	2,080,701	1,269,765
Disability Benefits	21,676	27,175	17,818
Death Benefits	12,924	17,785	9,845
Vested Benefits	3,803	6,824	2,220
Refund of Contributions	10,296	10,941	9,717
Service Retirees	12,104,097	14,883,894	10,135,404
DROP Retirees ¹	461,681	561,225	394,494
Beneficiaries	1,632,499	2,107,043	1,320,984
Disability Retirees	4,626	4,821	4,449
Terminated Vested	1,268,133	1,584,711	1,047,952
Total:	17,115,859	21,285,120	14,212,648
Present Value of Future Salaries	2,817,006	3,071,756	2,605,153
Present Value of Future Member Contributions	84,510	92,153	78,155
Total Normal Cost	40,226	58,340	28,683
Present Value of Future Normal Costs (Entry Age Normal)	172,272	268,688	114,676
Total Actuarial Accrued Liability ¹	16,943,587	21,016,432	14,097,972
Unfunded Actuarial Accrued Liability (UAAL)	4,655,525	8,728,370	1,809,910

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
<u>PENSION COST</u>			
Normal Cost (with interest)	41,765	59,988	30,067
Administrative Expenses (with interest)	43,873	43,451	44,296
Payment Required To Amortize UAAL (with interest)	536,963	755,358	318,401
Total Required Contribution	\$622,601	\$858,797	\$392,764

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2017.