

October 5, 2016

VIA EMAIL

Ms. Ferrell Jenne  
Lead Plan Administrator  
Foster & Foster, Inc.  
13420 Parker Commons Blvd., Suite 104  
Fort Myers, FL 33912

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, 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: 

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #14-7778

DHL/lke  
Enclosures

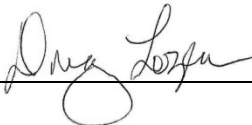
cc via email: H. Lee Dehner, Board Attorney

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: 10/5/2016

Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #14-7778



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, 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	
	7.50% RP-2000 Static 9/30/2015	7.50% RP-2000 Generational 9/30/2015	5.50% RP-2000 Generational 9/30/2015	9.50% RP-2000 Generational 9/30/2015
<b><u>GASB 67: Schedule of Changes in Net Pension Liability</u></b>				
<b><u>Total Pension Liability</u></b>				
Service Cost	60,573	61,683	95,393	40,746
Interest	1,238,859	1,259,067	1,134,540	1,332,342
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	259,399	238,232	274,858	213,655
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,374,722)	(1,374,722)	(1,374,722)	(1,374,722)
Net Change in Total Pension Liability	184,109	184,260	130,069	212,021
Total Pension Liability - Beginning	17,144,907	17,413,239	21,219,962	14,671,269
Total Pension Liability - Ending (a)	<u>\$ 17,329,016</u>	<u>\$ 17,597,499</u>	<u>\$ 21,350,031</u>	<u>\$ 14,883,290</u>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions - Employer	713,396	713,396	713,396	713,396
Contributions - Employee	8,535	8,535	8,535	8,535
Net Investment Income	(67,754)	(67,754)	(67,754)	(67,754)
Benefit Payments, Including Refunds of Employee Contributions	(1,374,722)	(1,374,722)	(1,374,722)	(1,374,722)
Administrative Expenses	(48,589)	(48,589)	(48,589)	(48,589)
Net Change in Plan Fiduciary Net Position	(769,134)	(769,134)	(769,134)	(769,134)
Plan Fiduciary Net Position - Beginning	12,545,231	12,545,231	12,545,231	12,545,231
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,776,097</u>	<u>\$ 11,776,097</u>	<u>\$ 11,776,097</u>	<u>\$ 11,776,097</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,552,919</u>	<u>\$ 5,821,402</u>	<u>\$ 9,573,934</u>	<u>\$ 3,107,193</u>

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

Pension Expense	<u>\$ 294,742</u>	<u>\$ 315,081</u>	<u>\$ 390,265</u>	<u>\$ 208,020</u>
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## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 6.75% 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	11,776,097	-	1,417,484	-	747,046	11,105,659
2016	11,105,659	-	1,434,625	-	701,213	10,372,247
2017	10,372,247	-	1,463,196	-	650,744	9,559,795
2018	9,559,795	-	1,503,060	-	594,558	8,651,293
2019	8,651,293	-	1,505,301	-	533,158	7,679,150
2020	7,679,150	-	1,503,064	-	467,614	6,643,700
2021	6,643,700	-	1,500,874	-	397,795	5,540,621
2022	5,540,621	-	1,493,170	-	323,597	4,371,048
2023	4,371,048	-	1,490,286	-	244,749	3,125,511
2024	3,125,511	-	1,474,408	-	161,211	1,812,314
2025	1,812,314	-	1,459,762	-	73,064	425,616
2026	425,616	-	1,449,313	-	-	-

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 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: 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
2015	11,776,097	-	1,417,484	-	747,046	11,105,659
2016	11,105,659	-	1,434,651	-	701,213	10,372,221
2017	10,372,221	-	1,463,319	-	650,738	9,559,640
2018	9,559,640	-	1,503,377	-	594,537	8,650,800
2019	8,650,800	-	1,505,923	-	533,104	7,677,981
2020	7,677,981	-	1,504,127	-	467,499	6,641,353
2021	6,641,353	-	1,502,615	-	397,578	5,536,316
2022	5,536,316	-	1,495,768	-	323,219	4,363,767
2023	4,363,767	-	1,493,982	-	244,132	3,113,917
2024	3,113,917	-	1,479,419	-	160,259	1,794,757
2025	1,794,757	-	1,466,373	-	71,656	400,040
2026	400,040	-	1,458,112	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.27

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 3  
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
2015	11,776,097	-	1,417,484	-	525,699	10,884,312
2016	10,884,312	-	1,434,651	-	482,932	9,932,593
2017	9,932,593	-	1,463,319	-	437,044	8,906,318
2018	8,906,318	-	1,503,377	-	387,345	7,790,286
2019	7,790,286	-	1,505,923	-	334,273	6,618,636
2020	6,618,636	-	1,504,127	-	278,662	5,393,171
2021	5,393,171	-	1,502,615	-	220,489	4,111,045
2022	4,111,045	-	1,495,768	-	159,750	2,775,027
2023	2,775,027	-	1,493,982	-	96,332	1,377,377
2024	1,377,377	-	1,479,419	-	-	-

Number of Years Expected Benefit Payments Sustained: 9.93

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 4  
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
2015	11,776,097	-	1,417,484	-	968,394	11,327,007
2016	11,327,007	-	1,434,651	-	928,347	10,820,703
2017	10,820,703	-	1,463,319	-	882,791	10,240,175
2018	10,240,175	-	1,503,377	-	830,243	9,567,041
2019	9,567,041	-	1,505,923	-	771,232	8,832,350
2020	8,832,350	-	1,504,127	-	707,025	8,035,248
2021	8,035,248	-	1,502,615	-	637,345	7,169,978
2022	7,169,978	-	1,495,768	-	561,933	6,236,143
2023	6,236,143	-	1,493,982	-	480,301	5,222,462
2024	5,222,462	-	1,479,419	-	392,241	4,135,284
2025	4,135,284	-	1,466,373	-	297,684	2,966,595
2026	2,966,595	-	1,458,112	-	195,785	1,704,268
2027	1,704,268	-	1,437,940	-	86,214	352,542
2028	352,542	-	1,414,541	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.25

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, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	6.75% RP-2000 Static	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$673,060	\$696,628	\$907,920	\$484,573
Total Required Contribution (% of Payroll)	309.5%	320.4%	417.5%	222.8%
Expected Member Contribution	5,620	5,620	5,565	5,674
Expected Sponsor Contribution (Fixed \$)	\$667,440	\$691,008	\$902,355	\$478,899
Expected Sponsor Contribution (% of Payroll)	306.9%	317.8%	415.0%	220.2%

**ASSETS**

Actuarial Value	12,237,079	12,237,079	12,237,079	12,237,079
Market Value	11,776,097	11,776,097	11,776,097	11,776,097

**LIABILITIES**

Present Value of Benefits				
Active Members				
Retirement Benefits	1,116,084	1,141,910	1,477,959	911,227
Disability Benefits	32,757	33,464	42,303	27,318
Death Benefits	2,788	2,762	3,571	2,216
Vested Benefits	0	0	0	0
Refund of Contributions	0	0	0	0
Service Retirees	15,388,582	15,611,326	19,032,431	13,157,706
Beneficiaries	637,208	644,518	786,340	543,135
Disability Retirees	59,314	60,036	72,548	50,914
Terminated Vested	1,377,289	1,408,831	1,829,065	1,122,701
Total:	18,614,022	18,902,847	23,244,217	15,815,217
Present Value of Future Salaries	512,233	512,242	520,972	503,953
Present Value of Future Member Contributions	12,806	12,806	13,024	12,599
Total Normal Cost	40,034	40,890	63,620	26,892
Present Value of Future Normal Costs (Entry Age Normal)	119,476	122,093	186,593	82,416
Total Actuarial Accrued Liability	18,494,546	18,780,754	23,057,624	15,732,801
Unfunded Actuarial Accrued Liability (UAAL)	6,257,467	6,543,675	10,820,545	3,495,722

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

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	6.75% RP-2000 Static	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>	43,041	43,961	67,736	29,191
Administrative Expenses <sup>1</sup>	52,238	52,238	51,733	52,743
Payment Required To Amortize UAAL <sup>1</sup>	<u>577,781</u>	<u>600,429</u>	<u>788,451</u>	<u>402,639</u>
Total Required Contribution	\$673,060	\$696,628	\$907,920	\$484,573

<sup>1</sup> Contributions developed as of 10/1/2015 displayed above have been adjusted to account for assumed salary increase and interest components.