



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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 Police 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

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: 5/29/2018

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, 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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	241,471	384,310	158,636
Interest	939,389	887,340	957,756
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	147,327	147,327	147,327
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	148,378	192,022	125,530
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(791,362)	(791,362)	(791,362)
Net Change in Total Pension Liability	685,203	819,637	597,887
Total Pension Liability - Beginning	12,679,398	16,144,818	10,318,691
Total Pension Liability - Ending (a)	<u>\$ 13,364,601</u>	<u>\$ 16,964,455</u>	<u>\$ 10,916,578</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	578,155	578,155	578,155
Contributions - State	147,327	147,327	147,327
Contributions - Employee	96,436	96,436	96,436
Net Investment Income	950,106	950,106	950,106
Benefit Payments, Including Refunds of Employee Contributions	(791,362)	(791,362)	(791,362)
Administrative Expenses	(58,416)	(58,416)	(58,416)
Net Change in Plan Fiduciary Net Position	922,246	922,246	922,246
Plan Fiduciary Net Position - Beginning	8,545,786	8,545,786	8,545,786
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,468,032</u>	<u>\$ 9,468,032</u>	<u>\$ 9,468,032</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,896,569</u>	<u>\$ 7,496,423</u>	<u>\$ 1,448,546</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
2017	9,463,990	-	1,193,846	-	665,030	8,935,174
2018	8,935,174	-	926,940	-	635,378	8,643,612
2019	8,643,612	-	924,611	-	613,598	8,332,599
2020	8,332,599	-	927,299	-	590,171	7,995,471
2021	7,995,471	-	939,954	-	564,412	7,619,929
2022	7,619,929	-	938,509	-	536,301	7,217,721
2023	7,217,721	-	935,352	-	506,253	6,788,622
2024	6,788,622	-	962,788	-	473,042	6,298,876
2025	6,298,876	-	971,492	-	435,985	5,763,369
2026	5,763,369	-	977,582	-	395,593	5,181,380
2027	5,181,380	-	976,874	-	351,971	4,556,477
2028	4,556,477	-	984,961	-	304,800	3,876,316
2029	3,876,316	-	993,559	-	253,465	3,136,222
2030	3,136,222	-	1,009,328	-	197,367	2,324,261
2031	2,324,261	-	1,022,029	-	135,993	1,438,225
2032	1,438,225	-	1,024,529	-	69,447	483,143
2033	483,143	-	1,018,934	-	-	-

*All Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 16.47

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
2017	9,463,990	-	1,193,846	-	487,689	8,757,833
2018	8,757,833	-	926,940	-	456,190	8,287,083
2019	8,287,083	-	924,611	-	430,363	7,792,835
2020	7,792,835	-	927,299	-	403,105	7,268,641
2021	7,268,641	-	939,954	-	373,927	6,702,614
2022	6,702,614	-	938,509	-	342,835	6,106,940
2023	6,106,940	-	935,352	-	310,160	5,481,748
2024	5,481,748	-	962,788	-	275,019	4,793,979
2025	4,793,979	-	971,492	-	236,953	4,059,440
2026	4,059,440	-	977,582	-	196,386	3,278,244
2027	3,278,244	-	976,874	-	153,439	2,454,809
2028	2,454,809	-	984,961	-	107,928	1,577,776
2029	1,577,776	-	993,559	-	59,455	643,672
2030	643,672	-	1,009,328	-	-	-

*All Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 13.64

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
2017	9,463,990	-	1,193,846	-	842,371	9,112,515
2018	9,112,515	-	926,940	-	821,659	9,007,234
2019	9,007,234	-	924,611	-	811,768	8,894,391
2020	8,894,391	-	927,299	-	800,920	8,768,012
2021	8,768,012	-	939,954	-	788,313	8,616,371
2022	8,616,371	-	938,509	-	773,976	8,451,838
2023	8,451,838	-	935,352	-	758,495	8,274,981
2024	8,274,981	-	962,788	-	740,391	8,052,584
2025	8,052,584	-	971,492	-	718,850	7,799,942
2026	7,799,942	-	977,582	-	694,559	7,516,919
2027	7,516,919	-	976,874	-	667,706	7,207,751
2028	7,207,751	-	984,961	-	637,951	6,860,741
2029	6,860,741	-	993,559	-	604,576	6,471,758
2030	6,471,758	-	1,009,328	-	566,874	6,029,304
2031	6,029,304	-	1,022,029	-	524,238	5,531,513
2032	5,531,513	-	1,024,529	-	476,829	4,983,813
2033	4,983,813	-	1,018,934	-	425,063	4,389,942
2034	4,389,942	-	1,007,899	-	369,169	3,751,212
2035	3,751,212	-	999,366	-	308,895	3,060,741
2036	3,060,741	-	991,020	-	243,697	2,313,418
2037	2,313,418	-	976,716	-	173,381	1,510,083
2038	1,510,083	-	962,731	-	97,728	645,080
2039	645,080	-	943,701	-	-	-

*All Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 22.68

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, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$911,227	\$1,273,741	\$623,002
Total Required Contribution (% of Payroll)	57.7%	80.7%	39.4%
Expected Member Contribution	94,701	94,701	94,701
Expected State Money	0	0	0
Expected Sponsor Contribution (Fixed \$)	\$816,526	\$1,179,040	\$528,301
Expected Sponsor Contribution (% of Payroll)	51.7%	74.7%	33.4%
ASSETS			
Actuarial Value ¹	9,405,638	9,405,638	9,405,638
Market Value ¹	9,463,990	9,463,990	9,463,990
LIABILITIES			
Present Value of Benefits			
Active Members			
Retirement Benefits	4,816,715	7,460,838	3,287,368
Disability Benefits	266,603	378,754	195,253
Death Benefits	24,166	38,157	16,165
Vested Benefits	244,051	414,670	151,709
Refund of Contributions	41,753	42,711	40,849
Accumulated Leave	168,585	261,129	115,058
Service Retirees	7,903,503	9,681,074	6,652,580
Beneficiaries	254,488	316,031	211,885
Disability Retirees	1,214,655	1,531,682	1,001,754
Terminated Vested	884,928	1,155,321	704,560
Share Plan Balances ¹	299,469	299,469	299,469
Total:	16,118,916	21,579,836	12,676,650
Present Value of Future Salaries	12,239,035	13,790,110	10,988,563
Present Value of Future Member Contributions	734,342	827,407	659,314
Total Normal Cost	262,461	423,364	169,442
Present Value of Future Normal Costs (Entry Age Normal)	2,038,944	3,674,743	1,189,410
Total Actuarial Accrued Liability ¹	14,079,972	17,905,093	11,487,240
Unfunded Actuarial Accrued Liability (UAAL)	4,674,334	8,499,455	2,081,602

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

Valuation Date: 10/1/2017

	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)	272,303	435,007	177,490
Administrative Expenses (with interest)	60,607	60,022	61,191
Payment Required To Amortize UAAL (with interest)	578,317	778,712	384,321
Total Required Contribution	\$911,227	\$1,273,741	\$623,002

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2017.