



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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 Police 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:

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

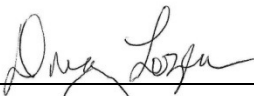
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Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF EDGEWATER
POLICE 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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	248,453	404,671	170,322
Interest	874,946	844,420	918,300
Share Plan Allocation	138,245	138,245	138,245
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	230,533	359,328	154,590
Changes of Assumptions	244,939	(75,055)	(83,554)
Benefit Payments, Including Refunds of Employee Contributions	(950,417)	(950,417)	(950,417)
Net Change in Total Pension Liability	786,699	721,192	347,486
Total Pension Liability - Beginning	11,892,699	15,423,626	9,971,205
Total Pension Liability - Ending (a)	<u>\$ 12,679,398</u>	<u>\$ 16,144,818</u>	<u>\$ 10,318,691</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	621,470	621,470	621,470
Contributions - State	138,245	138,245	138,245
Contributions - Employee	84,939	84,939	84,939
Net Investment Income	568,335	568,335	568,335
Benefit Payments, Including Refunds of Employee Contributions	(950,417)	(950,417)	(950,417)
Administrative Expenses	(67,029)	(67,029)	(67,029)
Net Change in Plan Fiduciary Net Position	395,543	395,543	395,543
Plan Fiduciary Net Position - Beginning	8,150,243	8,150,243	8,150,243
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,545,786</u>	<u>\$ 8,545,786</u>	<u>\$ 8,545,786</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,133,612</u>	<u>\$ 7,599,032</u>	<u>\$ 1,772,905</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.50%	5.50%	9.50%
Pension Expense	<u>\$ 448,098</u>	<u>\$ 623,661</u>	<u>\$ 329,626</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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	8,545,786	-	971,160	-	604,515	8,179,141
2017	8,179,141	-	843,013	-	581,823	7,917,951
2018	7,917,951	-	868,533	-	561,276	7,610,694
2019	7,610,694	-	865,766	-	538,336	7,283,264
2020	7,283,264	-	867,482	-	513,714	6,929,496
2021	6,929,496	-	880,544	-	486,692	6,535,644
2022	6,535,644	-	878,683	-	457,223	6,114,184
2023	6,114,184	-	882,938	-	425,454	5,656,700
2024	5,656,700	-	908,128	-	390,198	5,138,770
2025	5,138,770	-	934,956	-	350,347	4,554,161
2026	4,554,161	-	935,200	-	306,492	3,925,453
2027	3,925,453	-	939,244	-	259,187	3,245,396
2028	3,245,396	-	944,422	-	207,989	2,508,963
2029	2,508,963	-	949,483	-	152,567	1,712,047
2030	1,712,047	-	961,326	-	92,354	843,075
2031	843,075	-	969,478	-	-	-

*All Share Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 15.87

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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	8,545,786	-	971,160	-	443,311	8,017,937
2017	8,017,937	-	843,013	-	417,804	7,592,728
2018	7,592,728	-	868,533	-	393,715	7,117,910
2019	7,117,910	-	865,766	-	367,676	6,619,820
2020	6,619,820	-	867,482	-	340,234	6,092,572
2021	6,092,572	-	880,544	-	310,877	5,522,905
2022	5,522,905	-	878,683	-	279,596	4,923,818
2023	4,923,818	-	882,938	-	246,529	4,287,409
2024	4,287,409	-	908,128	-	210,834	3,590,115
2025	3,590,115	-	934,956	-	171,745	2,826,904
2026	2,826,904	-	935,200	-	129,762	2,021,466
2027	2,021,466	-	939,244	-	85,351	1,167,573
2028	1,167,573	-	944,422	-	38,245	261,396
2029	261,396	-	949,483	-	-	-

*All Share Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 13.28

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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: 9.50% 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	8,545,786	-	971,160	-	765,720	8,340,346
2017	8,340,346	-	843,013	-	752,290	8,249,623
2018	8,249,623	-	868,533	-	742,459	8,123,549
2019	8,123,549	-	865,766	-	730,613	7,988,396
2020	7,988,396	-	867,482	-	717,692	7,838,606
2021	7,838,606	-	880,544	-	702,842	7,660,904
2022	7,660,904	-	878,683	-	686,048	7,468,269
2023	7,468,269	-	882,938	-	667,546	7,252,877
2024	7,252,877	-	908,128	-	645,887	6,990,636
2025	6,990,636	-	934,956	-	619,700	6,675,380
2026	6,675,380	-	935,200	-	589,739	6,329,919
2027	6,329,919	-	939,244	-	556,728	5,947,403
2028	5,947,403	-	944,422	-	520,143	5,523,124
2029	5,523,124	-	949,483	-	479,596	5,053,237
2030	5,053,237	-	961,326	-	434,395	4,526,306
2031	4,526,306	-	969,478	-	383,949	3,940,777
2032	3,940,777	-	967,831	-	328,402	3,301,348
2033	3,301,348	-	961,266	-	267,968	2,608,050
2034	2,608,050	-	949,245	-	202,676	1,861,481
2035	1,861,481	-	937,848	-	132,293	1,055,926
2036	1,055,926	-	928,800	-	56,195	183,321
2037	183,321	-	913,618	-	-	-

*All Share Balances paid in 2016.

Number of Years Expected Benefit Payments Sustained: 21.20

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.50% 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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$842,995	\$864,251	\$450,127
Total Required Contribution (% of Payroll)	57.7%	59.1%	30.8%
Expected Member Contribution	87,767	87,767	87,767
Expected State Money	0	0	0
Expected Sponsor Contribution (Fixed \$)	\$755,228	\$776,484	\$362,360
Expected Sponsor Contribution (% of Payroll)	51.7%	53.1%	24.8%

ASSETS

Actuarial Value ¹	8,833,738	8,833,738	8,833,738
Market Value ¹	8,545,786	8,545,786	8,545,786

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	4,050,711	423,590	178,891
Disability Benefits	230,707	0	0
Death Benefits	42,376	329,551	168,259
Vested Benefits	219,787	21,337	(15,540)
Refund of Contributions	44,861	46,026	43,770
Accumulated Leave	141,775	14,826	6,261
Service Retirees	7,979,920	1,402,680	814,237
Beneficiaries	256,234	856,470	550,750
Disability Retirees	672,501	16,420,799	10,409,311
Terminated Vested	1,047,133	0	0
Share Plan ¹	138,245	138,245	138,245
Funding Standard Account (FSA)	164,086	164,086	164,086
Total:	14,988,336	19,817,610	12,458,270
Present Value of Future Salaries	11,271,131	19,547,141	11,391,998
Present Value of Future Member Contributions	676,268	1,172,828	683,520
Total Normal Cost	243,784	86,740	43,225
Present Value of Future Normal Costs (Entry Age Normal)	1,710,238	444,628	184,237
Total Actuarial Accrued Liability ¹	13,278,098	19,372,982	12,274,033
Unfunded Actuarial Accrued Liability (UAAL)	4,444,360	10,539,244	3,440,295

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

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	252,926	89,125	45,278
Administrative Expenses (with interest)	69,543	68,872	70,213
Payment Required To Amortize UAAL (with interest)	520,526	706,254	334,636
Total Required Contribution	\$842,995	\$864,251	\$450,127

¹ The asset values and liabilities include accumulated Share Pln Balances as of 9/30/2016.