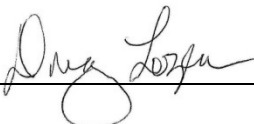


CITY OF FERNANDINA BEACH
GENERAL EMPLOYEES' PENSION PLAN

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>
	7.75% RP-2000 Generational	5.75% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	623,020	931,329
Interest	2,080,456	1,948,032
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	80,987	177,521
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,265,908)	(2,265,908)
Net Change in Total Pension Liability	518,555	790,974
Total Pension Liability - Beginning	27,354,529	34,080,439
Total Pension Liability - Ending (a)	<u>\$ 27,873,084</u>	<u>\$ 34,871,413</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,745,906	1,745,906
Contributions - Employee	324,519	324,519
Net Investment Income	1,938,085	1,938,085
Benefit Payments, Including Refunds of Employee Contributions	(2,265,908)	(2,265,908)
Administrative Expenses	(40,481)	(40,481)
Net Change in Plan Fiduciary Net Position	1,702,121	1,702,121
Plan Fiduciary Net Position - Beginning	18,042,439	18,042,439
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,744,560</u>	<u>\$ 19,744,560</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,128,524</u>	<u>\$ 15,126,853</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.75% 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	19,744,560	-	1,922,921	-	1,455,690	19,277,329
2018	19,277,329	-	1,739,780	-	1,426,577	18,964,126
2019	18,964,126	-	1,763,293	-	1,401,392	18,602,225
2020	18,602,225	-	1,797,614	-	1,372,015	18,176,626
2021	18,176,626	-	1,881,961	-	1,335,763	17,630,428
2022	17,630,428	-	1,959,402	-	1,290,431	16,961,457
2023	16,961,457	-	1,963,867	-	1,238,413	16,236,003
2024	16,236,003	-	2,027,302	-	1,179,732	15,388,433
2025	15,388,433	-	2,116,481	-	1,110,590	14,382,542
2026	14,382,542	-	2,183,045	-	1,030,054	13,229,551
2027	13,229,551	-	2,204,271	-	939,875	11,965,155
2028	11,965,155	-	2,239,300	-	840,527	10,566,382
2029	10,566,382	-	2,251,917	-	731,633	9,046,098
2030	9,046,098	-	2,245,446	-	614,062	7,414,714
2031	7,414,714	-	2,251,817	-	487,382	5,650,279
2032	5,650,279	-	2,261,446	-	350,266	3,739,099
2033	3,739,099	-	2,232,273	-	203,280	1,710,106
2034	1,710,106	-	2,191,735	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 17.78

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.75% 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: 5.75% 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	19,744,560	-	1,922,921	-	1,080,028	18,901,667
2018	18,901,667	-	1,739,780	-	1,036,827	18,198,714
2019	18,198,714	-	1,763,293	-	995,731	17,431,152
2020	17,431,152	-	1,797,614	-	950,610	16,584,148
2021	16,584,148	-	1,881,961	-	899,482	15,601,669
2022	15,601,669	-	1,959,402	-	840,763	14,483,030
2023	14,483,030	-	1,963,867	-	776,313	13,295,476
2024	13,295,476	-	2,027,302	-	706,205	11,974,379
2025	11,974,379	-	2,116,481	-	627,678	10,485,576
2026	10,485,576	-	2,183,045	-	540,158	8,842,689
2027	8,842,689	-	2,204,271	-	445,082	7,083,500
2028	7,083,500	-	2,239,300	-	342,921	5,187,121
2029	5,187,121	-	2,251,917	-	233,517	3,168,721
2030	3,168,721	-	2,245,446	-	117,645	1,040,920
2031	1,040,920	-	2,251,817	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 14.46

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.75% 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
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$1,909,719	\$2,645,279
Total Required Contribution (% of Payroll)	37.45%	51.89%
Expected Member Contribution	331,376	331,376
Expected Sponsor Contribution (Fixed \$)	\$1,578,343	\$2,313,903
Expected Sponsor Contribution (% of Payroll)	30.95%	45.39%

ASSETS

Actuarial Value ¹	19,666,460	19,666,460
Market Value ¹	19,744,560	19,744,560

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	12,506,529	17,731,533
Disability Benefits	377,370	485,666
Death Benefits	131,858	166,013
Vested Benefits	2,693,393	4,065,256
Refund of Contributions	108,176	112,369
Service Retirees	13,183,895	15,672,966
DROP Retirees ¹	633,506	753,221
Beneficiaries	543,156	623,786
Disability Retirees	425,536	485,141
Terminated Vested	1,442,186	1,878,503
Total:	32,045,605	41,974,454
Present Value of Future Salaries	32,634,805	35,823,258
Present Value of Future Member Contributions	2,121,262	2,328,512
Total Normal Cost	664,066	1,007,919
Present Value of Future Normal Costs (Entry Age Normal)	3,772,910	6,493,723
Total Actuarial Accrued Liability ¹	28,272,695	35,480,731
Unfunded Actuarial Accrued Liability (UAAL)	8,606,235	15,814,271

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

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.75%	5.75%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	689,799	1,036,897
Administrative Expenses (with interest)	42,050	41,645
Payment Required To Amortize UAAL (with interest)	1,177,870	1,566,737
Total Required Contribution	\$1,909,719	\$2,645,279

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