

July 30, 2015

VIA EMAIL

Ms. Lisa Byers
City of Palmetto General Employees' Retirement System
P.O. Box 1209
Palmetto, FL 34220

Re: City of Palmetto General Employees' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Lisa:

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 July 31, 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:



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

DHL/lke
Enclosures

cc via email: Scott R. Christiansen, Board Attorney

CITY OF PALMETTO
GENERAL EMPLOYEES' RETIREMENT SYSTEM

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: 7/30/2015

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
<u>Total Pension Liability</u>			
Service Cost	388,341	399,334	597,035
Interest	1,098,660	1,120,202	1,028,769
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
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	(1,213,674)	(1,213,674)	(1,213,674)
Net Change in Total Pension Liability	273,327	305,862	412,130
Total Pension Liability - Beginning	14,867,301	15,143,526	18,714,700
Total Pension Liability - Ending (a)	<u>15,140,628</u>	<u>\$ 15,449,388</u>	<u>\$ 19,126,830</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	837,688	837,688	837,688
Contributions - State	-	-	-
Contributions - Employee	133,816	133,816	133,816
Contributions - Buy Back	-	-	-
Net Investment Income	923,158	923,158	923,158
Benefit Payments, Including Refunds of Employee Contributions	(1,213,674)	(1,213,674)	(1,213,674)
Administrative Expense	(20,097)	(20,097)	(20,097)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	660,891	660,891	660,891
Plan Fiduciary Net Position - Beginning	10,639,447	10,639,447	10,639,447
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,300,338</u>	<u>\$ 11,300,338</u>	<u>\$ 11,300,338</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,840,290</u>	<u>\$ 4,149,050</u>	<u>\$ 7,826,492</u>

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
2014	11,300,338	-	1,279,969	-	799,527	10,819,896
2015	10,819,896	-	1,017,883	-	773,322	10,575,335
2016	10,575,335	-	1,021,336	-	754,850	10,308,849
2017	10,308,849	-	1,025,489	-	734,708	10,018,068
2018	10,018,068	-	1,039,295	-	712,382	9,691,155
2019	9,691,155	-	1,042,529	-	687,742	9,336,368
2020	9,336,368	-	1,047,306	-	660,954	8,950,016
2021	8,950,016	-	1,063,899	-	631,355	8,517,472
2022	8,517,472	-	1,063,068	-	598,945	8,053,349
2023	8,053,349	-	1,066,135	-	564,021	7,551,235
2024	7,551,235	-	1,057,392	-	526,690	7,020,533
2025	7,020,533	-	1,052,219	-	487,082	6,455,396
2026	6,455,396	-	1,039,829	-	445,161	5,860,728
2027	5,860,728	-	1,026,429	-	401,064	5,235,363
2028	5,235,363	-	1,009,131	-	354,810	4,581,042
2029	4,581,042	-	991,217	-	306,408	3,896,233
2030	3,896,233	-	988,063	-	255,165	3,163,335
2031	3,163,335	-	960,847	-	201,218	2,403,706
2032	2,403,706	-	934,976	-	145,216	1,613,946
2033	1,613,946	-	904,938	-	87,111	796,119
2034	796,119	-	874,347	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 20.91

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
2014	11,300,338	-	1,279,969	-	799,527	10,819,896
2015	10,819,896	-	1,017,924	-	773,320	10,575,292
2016	10,575,292	-	1,021,540	-	754,839	10,308,591
2017	10,308,591	-	1,025,994	-	734,670	10,017,267
2018	10,017,267	-	1,040,258	-	712,285	9,689,294
2019	9,689,294	-	1,044,106	-	687,543	9,332,731
2020	9,332,731	-	1,049,686	-	660,592	8,943,637
2021	8,943,637	-	1,067,266	-	630,750	8,507,121
2022	8,507,121	-	1,067,588	-	598,000	8,037,533
2023	8,037,533	-	1,072,010	-	562,615	7,528,138
2024	7,528,138	-	1,064,786	-	524,681	6,988,033
2025	6,988,033	-	1,061,352	-	484,302	6,410,983
2026	6,410,983	-	1,050,858	-	441,417	5,801,542
2027	5,801,542	-	1,039,555	-	396,132	5,158,119
2028	5,158,119	-	1,024,548	-	348,438	4,482,009
2029	4,482,009	-	1,009,117	-	298,309	3,771,201
2030	3,771,201	-	1,008,749	-	245,012	3,007,464
2031	3,007,464	-	984,358	-	188,646	2,211,752
2032	2,211,752	-	961,465	-	129,826	1,380,113
2033	1,380,113	-	934,499	-	68,465	514,079
2034	514,079	-	907,003	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 20.57

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. 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
2014	11,300,338	-	1,279,969	-	586,319	10,606,688
2015	10,606,688	-	1,017,924	-	555,375	10,144,139
2016	10,144,139	-	1,021,540	-	529,835	9,652,434
2017	9,652,434	-	1,025,994	-	502,669	9,129,109
2018	9,129,109	-	1,040,258	-	473,494	8,562,345
2019	8,562,345	-	1,044,106	-	442,216	7,960,455
2020	7,960,455	-	1,049,686	-	408,959	7,319,728
2021	7,319,728	-	1,067,266	-	373,235	6,625,697
2022	6,625,697	-	1,067,588	-	335,055	5,893,164
2023	5,893,164	-	1,072,010	-	294,644	5,115,798
2024	5,115,798	-	1,064,786	-	252,087	4,303,099
2025	4,303,099	-	1,061,352	-	207,483	3,449,230
2026	3,449,230	-	1,050,858	-	160,809	2,559,181
2027	2,559,181	-	1,039,555	-	112,167	1,631,793
2028	1,631,793	-	1,024,548	-	61,574	668,819
2029	668,819	-	1,009,117	-	-	-

*All DROP Balances paid in 2014.

Number of Years Expected Benefit Payments Sustained: 15.66

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.

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
Total Required Contribution	\$946,114	\$980,426	\$1,383,014
Expected Member Contribution	139,761	139,761	139,761
Expected Sponsor Contribution (Fixed \$)	\$806,353	\$840,665	\$1,243,253
Expected Sponsor Contribution (% of Payroll)	28.85%	30.07%	44.48%

ASSETS

Actuarial Value ¹	10,740,894	10,740,894	10,740,894
Market Value ¹	11,300,338	11,300,338	11,300,338

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	8,008,974	8,251,983	12,368,784
Disability Benefits	407,021	419,626	608,434
Death Benefits	92,051	81,744	105,059
Vested Benefits	538,411	555,593	929,245
Refund of Contributions	154,505	154,323	162,630
Service Retirees	6,267,082	6,352,720	7,456,449
DROP Retirees ¹	1,283,656	1,296,644	1,532,181
Beneficiaries	742,974	749,737	904,150
Terminated Vested	259,096	264,984	326,104
Disability Retirees	404,677	410,881	499,517
Total:	18,158,447	18,538,235	24,892,553
Present Value of Future Salaries	23,289,750	23,306,346	26,633,413
Present Value of Future Member Contributions	1,164,488	1,165,317	1,331,671
Total Normal Cost (Entry Age Normal)	401,466	413,141	628,333
Present Value of Future Normal Costs (Entry Age Normal)	3,217,974	3,326,117	6,055,660
Total Actuarial Accrued Liability ¹	14,940,473	15,212,118	18,836,893
Unfunded Actuarial Accrued Liability (Entry Age Normal)	4,199,579	4,471,224	8,095,999

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
<u>PENSION COST</u>			
Normal Cost (with interest)	416,521	428,634	645,612
Administrative Expenses (with interest)	20,851	20,851	20,650
Payment Required To Amortize UAAL (with interest)	508,742	530,941	716,752
Total Required Contribution	\$946,114	\$980,426	\$1,383,014

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