

May 22, 2017

VIA EMAIL

Ms. Ferrell Jenne  
Lead Plan Administrator  
Foster & Foster, Inc.  
2503 Del Prado Blvd. S., Suite 502  
Cape Coral, FL 33904

Re: City of Edgewater General Employees' Retirement Plan  
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Ferrell:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 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.

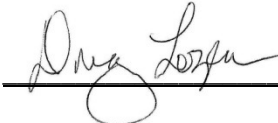
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should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

  
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Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778

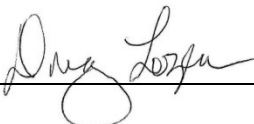
DHL/lke  
Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF EDGEWATER  
GENERAL EMPLOYEES' RETIREMENT PLAN

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:  Date: 5/22/2017

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #17-7778



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, 2016 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.

## GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	34,222	53,745	23,104
Interest	1,250,244	1,139,076	1,350,243
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(50,657)	(82,324)	(77,305)
Changes of Assumptions	1,777,486	2,260,051	1,064,068
Contributions - Buy Back	299,746	299,746	299,746
Benefit Payments, Including Refunds of Employee Contributions	(1,386,624)	(1,386,624)	(1,386,624)
Net Change in Total Pension Liability	1,924,417	2,283,670	1,273,232
Total Pension Liability - Beginning	17,329,016	21,350,031	14,883,290
Total Pension Liability - Ending (a)	<u>\$ 19,253,433</u>	<u>\$ 23,633,701</u>	<u>\$ 16,156,522</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	661,699	661,699	661,699
Contributions - Employee	5,851	5,851	5,851
Contributions - Buy Back	299,746	299,746	299,746
Net Investment Income	950,355	950,355	950,355
Benefit Payments, Including Refunds of Employee Contributions	(1,386,624)	(1,386,624)	(1,386,624)
Administrative Expenses	(40,442)	(40,442)	(40,442)
Net Change in Plan Fiduciary Net Position	490,585	490,585	490,585
Plan Fiduciary Net Position - Beginning	11,776,097	11,776,097	11,776,097
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,266,682</u>	<u>\$ 12,266,682</u>	<u>\$ 12,266,682</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,986,751</u>	<u>\$ 11,367,019</u>	<u>\$ 3,889,840</u>

## GASB 68: PENSION EXPENSE

FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Pension Expense	<u>\$ 695,886</u>	<u>\$ 746,358</u>	<u>\$ 419,284</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 6.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2016	12,266,682	-	1,460,138	-	778,721	11,585,265
2017	11,585,265	-	1,490,319	-	731,707	10,826,653
2018	10,826,653	-	1,521,619	-	679,444	9,984,478
2019	9,984,478	-	1,525,180	-	622,477	9,081,775
2020	9,081,775	-	1,523,703	-	561,595	8,119,667
2021	8,119,667	-	1,528,179	-	496,501	7,087,989
2022	7,087,989	-	1,515,595	-	427,288	5,999,682
2023	5,999,682	-	1,514,629	-	353,860	4,838,913
2024	4,838,913	-	1,501,169	-	275,962	3,613,706
2025	3,613,706	-	1,498,237	-	193,360	2,308,829
2026	2,308,829	-	1,492,123	-	105,487	922,193
2027	922,193	-	1,482,338	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.62

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
Hypothetical Assumptions: 4.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2016	12,266,682	-	1,460,138	-	547,989	11,354,533
2017	11,354,533	-	1,490,319	-	503,945	10,368,159
2018	10,368,159	-	1,521,619	-	456,349	9,302,889
2019	9,302,889	-	1,525,180	-	405,664	8,183,373
2020	8,183,373	-	1,523,703	-	352,522	7,012,192
2021	7,012,192	-	1,528,179	-	296,785	5,780,798
2022	5,780,798	-	1,515,595	-	238,593	4,503,796
2023	4,503,796	-	1,514,629	-	177,958	3,167,125
2024	3,167,125	-	1,501,169	-	114,786	1,780,742
2025	1,780,742	-	1,498,237	-	49,002	331,507
2026	331,507	-	1,492,123	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.22

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 8.75% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2016	12,266,682	-	1,460,138	-	1,009,454	11,815,998
2017	11,815,998	-	1,490,319	-	968,698	11,294,377
2018	11,294,377	-	1,521,619	-	921,687	10,694,445
2019	10,694,445	-	1,525,180	-	869,037	10,038,302
2020	10,038,302	-	1,523,703	-	811,689	9,326,288
2021	9,326,288	-	1,528,179	-	749,192	8,547,301
2022	8,547,301	-	1,515,595	-	681,582	7,713,288
2023	7,713,288	-	1,514,629	-	608,648	6,807,307
2024	6,807,307	-	1,501,169	-	529,963	5,836,101
2025	5,836,101	-	1,498,237	-	445,111	4,782,975
2026	4,782,975	-	1,492,123	-	353,230	3,644,082
2027	3,644,082	-	1,482,338	-	254,005	2,415,749
2028	2,415,749	-	1,461,301	-	147,446	1,101,894
2029	1,101,894	-	1,439,618	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.77

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.75% interest.

**It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.**

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$752,365	\$986,185	\$522,769
Total Required Contribution (% of Payroll)	251.3%	329.4%	174.6%
Expected Member Contribution	7,736	7,661	7,811
Expected Sponsor Contribution (Fixed \$)	\$744,629	\$978,524	\$514,958
Expected Sponsor Contribution (% of Payroll)	248.8%	326.9%	172.0%

**ASSETS**

Actuarial Value	12,585,056	12,585,056	12,585,056
Market Value	12,266,682	12,266,682	12,266,682

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	1,419,255	1,900,068	1,103,178
Disability Benefits	48,108	61,615	38,645
Death Benefits	7,630	10,160	5,955
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	16,192,550	19,855,953	13,594,282
Beneficiaries	655,577	804,732	550,061
Disability Retirees	46,575	54,049	40,823
Terminated Vested	1,280,270	1,652,621	1,027,182
Total:	19,649,965	24,339,198	16,360,126
Present Value of Future Salaries	1,100,859	1,169,410	1,040,808
Present Value of Future Member Contributions	27,521	29,235	26,020
Total Normal Cost	53,775	83,459	35,573
Present Value of Future Normal Costs (Entry Age Normal)	231,288	372,911	148,758
Total Actuarial Accrued Liability	19,418,677	23,966,287	16,211,368
Unfunded Actuarial Accrued Liability (UAAL)	6,833,621	11,381,231	3,626,312



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2018

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<b><u>PENSION COST</u></b>			
Normal Cost <sup>1</sup>	57,814	88,859	38,614
Administrative Expenses <sup>1</sup>	43,479	43,059	43,900
Payment Required To Amortize UAAL <sup>1</sup>	651,072	854,267	440,255
Total Required Contribution	\$752,365	\$986,185	\$522,769

<sup>1</sup> Contributions developed as of 10/1/2016 displayed above have been adjusted to account for assumed salary increase and interest components.