



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 21, 2016

VIA EMAIL

Mr. Bob Rogers
200-76th Avenue
St. Pete Beach, FL 33706

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

Dear Bob:

Please find enclosed the annual disclosures that satisfy the October 1, 2015 financial reporting requirements made under Section 112.664.

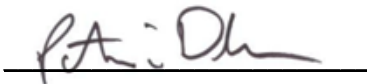
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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
POLICE OFFICERS' 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	
	7.00% RP-2000 Static 9/30/2015	7.00% RP-2000 Generational 9/30/2015	5.00% RP-2000 Generational 9/30/2015
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>			
<u>Total Pension Liability</u>			
Service Cost	15,380	16,206	24,319
Interest	1,101,556	1,158,590	1,057,479
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	255,813	257,301	307,425
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,098,393)	(1,098,393)	(1,098,393)
Net Change in Total Pension Liability	274,356	333,704	290,830
Total Pension Liability - Beginning	16,270,332	17,084,277	21,674,448
Total Pension Liability - Ending (a)	<u>\$ 16,544,688</u>	<u>\$ 17,417,981</u>	<u>\$ 21,965,278</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	444,748	444,748	444,748
Contributions - State	87,677	87,677	87,677
Contributions - Employee	274	274	274
Net Investment Income	(133,318)	(133,318)	(133,318)
Benefit Payments, Including Refunds of Employee Contributions	(1,098,393)	(1,098,393)	(1,098,393)
Administrative Expenses	(24,655)	(24,655)	(24,655)
Net Change in Plan Fiduciary Net Position	(723,667)	(723,667)	(723,667)
Plan Fiduciary Net Position - Beginning	11,856,983	11,856,983	11,856,983
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,133,316</u>	<u>\$ 11,133,316</u>	<u>\$ 11,133,316</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,411,372</u>	<u>\$ 6,284,665</u>	<u>\$ 10,831,962</u>

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

Pension Expense	<u>\$ 257,266</u>	<u>\$ 312,441</u>	<u>\$ 423,009</u>
-----------------	-------------------	-------------------	-------------------

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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	11,133,316	-	1,575,684	-	724,183	10,281,815
2016	10,281,815	-	1,199,429	-	677,747	9,760,133
2017	9,760,133	-	1,201,710	-	641,149	9,199,572
2018	9,199,572	-	1,202,634	-	601,878	8,598,816
2019	8,598,816	-	1,210,496	-	559,550	7,947,870
2020	7,947,870	-	1,218,036	-	513,720	7,243,554
2021	7,243,554	-	1,239,765	-	463,657	6,467,446
2022	6,467,446	-	1,242,305	-	409,241	5,634,382
2023	5,634,382	-	1,249,057	-	350,690	4,736,015
2024	4,736,015	-	1,275,669	-	286,873	3,747,219
2025	3,747,219	-	1,280,983	-	217,471	2,683,707
2026	2,683,707	-	1,286,170	-	142,844	1,540,381
2027	1,540,381	-	1,291,189	-	62,635	311,827
2028	311,827	-	1,294,660	-	-	-

*All DROP and Share Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 13.24

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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: 7.00% 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	11,133,316	-	1,576,546	-	724,153	10,280,923
2016	10,280,923	-	1,202,311	-	677,584	9,756,196
2017	9,756,196	-	1,206,627	-	640,702	9,190,271
2018	9,190,271	-	1,209,859	-	600,974	8,581,386
2019	8,581,386	-	1,220,059	-	557,995	7,919,322
2020	7,919,322	-	1,230,157	-	511,297	7,200,462
2021	7,200,462	-	1,256,155	-	460,067	6,404,374
2022	6,404,374	-	1,263,196	-	404,094	5,545,272
2023	5,545,272	-	1,274,039	-	343,578	4,614,811
2024	4,614,811	-	1,305,233	-	277,354	3,586,932
2025	3,586,932	-	1,315,959	-	205,027	2,476,000
2026	2,476,000	-	1,326,784	-	126,883	1,276,099
2027	1,276,099	-	1,337,864	-	-	-

*All DROP and Share Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 12.95

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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: 5.00% 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	11,133,316	-	1,576,546	-	517,252	10,074,022
2016	10,074,022	-	1,202,311	-	473,643	9,345,354
2017	9,345,354	-	1,206,627	-	437,102	8,575,829
2018	8,575,829	-	1,209,859	-	398,545	7,764,515
2019	7,764,515	-	1,220,059	-	357,724	6,902,180
2020	6,902,180	-	1,230,157	-	314,355	5,986,378
2021	5,986,378	-	1,256,155	-	267,915	4,998,138
2022	4,998,138	-	1,263,196	-	218,327	3,953,269
2023	3,953,269	-	1,274,039	-	165,812	2,845,042
2024	2,845,042	-	1,305,233	-	109,621	1,649,430
2025	1,649,430	-	1,315,959	-	49,573	383,044
2026	383,044	-	1,326,784	-	-	-

*All DROP and Share Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 11.29

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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	
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational
Total Required Contribution	\$564,940	\$636,973	\$849,645
Expected State Money	87,677	87,677	87,677
Expected Sponsor Contribution	\$477,263	\$549,296	\$761,968

ASSETS

Actuarial Value ¹	11,732,265	11,732,265	11,732,265
Market Value ¹	11,133,316	11,133,316	11,133,316

LIABILITIES

Present Value of Benefits

Active Members

Retirement Benefits	0	0	0
Disability Benefits	0	0	0
Death Benefits	0	0	0
Vested Benefits	0	0	0
Refund of Contributions	0	0	0

Service Retirees	14,433,072	15,185,868	19,251,113
DROP Retirees ¹	1,328,201	1,388,828	1,636,292
Beneficiaries	120,286	122,405	129,931
Disability Retirees	210,469	230,703	250,573
Terminated Vested	657,112	686,878	946,290
Share Plan	19,739	19,739	19,739
Total:	16,768,879	17,634,421	22,233,938

Present Value of Future Salaries	0	0	0
----------------------------------	---	---	---

Present Value of Future Member Contributions	0	0	0
---	---	---	---

Total Normal Cost	0	0	0
-------------------	---	---	---

Present Value of Future Normal Costs (Entry Age Normal)	0	0	0
--	---	---	---

Total Actuarial Accrued Liability ¹	16,768,879	17,634,421	22,233,938
--	------------	------------	------------

Unfunded Actuarial Accrued Liability (UAAL)	5,036,614	5,902,156	10,501,673
--	-----------	-----------	------------

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Static	7.00% RP-2000 Generational	5.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	0	0	0
Administrative Expenses (with interest)	27,244	27,244	26,504
Payment Required To Amortize UAAL (with interest)	537,696	609,729	823,141
Total Required Contribution	\$564,940	\$636,973	\$849,645

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