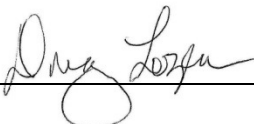


CITY OF FERNANDINA BEACH
FIREFIGHTERS' AND POLICE OFFICERS' PENSION PLAN

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: 4/13/2018

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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.90% RP-2000 Generational	5.90% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	634,067	970,525
Interest	2,351,027	2,223,292
Change in Excess State Money	(6,566)	(6,566)
Share Plan Allocation	14,521	14,521
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	47,179	21,850
Changes of Assumptions	404,100	584,730
Benefit Payments, Including Refunds of Employee Contributions	(1,636,299)	(1,636,299)
Net Change in Total Pension Liability	1,808,029	2,172,053
Total Pension Liability - Beginning	29,584,744	36,915,320
Total Pension Liability - Ending (a)	<u>\$ 31,392,773</u>	<u>\$ 39,087,373</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,222,727	1,222,727
Contributions - State	234,807	234,807
Contributions - Employee	288,097	288,097
Net Investment Income	2,189,459	2,189,459
Benefit Payments, Including Refunds of Employee Contributions	(1,636,299)	(1,636,299)
Administrative Expenses	(42,590)	(42,590)
Net Change in Plan Fiduciary Net Position	2,256,201	2,256,201
Plan Fiduciary Net Position - Beginning	20,722,472	20,722,472
Plan Fiduciary Net Position - Ending (b)	<u>\$ 22,978,673</u>	<u>\$ 22,978,673</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,414,100</u>	<u>\$ 16,108,700</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.90% 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	22,949,628	-	2,351,926	-	1,720,120	22,317,822
2018	22,317,822	-	1,950,186	-	1,686,076	22,053,712
2019	22,053,712	-	2,007,055	-	1,662,965	21,709,622
2020	21,709,622	-	2,052,422	-	1,633,989	21,291,189
2021	21,291,189	-	2,129,654	-	1,597,883	20,759,418
2022	20,759,418	-	2,179,788	-	1,553,892	20,133,522
2023	20,133,522	-	2,243,759	-	1,501,920	19,391,683
2024	19,391,683	-	2,309,272	-	1,440,727	18,523,138
2025	18,523,138	-	2,361,491	-	1,370,049	17,531,696
2026	17,531,696	-	2,400,131	-	1,290,199	16,421,764
2027	16,421,764	-	2,415,236	-	1,201,918	15,208,446
2028	15,208,446	-	2,422,595	-	1,105,775	13,891,626
2029	13,891,626	-	2,409,666	-	1,002,257	12,484,217
2030	12,484,217	-	2,439,033	-	889,911	10,935,095
2031	10,935,095	-	2,428,330	-	767,953	9,274,718
2032	9,274,718	-	2,421,719	-	637,045	7,490,044
2033	7,490,044	-	2,405,189	-	496,709	5,581,564
2034	5,581,564	-	2,369,717	-	347,340	3,559,187
2035	3,559,187	-	2,336,741	-	188,875	1,411,321
2036	1,411,321	-	2,299,759	-	-	-

*All DROP and Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 19.61

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.90% 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: 5.90% 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	22,949,628	-	2,351,926	-	1,284,646	21,882,348
2018	21,882,348	-	1,950,186	-	1,233,528	21,165,690
2019	21,165,690	-	2,007,055	-	1,189,568	20,348,203
2020	20,348,203	-	2,052,422	-	1,139,998	19,435,779
2021	19,435,779	-	2,129,654	-	1,083,886	18,390,011
2022	18,390,011	-	2,179,788	-	1,020,707	17,230,930
2023	17,230,930	-	2,243,759	-	950,434	15,937,605
2024	15,937,605	-	2,309,272	-	872,195	14,500,528
2025	14,500,528	-	2,361,491	-	785,867	12,924,904
2026	12,924,904	-	2,400,131	-	691,765	11,216,538
2027	11,216,538	-	2,415,236	-	590,526	9,391,828
2028	9,391,828	-	2,422,595	-	482,651	7,451,884
2029	7,451,884	-	2,409,666	-	368,576	5,410,794
2030	5,410,794	-	2,439,033	-	247,285	3,219,046
2031	3,219,046	-	2,428,330	-	118,288	909,004
2032	909,004	-	2,421,719	-	-	-

*All DROP and Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 15.38

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.90% 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.90%	5.90%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$1,911,532	\$2,740,595
Total Required Contribution (% of Payroll)	50.52%	72.42%
Expected Member Contribution	291,373	291,373
Expected State Money	219,619	219,619
Expected Sponsor Contribution (Fixed \$)	\$1,400,540	\$2,229,603
Expected Sponsor Contribution (% of Payroll)	37.02%	58.92%

ASSETS

Actuarial Value ¹	22,903,110	22,903,110
Market Value ¹	22,949,628	22,949,628

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	16,474,326	24,099,565
Disability Benefits	461,928	632,938
Death Benefits	130,952	169,348
Vested Benefits	553,022	857,891
Refund of Contributions	66,452	68,697
Service Retirees	13,645,491	16,260,048
DROP Retirees ¹	3,327,552	4,013,258
Beneficiaries	1,098,258	1,304,454
Disability Retirees	577,072	686,990
Terminated Vested	251,893	336,039
Share Plan Balances ¹	14,521	14,521
Excess State Monies Reserve	6,262	6,262
Total:	<u>36,607,729</u>	<u>48,450,011</u>
Present Value of Future Salaries	30,263,276	33,941,808
Present Value of Future Member Contributions	2,330,272	2,613,519
Total Normal Cost	663,985	1,041,753
Present Value of Future Normal Costs (Entry Age Normal)	5,031,548	9,000,500
Total Actuarial Accrued Liability ¹	31,576,181	39,449,511
Unfunded Actuarial Accrued Liability (UAAL)	8,673,071	16,546,401

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.90%	5.90%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	690,212	1,072,485
Administrative Expenses (with interest)	44,272	43,846
Payment Required To Amortize UAAL (with interest)	1,177,048	1,624,264
Total Required Contribution	\$1,911,532	\$2,740,595

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