

June 26, 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, 2014 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services by the June 28, 2015 deadline. 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:

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

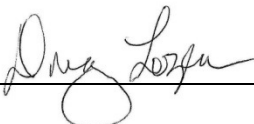
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Enclosures

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: 6/26/2015

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, 2014 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 AND RELATED RATIOS

	ACTUAL	HYPOTHETICAL		
	7.50% RP-2000 Static 9/30/2014	7.50% RP-2000 Generational 9/30/2014	5.50% RP-2000 Generational 9/30/2014	9.50% RP-2000 Generational 9/30/2014
<u>Total Pension Liability</u>				
Service Cost	206,976	213,736	332,606	143,316
Interest	859,397	878,398	820,084	905,541
Change in Excess State Money	-	-	-	-
Change in Funding Standard Account	(106,697)	(106,697)	(106,697)	(106,697)
Share Plan Allocation	-	-	-	-
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-
Changes of Assumptions	-	-	-	-
Contributions - Buy Back	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(773,904)	(773,904)	(773,904)	(773,904)
Net Change in Total Pension Liability	185,772	211,533	272,089	168,256
Total Pension Liability - Beginning	11,638,599	11,885,196	14,964,960	9,775,645
Total Pension Liability - Ending (a)	<u>11,824,371</u>	<u>\$ 12,096,729</u>	<u>\$ 15,237,049</u>	<u>\$ 9,943,901</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	534,795	534,795	534,795	534,795
Contributions - State	125,387	125,387	125,387	125,387
Contributions - Employee	76,054	76,054	76,054	76,054
Contributions - Buy Back	-	-	-	-
Net Investment Income	759,444	759,444	759,444	759,444
Benefit Payments, Including Refunds of Employee Contributions	(773,904)	(773,904)	(773,904)	(773,904)
Administrative Expense	(36,404)	(36,404)	(36,404)	(36,404)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	685,372	685,372	685,372	685,372
Plan Fiduciary Net Position - Beginning	7,401,395	7,401,395	7,401,395	7,401,395
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,086,767</u>	<u>\$ 8,086,767</u>	<u>\$ 8,086,767</u>	<u>\$ 8,086,767</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,737,604</u>	<u>\$ 4,009,962</u>	<u>\$ 7,150,282</u>	<u>\$ 1,857,134</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: 7.50% and RP-2000 Static Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,086,767	-	940,348	-	571,244	7,717,663
2015	7,717,663	-	769,512	-	549,968	7,498,119
2016	7,498,119	-	772,017	-	533,408	7,259,510
2017	7,259,510	-	776,354	-	515,350	6,998,506
2018	6,998,506	-	807,038	-	494,624	6,686,092
2019	6,686,092	-	817,399	-	470,804	6,339,497
2020	6,339,497	-	828,177	-	444,406	5,955,726
2021	5,955,726	-	831,172	-	415,511	5,540,065
2022	5,540,065	-	830,803	-	384,350	5,093,612
2023	5,093,612	-	829,591	-	350,911	4,614,932
2024	4,614,932	-	850,550	-	314,224	4,078,606
2025	4,078,606	-	855,790	-	273,803	3,496,619
2026	3,496,619	-	857,190	-	230,102	2,869,531
2027	2,869,531	-	867,692	-	182,676	2,184,515
2028	2,184,515	-	870,944	-	131,178	1,444,749
2029	1,444,749	-	868,414	-	75,791	652,126
2030	652,126	-	869,880	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 16.75

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.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2  
Hypothetical Assumptions: 7.50% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,086,767	-	940,479	-	571,240	7,717,528
2015	7,717,528	-	769,970	-	549,941	7,497,499
2016	7,497,499	-	772,876	-	533,330	7,257,953
2017	7,257,953	-	777,677	-	515,184	6,995,460
2018	6,995,460	-	808,950	-	494,324	6,680,834
2019	6,680,834	-	819,989	-	470,313	6,331,158
2020	6,331,158	-	831,556	-	443,654	5,943,256
2021	5,943,256	-	835,445	-	414,415	5,522,226
2022	5,522,226	-	836,074	-	382,814	5,068,966
2023	5,068,966	-	835,964	-	348,824	4,581,826
2024	4,581,826	-	858,676	-	311,437	4,034,587
2025	4,034,587	-	865,397	-	270,142	3,439,332
2026	3,439,332	-	868,509	-	225,381	2,796,204
2027	2,796,204	-	880,960	-	176,679	2,091,923
2028	2,091,923	-	886,519	-	123,650	1,329,054
2029	1,329,054	-	886,349	-	66,441	509,146
2030	509,146	-	890,395	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 16.57

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.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3  
Hypothetical Assumptions: 5.50% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,086,767	-	940,479	-	418,909	7,565,197
2015	7,565,197	-	769,970	-	394,912	7,190,139
2016	7,190,139	-	772,876	-	374,204	6,791,467
2017	6,791,467	-	777,677	-	352,145	6,365,935
2018	6,365,935	-	808,950	-	327,880	5,884,865
2019	5,884,865	-	819,989	-	301,118	5,365,994
2020	5,365,994	-	831,556	-	272,262	4,806,700
2021	4,806,700	-	835,445	-	241,394	4,212,649
2022	4,212,649	-	836,074	-	208,704	3,585,279
2023	3,585,279	-	835,964	-	174,201	2,923,516
2024	2,923,516	-	858,676	-	137,180	2,202,020
2025	2,202,020	-	865,397	-	97,313	1,433,936
2026	1,433,936	-	868,509	-	54,982	620,409
2027	620,409	-	880,960	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 13.70

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.**

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 4  
Hypothetical Assumptions: 9.50% and RP-2000 Generational Mortality

Year	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2014	8,086,767	-	940,479	-	723,570	7,869,858
2015	7,869,858	-	769,970	-	711,063	7,810,951
2016	7,810,951	-	772,876	-	705,329	7,743,404
2017	7,743,404	-	777,677	-	698,684	7,664,411
2018	7,664,411	-	808,950	-	689,694	7,545,155
2019	7,545,155	-	819,989	-	677,840	7,403,006
2020	7,403,006	-	831,556	-	663,787	7,235,237
2021	7,235,237	-	835,445	-	647,664	7,047,456
2022	7,047,456	-	836,074	-	629,795	6,841,177
2023	6,841,177	-	835,964	-	610,204	6,615,417
2024	6,615,417	-	858,676	-	587,678	6,344,419
2025	6,344,419	-	865,397	-	561,613	6,040,635
2026	6,040,635	-	868,509	-	532,606	5,704,732
2027	5,704,732	-	880,960	-	500,104	5,323,876
2028	5,323,876	-	886,519	-	463,659	4,901,016
2029	4,901,016	-	886,349	-	423,495	4,438,162
2030	4,438,162	-	890,395	-	379,332	3,927,099
2031	3,927,099	-	893,182	-	330,648	3,364,565
2032	3,364,565	-	885,107	-	277,591	2,757,049
2033	2,757,049	-	879,456	-	220,145	2,097,738
2034	2,097,738	-	865,507	-	158,174	1,390,405
2035	1,390,405	-	851,106	-	91,661	630,960
2036	630,960	-	838,974	-	-	-

\*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 22.75

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.**



ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	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	\$712,128	\$742,226	\$1,030,760	\$511,430
Expected Member Contribution	72,739	72,739	72,739	72,739
Expected State Money	125,387	125,387	125,387	125,387
Expected Sponsor Contribution (Fixed \$)	\$514,002	\$544,100	\$832,634	\$313,304
Expected Sponsor Contribution (% of Payroll)	42.4%	44.9%	68.7%	25.8%

**ASSETS**

Actuarial Value <sup>1</sup>	7,609,364	7,609,364	7,609,364	7,609,364
Market Value <sup>1</sup>	8,086,767	8,086,767	8,086,767	8,086,767

**LIABILITIES**

Present Value of Benefits				
Active Members				
Retirement Benefits	3,647,150	3,777,410	5,815,020	2,580,812
Disability Benefits	258,661	265,816	387,647	191,341
Death Benefits	19,216	14,453	21,763	10,102
Vested Benefits	174,727	181,407	298,460	116,180
Refund of Contributions	32,210	32,204	32,903	31,548
Accumulated Leave	127,650	132,209	203,526	90,328
Service Retirees	7,663,923	7,831,080	9,607,300	6,580,825
DROP Retirees <sup>1</sup>	688,856	695,058	836,275	599,842
Beneficiaries	0	0	0	0
Terminated Vested	282,016	291,010	421,027	210,194
Disability Retirees	368,401	372,667	470,610	306,413
Excess State Monies Reserve	0	0	0	0
Funding Standard Account (FSA)	275,560	275,560	275,560	275,560
Total:	13,538,370	13,868,874	18,370,091	10,993,145
Present Value of Future Salaries	9,345,545	9,353,228	10,484,358	8,434,860
Present Value of Future Member Contributions	560,733	561,194	629,061	506,092
Total Normal Cost (Entry Age Normal)	211,718	219,002	346,858	143,645
Present Value of Future Normal Costs (Entry Age Normal)	1,499,584	1,554,263	2,783,327	908,071
Total Actuarial Accrued Liability <sup>1</sup>	12,038,786	12,314,611	15,586,764	10,085,074
Unfunded Actuarial Accrued Liability (Entry Age Normal)	4,429,422	4,705,247	7,977,400	2,475,710

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2016

Valuation Date: 10/1/2014

	ACTUAL	HYPOTHETICAL		
	7.50% RP-2000 Static	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<b><u>PENSION COST</u></b>				
Normal Cost (with interest)	219,657	227,215	356,397	150,468
Administrative Expenses (with interest)	37,769	37,769	37,405	38,133
Payment Required To Amortize UAAL (with interest)	454,702	477,242	636,958	322,829
Total Required Contribution	\$712,128	\$742,226	\$1,030,760	\$511,430

<sup>1</sup> The asset values and liabilities for DROP Members include accumulated DROP Balances as of 9/30/2014.