



May 29, 2018

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
Section 112.664, Florida Statutes Compliance

Dear Ferrell:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 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:

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

DHL/lke
Enclosures

cc via email: H. Lee Dehner, Board Attorney

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	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	53,793	83,475	35,593
Interest	1,254,173	1,092,039	1,353,207
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	176,321	348,312	59,562
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,453,783)	(1,453,783)	(1,453,783)
Net Change in Total Pension Liability	30,504	70,043	(5,421)
Total Pension Liability - Beginning	19,253,433	23,633,701	16,156,522
Total Pension Liability - Ending (a)	<u>\$ 19,283,937</u>	<u>\$ 23,703,744</u>	<u>\$ 16,151,101</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	667,440	667,440	667,440
Contributions - Employee	6,091	6,091	6,091
Net Investment Income	1,055,669	1,055,669	1,055,669
Benefit Payments, Including Refunds of Employee Contributions	(1,453,783)	(1,453,783)	(1,453,783)
Administrative Expenses	(44,217)	(44,217)	(44,217)
Net Change in Plan Fiduciary Net Position	231,200	231,200	231,200
Plan Fiduciary Net Position - Beginning	12,266,682	12,266,682	12,266,682
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,497,882</u>	<u>\$ 12,497,882</u>	<u>\$ 12,497,882</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,786,055</u>	<u>\$ 11,205,862</u>	<u>\$ 3,653,219</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
2017	12,497,701	-	1,512,888	-	792,535	11,777,348
2018	11,777,348	-	1,553,593	-	742,537	10,966,292
2019	10,966,292	-	1,549,794	-	687,919	10,104,417
2020	10,104,417	-	1,548,504	-	629,786	9,185,699
2021	9,185,699	-	1,547,675	-	567,801	8,205,825
2022	8,205,825	-	1,535,679	-	502,064	7,172,210
2023	7,172,210	-	1,531,675	-	432,430	6,072,965
2024	6,072,965	-	1,518,571	-	358,673	4,913,067
2025	4,913,067	-	1,518,773	-	280,373	3,674,667
2026	3,674,667	-	1,513,269	-	196,967	2,358,365
2027	2,358,365	-	1,506,433	-	108,348	960,280
2028	960,280	-	1,485,651	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.65

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
2017	12,497,701	-	1,512,888	-	557,710	11,542,523
2018	11,542,523	-	1,553,593	-	511,372	10,500,302
2019	10,500,302	-	1,549,794	-	461,957	9,412,465
2020	9,412,465	-	1,548,504	-	410,315	8,274,276
2021	8,274,276	-	1,547,675	-	356,271	7,082,872
2022	7,082,872	-	1,535,679	-	299,964	5,847,157
2023	5,847,157	-	1,531,675	-	241,363	4,556,845
2024	4,556,845	-	1,518,571	-	180,384	3,218,658
2025	3,218,658	-	1,518,773	-	116,815	1,816,700
2026	1,816,700	-	1,513,269	-	50,353	353,784
2027	353,784	-	1,506,433	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.23

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
2017	12,497,701	-	1,512,888	-	1,027,360	12,012,173
2018	12,012,173	-	1,553,593	-	983,095	11,441,675
2019	11,441,675	-	1,549,794	-	933,343	10,825,224
2020	10,825,224	-	1,548,504	-	879,460	10,156,180
2021	10,156,180	-	1,547,675	-	820,955	9,429,460
2022	9,429,460	-	1,535,679	-	757,892	8,651,673
2023	8,651,673	-	1,531,675	-	690,011	7,810,009
2024	7,810,009	-	1,518,571	-	616,938	6,908,376
2025	6,908,376	-	1,518,773	-	538,037	5,927,640
2026	5,927,640	-	1,513,269	-	452,463	4,866,834
2027	4,866,834	-	1,506,433	-	359,942	3,720,343
2028	3,720,343	-	1,485,651	-	260,533	2,495,225
2029	2,495,225	-	1,464,158	-	154,275	1,185,342
2030	1,185,342	-	1,437,701	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.82

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$785,421	\$1,001,437	\$567,474
Total Required Contribution (% of Payroll)	476.4%	607.5%	344.2%
Expected Member Contribution	4,260	4,219	4,301
Expected Sponsor Contribution (Fixed \$)	\$781,161	\$997,218	\$563,173
Expected Sponsor Contribution (% of Payroll)	473.9%	605.0%	341.7%

ASSETS

Actuarial Value	12,466,110	12,466,110	12,466,110
Market Value	12,497,701	12,497,701	12,497,701

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	1,092,857	1,473,728	845,388
Disability Benefits	36,163	47,147	28,536
Death Benefits	2,934	3,982	2,241
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	16,705,872	20,440,415	14,048,440
Beneficiaries	647,168	791,610	544,417
Disability Retirees	45,639	52,782	40,113
Terminated Vested	1,161,710	1,492,158	936,029
Total:	19,692,343	24,301,822	16,445,164
Present Value of Future Salaries	829,876	890,695	776,386
Present Value of Future Member Contributions	20,747	22,267	19,410
Total Normal Cost	29,707	46,608	19,404
Present Value of Future Normal Costs (Entry Age Normal)	175,702	288,021	111,098
Total Actuarial Accrued Liability	19,516,641	24,013,801	16,334,066
Unfunded Actuarial Accrued Liability (UAAL)	7,050,531	11,547,691	3,867,956

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ¹	31,938	49,624	21,063
Administrative Expenses ¹	47,538	47,078	47,998
Payment Required To Amortize UAAL ¹	705,945	904,735	498,413
Total Required Contribution	\$785,421	\$1,001,437	\$567,474

¹ Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.