

CITY OF PORT ST. LUCIE
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND

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



Douglas H. Lozen, EA, MA
Enrolled Actuary #17-7778

Date: 3/26/2018

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>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	3,558,152	5,542,351
Interest	8,103,067	7,852,455
Changes of Benefit Terms	-	-
Differences Between Expected and Actual		
Experience	488,739	1,061,642
Changes of Assumptions	3,830,114	5,316,870
Contributions - Buy Back	127,254	127,254
Benefit Payments, Including Refunds of		
Employee Contributions	(3,701,299)	(3,701,299)
Net Change in Total Pension Liability	12,406,027	16,199,273
Total Pension Liability - Beginning	102,848,206	132,872,727
Total Pension Liability - Ending (a)	<u>\$ 115,254,233</u>	<u>\$ 149,072,000</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	4,018,282	4,018,282
Contributions - State	1,296,741	1,296,741
Contributions - Employee	1,559,054	1,559,054
Contributions - Buy Back	127,254	127,254
Net Investment Income	9,967,904	9,967,904
Benefit Payments, Including Refunds of		
Employee Contributions	(3,701,299)	(3,701,299)
Administrative Expenses	(190,249)	(190,249)
Net Change in Plan Fiduciary Net Position	13,077,687	13,077,687
Plan Fiduciary Net Position - Beginning	81,774,843	81,774,843
Plan Fiduciary Net Position - Ending (b)	<u>\$ 94,852,530</u>	<u>\$ 94,852,530</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,401,703</u>	<u>\$ 54,219,470</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan 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
2017	94,107,458	-	7,065,850	-	6,793,090	93,834,698
2018	93,834,698	-	4,263,803	-	6,877,710	96,448,605
2019	96,448,605	-	4,647,661	-	7,059,358	98,860,302
2020	98,860,302	-	4,924,543	-	7,229,852	101,165,611
2021	101,165,611	-	5,426,866	-	7,383,913	103,122,658
2022	103,122,658	-	6,069,078	-	7,506,609	104,560,189
2023	104,560,189	-	6,692,806	-	7,591,034	105,458,417
2024	105,458,417	-	7,264,824	-	7,636,950	105,830,543
2025	105,830,543	-	7,616,984	-	7,651,654	105,865,213
2026	105,865,213	-	8,033,313	-	7,638,642	105,470,542
2027	105,470,542	-	8,322,527	-	7,598,196	104,746,211
2028	104,746,211	-	8,542,702	-	7,535,615	103,739,124
2029	103,739,124	-	8,738,441	-	7,452,743	102,453,426
2030	102,453,426	-	8,925,467	-	7,349,302	100,877,261
2031	100,877,261	-	9,036,150	-	7,226,939	99,068,050
2032	99,068,050	-	9,120,038	-	7,088,102	97,036,114
2033	97,036,114	-	9,139,507	-	6,934,977	94,831,584
2034	94,831,584	-	9,129,313	-	6,770,020	92,472,291
2035	92,472,291	-	9,086,985	-	6,594,660	89,979,966
2036	89,979,966	-	9,040,386	-	6,409,483	87,349,063
2037	87,349,063	-	8,932,460	-	6,216,212	84,632,815
2038	84,632,815	-	8,835,752	-	6,016,120	81,813,183
2039	81,813,183	-	8,706,840	-	5,809,482	78,915,825
2040	78,915,825	-	8,566,505	-	5,597,443	75,946,763
2041	75,946,763	-	8,403,257	-	5,380,885	72,924,391
2042	72,924,391	-	8,234,063	-	5,160,552	69,850,880
2043	69,850,880	-	8,045,393	-	4,937,114	66,742,601
2044	66,742,601	-	7,850,967	-	4,711,284	63,602,918
2045	63,602,918	-	7,643,126	-	4,483,602	60,443,394
2046	60,443,394	-	7,421,719	-	4,254,940	57,276,615
2047	57,276,615	-	7,192,580	-	4,026,024	54,110,059
2048	54,110,059	-	6,953,139	-	3,797,512	50,954,432
2049	50,954,432	-	6,706,132	-	3,570,102	47,818,402
2050	47,818,402	-	6,451,057	-	3,344,466	44,711,811
2051	44,711,811	-	6,190,648	-	3,121,237	41,642,400
2052	41,642,400	-	5,924,300	-	2,901,019	38,619,119
2053	38,619,119	-	5,653,537	-	2,684,426	35,650,008
2054	35,650,008	-	5,377,320	-	2,472,101	32,744,789
2055	32,744,789	-	5,096,437	-	2,264,743	29,913,095
2056	29,913,095	-	4,811,418	-	2,063,054	27,164,731
2057	27,164,731	-	4,523,348	-	1,867,729	24,509,112
2058	24,509,112	-	4,233,308	-	1,679,434	21,955,238
2059	21,955,238	-	3,942,528	-	1,498,798	19,511,508
2060	19,511,508	-	3,652,907	-	1,326,379	17,184,980
2061	17,184,980	-	3,366,655	-	1,162,624	14,980,949
2062	14,980,949	-	3,085,593	-	1,007,861	12,903,217
2063	12,903,217	-	2,811,196	-	862,321	10,954,342
2064	10,954,342	-	2,545,311	-	726,126	9,135,157
2065	9,135,157	-	2,290,187	-	599,255	7,444,225
2066	7,444,225	-	2,048,054	-	481,515	5,877,686
2067	5,877,686	-	1,821,009	-	372,539	4,429,216
2068	4,429,216	-	1,610,137	-	271,811	3,090,890

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
 Plan 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
2069	3,090,890	-	1,416,339	-	178,704	1,853,255
2070	1,853,255	-	1,239,813	-	92,501	705,943
2071	705,943	-	1,079,857	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 54.65

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: 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
2017	94,107,458	-	7,065,850	-	4,981,599	92,023,207
2018	92,023,207	-	4,263,803	-	4,944,022	92,703,426
2019	92,703,426	-	4,647,661	-	4,970,878	93,026,643
2020	93,026,643	-	4,924,543	-	4,981,040	93,083,140
2021	93,083,140	-	5,426,866	-	4,970,334	92,626,608
2022	92,626,608	-	6,069,078	-	4,927,564	91,485,094
2023	91,485,094	-	6,692,806	-	4,847,628	89,639,916
2024	89,639,916	-	7,264,824	-	4,730,413	87,105,505
2025	87,105,505	-	7,616,984	-	4,581,336	84,069,857
2026	84,069,857	-	8,033,313	-	4,402,926	80,439,470
2027	80,439,470	-	8,322,527	-	4,195,301	76,312,244
2028	76,312,244	-	8,542,702	-	3,962,249	71,731,791
2029	71,731,791	-	8,738,441	-	3,704,941	66,698,291
2030	66,698,291	-	8,925,467	-	3,422,956	61,195,780
2031	61,195,780	-	9,036,150	-	3,117,274	55,276,904
2032	55,276,904	-	9,120,038	-	2,789,429	48,946,295
2033	48,946,295	-	9,139,507	-	2,440,710	42,247,498
2034	42,247,498	-	9,129,313	-	2,072,556	35,190,741
2035	35,190,741	-	9,086,985	-	1,685,599	27,789,355
2036	27,789,355	-	9,040,386	-	1,279,804	20,028,773
2037	20,028,773	-	8,932,460	-	855,940	11,952,253
2038	11,952,253	-	8,835,752	-	414,391	3,530,892
2039	3,530,892	-	8,706,840	-	-	-

*All DROP Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 22.41

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, 2019

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$8,538,868	\$13,113,833
Total Required Contribution (% of Payroll)	45.7%	70.2%
Expected Member Contribution	1,744,851	1,728,033
Expected State Money	1,296,741	1,296,741
Expected Sponsor Contribution (Fixed \$)	\$5,497,276	\$10,089,059
Expected Sponsor Contribution (% of Payroll)	29.8%	54.2%

ASSETS

Actuarial Value ¹	91,941,803	91,941,803
Market Value ¹	94,107,458	94,107,458

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	94,607,542	141,103,098
Disability Benefits	1,314,565	1,821,467
Death Benefits	852,158	1,106,746
Vested Benefits	8,127,444	12,674,150
Refund of Contributions	271,086	276,266
Service Retirees	25,014,295	30,362,543
DROP Retirees ¹	15,910,454	19,009,552
Beneficiaries	688,176	832,164
Disability Retirees	1,377,312	1,588,248
Terminated Vested	2,068,738	2,749,270
Share Plan Balances ¹	0	0
Total:	<u>150,231,770</u>	<u>211,523,504</u>
Present Value of Future Salaries	157,162,644	177,620,341
Present Value of Future Member Contributions	14,144,638	15,985,831
Total Normal Cost	3,714,738	5,966,837
Present Value of Future Normal Costs (Entry Age Normal)	30,837,712	56,934,461
Total Actuarial Accrued Liability ¹	119,394,058	154,589,043
Unfunded Actuarial Accrued Liability (UAAL)	27,452,255	62,647,240

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

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
	<u> </u>	<u> </u>
<u>PENSION COST</u>		
Normal Cost ²	4,078,346	6,487,745
Administrative Expenses ²	208,871	206,858
Payment Required To Amortize UAAL ²	<u>4,251,651</u>	<u>6,419,230</u>
Total Required Contribution	\$8,538,868	\$13,113,833

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

² Contributions developed as of 10/1/2017 displayed above have been adjusted to account for assumed salary increase and interest components.