

June 10, 2015

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 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, 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.

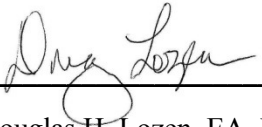
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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
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: 6/10/2016

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
<u>GASB 67: Schedule of Changes in Net Pension Liability</u>				
<u>Total Pension Liability</u>				
Service Cost	209,572	216,627	338,366	144,647
Interest	855,433	876,389	822,099	898,736
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(19,907)	(22,593)	2,882	(39,309)
Changes of Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(697,208)	(697,208)	(697,208)	(697,208)
Net Change in Total Pension Liability	347,890	373,215	466,139	306,866
Total Pension Liability - Beginning	11,544,809	11,817,167	14,957,487	9,664,339
Total Pension Liability - Ending (a)	<u>\$ 11,892,699</u>	<u>\$ 12,190,382</u>	<u>\$ 15,423,626</u>	<u>\$ 9,971,205</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	618,054	618,054	618,054	618,054
Contributions - State	127,668	127,668	127,668	127,668
Contributions - Employee	79,610	79,610	79,610	79,610
Net Investment Income	(15,324)	(15,324)	(15,324)	(15,324)
Benefit Payments, Including Refunds of Employee Contributions	(697,208)	(697,208)	(697,208)	(697,208)
Administrative Expenses	(49,324)	(49,324)	(49,324)	(49,324)
Net Change in Plan Fiduciary Net Position	63,476	63,476	63,476	63,476
Plan Fiduciary Net Position - Beginning	8,086,767	8,086,767	8,086,767	8,086,767
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,150,243</u>	<u>\$ 8,150,243</u>	<u>\$ 8,150,243</u>	<u>\$ 8,150,243</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,742,456</u>	<u>\$ 4,040,139</u>	<u>\$ 7,273,383</u>	<u>\$ 1,820,962</u>

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

Pension Expense	<u>\$ 377,256</u>	<u>\$ 403,017</u>	<u>\$ 555,247</u>	<u>\$ 268,067</u>
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PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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	8,150,243	-	957,073	-	575,378	7,768,548
2016	7,768,548	-	799,594	-	552,656	7,521,610
2017	7,521,610	-	811,543	-	533,688	7,243,755
2018	7,243,755	-	836,455	-	511,915	6,919,215
2019	6,919,215	-	835,251	-	487,619	6,571,583
2020	6,571,583	-	842,890	-	461,260	6,189,953
2021	6,189,953	-	844,581	-	432,575	5,777,947
2022	5,777,947	-	843,691	-	401,708	5,335,964
2023	5,335,964	-	844,385	-	368,533	4,860,112
2024	4,860,112	-	868,215	-	331,950	4,323,847
2025	4,323,847	-	876,877	-	291,406	3,738,376
2026	3,738,376	-	879,138	-	247,411	3,106,649
2027	3,106,649	-	891,200	-	199,579	2,415,028
2028	2,415,028	-	899,596	-	147,392	1,662,824
2029	1,662,824	-	901,003	-	90,924	852,745
2030	852,745	-	907,412	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.94

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: 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
2015	8,150,243	-	957,224	-	575,372	7,768,391
2016	7,768,391	-	800,159	-	552,623	7,520,855
2017	7,520,855	-	812,606	-	533,591	7,241,840
2018	7,241,840	-	838,119	-	511,709	6,915,430
2019	6,915,430	-	837,592	-	487,248	6,565,086
2020	6,565,086	-	846,026	-	460,655	6,179,715
2021	6,179,715	-	848,619	-	431,655	5,762,751
2022	5,762,751	-	848,737	-	400,379	5,314,393
2023	5,314,393	-	850,550	-	366,684	4,830,527
2024	4,830,527	-	875,873	-	329,444	4,284,098
2025	4,284,098	-	886,051	-	288,080	3,686,127
2026	3,686,127	-	890,403	-	243,069	3,038,793
2027	3,038,793	-	904,600	-	193,987	2,328,180
2028	2,328,180	-	915,345	-	140,288	1,553,123
2029	1,553,123	-	919,065	-	82,019	716,077
2030	716,077	-	928,086	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 15.77

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 3
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
2015	8,150,243	-	957,224	-	421,940	7,614,959
2016	7,614,959	-	800,159	-	396,818	7,211,618
2017	7,211,618	-	812,606	-	374,292	6,773,304
2018	6,773,304	-	838,119	-	349,483	6,284,668
2019	6,284,668	-	837,592	-	322,623	5,769,699
2020	5,769,699	-	846,026	-	294,068	5,217,741
2021	5,217,741	-	848,619	-	263,639	4,632,761
2022	4,632,761	-	848,737	-	231,462	4,015,486
2023	4,015,486	-	850,550	-	197,462	3,362,398
2024	3,362,398	-	875,873	-	160,845	2,647,370
2025	2,647,370	-	886,051	-	121,239	1,882,558
2026	1,882,558	-	890,403	-	79,055	1,071,210
2027	1,071,210	-	904,600	-	34,040	200,650
2028	200,650	-	915,345	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 13.22

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 4
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
2015	8,150,243	-	957,224	-	728,805	7,921,824
2016	7,921,824	-	800,159	-	714,566	7,836,231
2017	7,836,231	-	812,606	-	705,843	7,729,468
2018	7,729,468	-	838,119	-	694,489	7,585,838
2019	7,585,838	-	837,592	-	680,869	7,429,115
2020	7,429,115	-	846,026	-	665,580	7,248,669
2021	7,248,669	-	848,619	-	648,314	7,048,364
2022	7,048,364	-	848,737	-	629,280	6,828,907
2023	6,828,907	-	850,550	-	608,345	6,586,702
2024	6,586,702	-	875,873	-	584,133	6,294,962
2025	6,294,962	-	886,051	-	555,934	5,964,845
2026	5,964,845	-	890,403	-	524,366	5,598,808
2027	5,598,808	-	904,600	-	488,918	5,183,126
2028	5,183,126	-	915,345	-	448,918	4,716,699
2029	4,716,699	-	919,065	-	404,431	4,202,065
2030	4,202,065	-	928,086	-	355,112	3,629,091
2031	3,629,091	-	934,085	-	300,395	2,995,401
2032	2,995,401	-	928,545	-	240,457	2,307,313
2033	2,307,313	-	922,655	-	175,369	1,560,027
2034	1,560,027	-	909,292	-	105,011	755,746
2035	755,746	-	895,771	-	-	-

*All DROP Balances paid in 2015.

Number of Years Expected Benefit Payments Sustained: 20.84

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, 2017

Valuation Date: 10/1/2015

	ACTUAL		HYPOTHETICAL	
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$789,100	\$823,130	\$1,151,094	\$564,164
Total Required Contribution (% of Payroll)	54.2%	56.5%	79.1%	38.8%
Expected Member Contribution	87,311	87,311	87,311	87,311
Expected State Money	127,668	127,668	127,668	127,668
Expected Sponsor Contribution (Fixed \$)	\$574,121	\$608,151	\$936,115	\$349,185
Expected Sponsor Contribution (% of Payroll)	39.4%	41.7%	64.3%	24.0%

ASSETS

Actuarial Value ¹	8,445,627	8,445,627	8,445,627	8,445,627
Market Value ¹	8,150,243	8,150,243	8,150,243	8,150,243

LIABILITIES

Present Value of Benefits				
Active Members				
Retirement Benefits	4,112,724	4,264,664	6,678,841	2,865,686
Disability Benefits	298,646	307,077	450,353	219,976
Death Benefits	21,577	15,941	24,081	11,115
Vested Benefits	218,506	227,309	379,978	143,583
Refund of Contributions	40,246	40,249	41,281	39,284
Accumulated Leave	143,945	149,263	233,759	100,299
Service Retirees	7,311,236	7,484,772	9,148,312	6,307,073
DROP Retirees ¹	725,469	732,113	870,941	638,030
Beneficiaries	251,580	254,988	315,837	212,627
Disability Retirees	366,373	370,940	467,165	305,513
Terminated Vested	709,204	729,875	973,589	569,599
Excess State Monies Reserve	0	0	0	0
Funding Standard Account (FSA)	272,870	272,870	272,870	272,870
Total:	14,199,506	14,577,191	19,584,137	11,412,785

Present Value of Future Salaries	11,435,843	11,445,450	12,868,007	10,296,760
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Present Value of Future Member Contributions	686,151	686,727	772,080	617,806
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Total Normal Cost	248,703	257,332	410,703	167,849
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Present Value of Future Normal Costs (Entry Age Normal)	1,775,642	1,841,131	3,325,986	1,068,258
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Total Actuarial Accrued Liability ¹	12,696,734	13,008,930	16,531,021	10,617,397
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Unfunded Actuarial Accrued Liability (UAAL)	4,251,107	4,563,303	8,085,394	2,171,770
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2017

Valuation Date: 10/1/2015

	ACTUAL	HYPOTHETICAL		
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>				
Normal Cost (with interest)	258,029	266,982	421,997	175,822
Administrative Expenses (with interest)	51,174	51,174	50,680	51,667
Payment Required To Amortize UAAL (with interest)	479,897	504,974	678,417	336,675
Total Required Contribution	\$789,100	\$823,130	\$1,151,094	\$564,164

¹ The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2015.