

CITY OF ST. PETE BEACH
FIREFIGHTERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE

June 8, 2020

VIA EMAIL

Ms. Mickenzie Wright, Records Specialist
Foster & Foster, Inc.
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

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

Dear Mickenzie:

Please find enclosed the annual disclosures that satisfy the October 1, 2019 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.

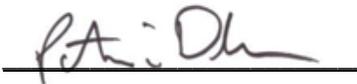
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

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.

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 #20-6595

Enclosures

cc via email: Kim Kilgore, Plan Administrator
cc via email: Stu Kaufman, Board Attorney
cc via email: Mary Jo Murphy, Deputy City Clark

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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL	
	7.55% RP-2000 Generational	5.55% RP-2000 Generational	9.55% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	481,584	779,985	308,348
Interest	1,659,502	1,600,107	1,664,651
Changes of Benefit Terms	(1,397)	(1,772)	(1,134)
Differences Between Expected and Actual Experience	(226,945)	(226,033)	(226,665)
Changes of Assumptions	135,391	206,098	93,065
Contributions - Buy Back	63,761	63,761	63,761
Benefit Payments, Including Refunds of Employee Contributions	(1,060,255)	(1,060,255)	(1,060,255)
Net Change in Total Pension Liability	1,051,641	1,361,891	841,771
Total Pension Liability - Beginning	21,885,496	28,325,245	17,563,029
Total Pension Liability - Ending (a)	<u>\$ 22,937,137</u>	<u>\$ 29,687,136</u>	<u>\$ 18,404,800</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	782,210	782,210	782,210
Contributions - State	183,517	183,517	183,517
Contributions - Employee	266,161	266,161	266,161
Contributions - Buy Back	63,761	63,761	63,761
Net Investment Income	742,409	742,409	742,409
Benefit Payments, Including Refunds of Employee Contributions	(1,060,255)	(1,060,255)	(1,060,255)
Administrative Expenses	(29,627)	(29,627)	(29,627)
Net Change in Plan Fiduciary Net Position	948,176	948,176	948,176
Plan Fiduciary Net Position - Beginning	13,984,600	13,984,600	13,984,600
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,932,776</u>	<u>\$ 14,932,776</u>	<u>\$ 14,932,776</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,004,361</u>	<u>\$ 14,754,360</u>	<u>\$ 3,472,024</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.55% 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
2019	14,922,526	-	1,234,370	-	1,080,053	14,768,209
2020	14,768,209	-	1,340,777	-	1,064,385	14,491,817
2021	14,491,817	-	1,400,777	-	1,041,253	14,132,293
2022	14,132,293	-	1,455,116	-	1,012,057	13,689,234
2023	13,689,234	-	1,475,208	-	977,848	13,191,874
2024	13,191,874	-	1,494,737	-	939,560	12,636,697
2025	12,636,697	-	1,539,434	-	895,957	11,993,220
2026	11,993,220	-	1,568,173	-	846,290	11,271,337
2027	11,271,337	-	1,677,926	-	787,644	10,381,055
2028	10,381,055	-	1,717,655	-	718,928	9,382,328
2029	9,382,328	-	1,732,551	-	642,962	8,292,739
2030	8,292,739	-	1,747,585	-	560,130	7,105,284
2031	7,105,284	-	1,773,186	-	469,511	5,801,609
2032	5,801,609	-	1,797,669	-	370,159	4,374,099
2033	4,374,099	-	1,821,436	-	261,485	2,814,148
2034	2,814,148	-	1,834,300	-	143,223	1,123,071
2035	1,123,071	-	1,861,227	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 16.60

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.55% 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: 5.55% 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
2019	14,922,526	-	1,234,370	-	793,946	14,482,102
2020	14,482,102	-	1,340,777	-	766,550	13,907,875
2021	13,907,875	-	1,400,777	-	733,016	13,240,114
2022	13,240,114	-	1,455,116	-	694,447	12,479,445
2023	12,479,445	-	1,475,208	-	651,672	11,655,909
2024	11,655,909	-	1,494,737	-	605,424	10,766,596
2025	10,766,596	-	1,539,434	-	554,827	9,781,989
2026	9,781,989	-	1,568,173	-	499,384	8,713,200
2027	8,713,200	-	1,677,926	-	437,020	7,472,294
2028	7,472,294	-	1,717,655	-	367,047	6,121,686
2029	6,121,686	-	1,732,551	-	291,675	4,680,810
2030	4,680,810	-	1,747,585	-	211,289	3,144,514
2031	3,144,514	-	1,773,186	-	125,315	1,496,643
2032	1,496,643	-	1,797,669	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 13.83

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.55% 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: 9.55% 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
2019	14,922,526	-	1,234,370	-	1,366,160	15,054,316
2020	15,054,316	-	1,340,777	-	1,373,665	15,087,204
2021	15,087,204	-	1,400,777	-	1,373,941	15,060,368
2022	15,060,368	-	1,455,116	-	1,368,783	14,974,035
2023	14,974,035	-	1,475,208	-	1,359,579	14,858,406
2024	14,858,406	-	1,494,737	-	1,347,604	14,711,273
2025	14,711,273	-	1,539,434	-	1,331,419	14,503,258
2026	14,503,258	-	1,568,173	-	1,310,181	14,245,266
2027	14,245,266	-	1,677,926	-	1,280,302	13,847,642
2028	13,847,642	-	1,717,655	-	1,240,432	13,370,419
2029	13,370,419	-	1,732,551	-	1,194,146	12,832,014
2030	12,832,014	-	1,747,585	-	1,142,010	12,226,439
2031	12,226,439	-	1,773,186	-	1,082,955	11,536,208
2032	11,536,208	-	1,797,669	-	1,015,869	10,754,408
2033	10,754,408	-	1,821,436	-	940,072	9,873,044
2034	9,873,044	-	1,834,300	-	855,288	8,894,032
2035	8,894,032	-	1,861,227	-	760,506	7,793,311
2036	7,793,311	-	1,869,869	-	654,975	6,578,417
2037	6,578,417	-	1,886,529	-	538,157	5,230,045
2038	5,230,045	-	1,901,757	-	408,660	3,736,948
2039	3,736,948	-	1,904,032	-	265,961	2,098,877
2040	2,098,877	-	1,907,232	-	109,372	301,017
2041	301,017	-	1,903,230	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 22.16

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.55% 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, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.55% RP-2000 Generational	5.55% RP-2000 Generational	5.55% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,288,031	\$1,880,105	\$742,345
Minimum Required Contribution (% of Payroll)	60.2%	88.0%	34.7%
Expected Member Contribution	288,465	288,465	288,465
Expected State Money	183,517	183,517	183,517
Expected Sponsor Contribution (Fixed \$)	\$816,049	\$1,408,123	\$270,363
Expected Sponsor Contribution (% of Payroll)	38.1%	65.9%	12.6%

ASSETS

Actuarial Value ¹	15,081,138	15,081,138	15,081,138
Market Value ¹	14,922,526	14,922,526	14,922,526

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	9,119,037	14,289,131	6,192,259
Disability Benefits	115,190	159,285	86,524
Death Benefits	64,963	87,203	49,690
Vested Benefits	380,436	628,225	241,255
Refund of Contributions	111,016	174,167	74,180
Service Retirees	15,017,910	18,983,069	12,314,454
DROP Retirees ¹	448,178	576,300	362,676
Beneficiaries	836,761	1,004,986	712,525
Disability Retirees	457,306	547,792	391,832
Terminated Vested	220,003	298,198	169,086
Share Plan Balances ¹	0	0	0
Excess State Monies Reserve	0	0	0
Total:	26,770,800	36,748,356	20,594,481
Present Value of Future Salaries	16,869,237	18,936,653	15,195,878
Present Value of Future Member Contributions	2,277,347	2,556,448	2,051,444
Total Normal Cost	454,654	743,336	288,512
Present Value of Future Normal Costs (Entry Age Normal)	3,549,793	6,584,668	2,013,058
Total Actuarial Accrued Liability ¹	23,221,007	30,163,688	18,581,423
Unfunded Actuarial Accrued Liability (UAAL)	8,139,869	15,082,550	3,500,285

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.55% RP-2000 Generational	5.55% RP-2000 Generational	5.55% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	471,817	763,964	296,518
Administrative Expenses (with interest)	33,096	32,777	32,777
Payment Required To Amortize UAAL (with interest)	783,118	1,083,364	413,050
Minimum Required Contribution	\$1,288,031	\$1,880,105	\$742,345

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2019.