

City of Eustis Municipal Police Officers' Pension and Retirement System

Chapter 112.664, F.S. Compliance Report

In Connection with the October 1, 2017 Funding
Actuarial Valuation Report and the Plan's Financial
Reporting for the Year Ending September 30 ,2017



June 29, 2018

Board of Trustees
City of Eustis Municipal Police Officers'
Pension and Retirement System
Eustis, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Eustis Municipal Police Officers' Pension and Retirement System (Plan) to prepare a disclosure report to satisfy the requirements set forth in Ch. 112.664, F.S. and as further required pursuant to Ch. 60T-1.0035, F.A.C.

This report was prepared at the request of the Board and is intended for use by the Retirement Board and those designated or approved by the Board. This report may be provided to parties other than the Plan only in its entirety and only with the permission of the Board.

The purpose of the report is to provide the required information specified in Ch. 112.664, F.S. as well as supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2017. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the Plan Administrator and the City concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator and the City.

Except as otherwise indicated as required for the disclosures contained herein, this report was prepared using certain assumptions selected by the Board as described in our October 1, 2017 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2017 actuarial valuation report. Please refer

to the October 1, 2017 actuarial valuation report, dated April 6, 2018 for a summary and description of this information.

The use of an investment return assumption that is 2% higher than the investment return assumption used to determine the funding requirements does not represent an estimate of future Plan experience nor does it reflect an observation of future return estimates inherent in financial market data. The use of this investment return assumption is provided as a counterpart to the Chapter 112.664, Florida Statutes requirement to utilize an investment return assumption that is 2% lower than the assumption used to determine the funding requirements. The inclusion of the additional exhibits showing the effect of using a 2% higher investment return assumption shows a more complete assessment of the range of possible results as opposed to showing a one-sided range as required by Florida Statutes.


Peter N. Strong and Nicolas Lahaye are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

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), F.S. and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
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Enrolled Actuary No. 17-6975
Senior Consultant & Actuary


By 
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CHAPTER 112.664, FLORIDA STATUTES

RESULTS

Schedule of Changes in the Employers' Net Pension Liability
Using Financial Reporting Assumptions per GASB Statement No. 67

Fiscal year ending September 30,

1. Total pension liability

	2017
a. Service Cost	\$ 638,591
b. Interest	1,771,204
c. Benefit Changes	9,127
d. Difference between actual & expected experience & Other	224,837
e. Assumption Changes	20,577
f. Benefit Payments	(746,614)
g. Contribution Refunds	(8,689)
h. Net Change in Total Pension Liability	1,909,033
i. Total Pension Liability - Beginning	23,351,746
j. Total Pension Liability - Ending	\$ 25,260,779

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 997,323
b. Contributions - Employer (From State)	138,955
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	85,846
e. Net Investment Income	1,757,433
f. Benefit Payments	(746,614)
g. Contribution Refunds	(8,689)
h. Administrative Expense	(81,037)
i. Other	-
j. Net Change in Plan Fiduciary Net Position	2,143,217
k. Plan Fiduciary Net Position - Beginning	17,083,227
l. Plan Fiduciary Net Position - Ending	\$ 19,226,444

3. Net Pension Liability / (Asset) 6,034,335

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.50%
Mortality Table	FRS Mortality - Special Risk

Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(a), F.S.

Fiscal year ending September 30,

1. Total pension liability

	2017
a. Service Cost	\$ 638,591
b. Interest	1,771,204
c. Benefit Changes	9,127
d. Difference between actual & expected experience & Other	224,837
e. Assumption Changes	20,577
f. Benefit Payments	(746,614)
g. Contribution Refunds	(8,689)
h. Net Change in Total Pension Liability	1,909,033
i. Total Pension Liability - Beginning	23,351,746
j. Total Pension Liability - Ending	\$ 25,260,779

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 997,323
b. Contributions - Employer (From State)	138,955
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	85,846
e. Net Investment Income	1,757,433
f. Benefit Payments	(746,614)
g. Contribution Refunds	(8,689)
h. Administrative Expense	(81,037)
i. Other	-
j. Net Change in Plan Fiduciary Net Position	2,143,217
k. Plan Fiduciary Net Position - Beginning	17,083,227
l. Plan Fiduciary Net Position - Ending	\$ 19,226,444

3. Net Pension Liability / (Asset) 6,034,335

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	7.50%
Mortality Table	FRS Mortality - Special Risk

Schedule of Changes in the Employers' Net Pension Liability
Using Assumptions required under 112.664(1)(b), F.S.

Fiscal year ending September 30,

1. Total pension liability

	2017
a. Service Cost	\$ 1,089,453
b. Interest	1,772,157
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	15,057
e. Assumption Changes	-
f. Benefit Payments	(746,614)
g. Contribution Refunds	(8,689)
h. Net Change in Total Pension Liability	2,121,364
i. Total Pension Liability - Beginning	31,505,866
j. Total Pension Liability - Ending	\$ 33,627,230

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 997,323
b. Contributions - Employer (From State)	138,955
c. Contributions - Non-Employer Contributing Entity	-
d. Contributions - Member	85,846
e. Net Investment Income	1,757,433
f. Benefit Payments	(746,614)
g. Contribution Refunds	(8,689)
h. Administrative Expense	(81,037)
i. Other	-
j. Net Change in Plan Fiduciary Net Position	2,143,217
k. Plan Fiduciary Net Position - Beginning	17,083,227
l. Plan Fiduciary Net Position - Ending	\$ 19,226,444

3. Net Pension Liability / (Asset) 14,400,786

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	5.50%
Mortality Table	FRS Mortality - Special Risk

Schedule of Changes in the Employers' Net Pension Liability**Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption**

Fiscal year ending September 30,

2017**1. Total pension liability**

a. Service Cost	\$	400,154
b. Interest		1,744,021
c. Benefit Changes		-
d. Difference between actual & expected experience & Other		15,057
e. Assumption Changes		-
f. Benefit Payments		(746,614)
g. Contribution Refunds		(8,689)
h. Net Change in Total Pension Liability		1,403,929
i. Total Pension Liability - Beginning		18,332,247
j. Total Pension Liability - Ending	\$	19,736,176

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$	997,323
b. Contributions - Employer (From State)		138,955
c. Contributions - Non-Employer Contributing Entity		-
d. Contributions - Member		85,846
e. Net Investment Income		1,757,433
f. Benefit Payments		(746,614)
g. Contribution Refunds		(8,689)
h. Administrative Expense		(81,037)
i. Other		-
j. Net Change in Plan Fiduciary Net Position		2,143,217
k. Plan Fiduciary Net Position - Beginning		17,083,227
l. Plan Fiduciary Net Position - Ending	\$	19,226,444

3. Net Pension Liability / (Asset)

509,732

Certain Key Assumptions

Valuation Date	10/01/2016
Measurement Date	09/30/2017
Investment Return Assumption	9.50%
Mortality Table	FRS Mortality - Special Risk

Asset and Benefit Payment Projection**Not Reflecting Any Contributions from the Employer, State or Employee****Using Assumptions from Plan's most recent actuarial valuation**

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	19,202,260	1,407,832	862,338	19,747,754
2019	19,747,754	1,443,444	1,003,667	20,187,531
2020	20,187,531	1,472,660	1,104,129	20,556,062
2021	20,556,062	1,496,087	1,216,478	20,835,671
2022	20,835,671	1,512,117	1,348,230	20,999,558
2023	20,999,558	1,520,373	1,455,846	21,064,085
2024	21,064,085	1,521,828	1,546,087	21,039,826
2025	21,039,826	1,517,714	1,607,292	20,950,248
2026	20,950,248	1,508,252	1,680,437	20,778,063
2027	20,778,063	1,493,545	1,728,267	20,543,341
2028	20,543,341	1,474,484	1,767,118	20,250,707
2029	20,250,707	1,450,763	1,814,391	19,887,079
2030	19,887,079	1,421,704	1,862,046	19,446,737
2031	19,446,737	1,386,992	1,907,034	18,926,695
2032	18,926,695	1,346,943	1,934,897	18,338,741
2033	18,338,741	1,301,303	1,976,079	17,663,965
2034	17,663,965	1,249,629	2,004,500	16,909,094
2035	16,909,094	1,191,535	2,043,931	16,056,698
2036	16,056,698	1,126,476	2,074,032	15,109,142
2037	15,109,142	1,053,801	2,116,930	14,046,013
2038	14,046,013	973,139	2,141,665	12,877,487
2039	12,877,487	884,855	2,158,835	11,603,507
2040	11,603,507	788,775	2,173,012	10,219,270
2041	10,219,270	684,587	2,182,898	8,720,959
2042	8,720,959	571,934	2,190,335	7,102,558
2043	7,102,558	450,469	2,192,603	5,360,424
2044	5,360,424	319,804	2,192,732	3,487,496
2045	3,487,496	179,662	2,184,000	1,483,158
2046	1,483,158	29,915	2,168,574	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:

28.67

Certain Key Assumptions

Valuation Investment return assumption

7.50%

Valuation Mortality Table

FRS Mortality - Special Risk

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using Assumptions required under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	19,202,260	1,407,832	862,338	19,747,754
2019	19,747,754	1,443,444	1,003,667	20,187,531
2020	20,187,531	1,472,660	1,104,129	20,556,062
2021	20,556,062	1,496,087	1,216,478	20,835,671
2022	20,835,671	1,512,117	1,348,230	20,999,558
2023	20,999,558	1,520,373	1,455,846	21,064,085
2024	21,064,085	1,521,828	1,546,087	21,039,826
2025	21,039,826	1,517,714	1,607,292	20,950,248
2026	20,950,248	1,508,252	1,680,437	20,778,063
2027	20,778,063	1,493,545	1,728,267	20,543,341
2028	20,543,341	1,474,484	1,767,118	20,250,707
2029	20,250,707	1,450,763	1,814,391	19,887,079
2030	19,887,079	1,421,704	1,862,046	19,446,737
2031	19,446,737	1,386,992	1,907,034	18,926,695
2032	18,926,695	1,346,943	1,934,897	18,338,741
2033	18,338,741	1,301,303	1,976,079	17,663,965
2034	17,663,965	1,249,629	2,004,500	16,909,094
2035	16,909,094	1,191,535	2,043,931	16,056,698
2036	16,056,698	1,126,476	2,074,032	15,109,142
2037	15,109,142	1,053,801	2,116,930	14,046,013
2038	14,046,013	973,139	2,141,665	12,877,487
2039	12,877,487	884,855	2,158,835	11,603,507
2040	11,603,507	788,775	2,173,012	10,219,270
2041	10,219,270	684,587	2,182,898	8,720,959
2042	8,720,959	571,934	2,190,335	7,102,558
2043	7,102,558	450,469	2,192,603	5,360,424
2044	5,360,424	319,804	2,192,732	3,487,496
2045	3,487,496	179,662	2,184,000	1,483,158
2046	1,483,158	29,915	2,168,574	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions: 28.67

Certain Key Assumptions

Valuation Investment return assumption 7.50%
Valuation Mortality Table FRS Mortality - Special Risk

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection**Not Reflecting Any Contributions from the Employer, State or Employee****Using Assumptions required under 112.664(1)(b), F.S.**

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	19,202,260	1,032,410	862,338	19,372,332
2019	19,372,332	1,037,877	1,003,667	19,406,542
2020	19,406,542	1,036,996	1,104,129	19,339,409
2021	19,339,409	1,030,214	1,216,478	19,153,145
2022	19,153,145	1,016,347	1,348,230	18,821,262
2023	18,821,262	995,134	1,455,846	18,360,550
2024	18,360,550	967,313	1,546,087	17,781,776
2025	17,781,776	933,797	1,607,292	17,108,281
2026	17,108,281	894,743	1,680,437	16,322,587
2027	16,322,587	850,215	1,728,267	15,444,535
2028	15,444,535	800,854	1,767,118	14,478,271
2029	14,478,271	746,409	1,814,391	13,410,289
2030	13,410,289	686,360	1,862,046	12,234,603
2031	12,234,603	620,460	1,907,034	10,948,029
2032	10,948,029	548,932	1,934,897	9,562,064
2033	9,562,064	471,571	1,976,079	8,057,556
2034	8,057,556	388,042	2,004,500	6,441,098
2035	6,441,098	298,052	2,043,931	4,695,219
2036	4,695,219	201,201	2,074,032	2,822,388
2037	2,822,388	97,016	2,116,930	802,474
2038	802,474	-	2,141,665	-
2039	-	-	2,158,835	-
2040	-	-	2,173,012	-
2041	-	-	2,182,898	-
2042	-	-	2,190,335	-
2043	-	-	2,192,603	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:**

20.33

Certain Key Assumptions

Valuation Investment return assumption

5.50%

Valuation Mortality Table

FRS Mortality - Special Risk

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

Asset and Benefit Payment Projection**Not Reflecting Any Contributions from the Employer, State or Employee****Using Assumptions under 112.664(1)(b), F.S. except 2% higher investment return assumption**

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2018	19,202,260	1,783,254	862,338	20,123,176
2019	20,123,176	1,864,028	1,003,667	20,983,537
2020	20,983,537	1,940,990	1,104,129	21,820,398
2021	21,820,398	2,015,155	1,216,478	22,619,075
2022	22,619,075	2,084,771	1,348,230	23,355,616
2023	23,355,616	2,149,631	1,455,846	24,049,401
2024	24,049,401	2,211,254	1,546,087	24,714,568
2025	24,714,568	2,271,538	1,607,292	25,378,814
2026	25,378,814	2,331,167	1,680,437	26,029,544
2027	26,029,544	2,390,714	1,728,267	26,691,991
2028	26,691,991	2,451,801	1,767,118	27,376,674
2029	27,376,674	2,514,600	1,814,391	28,076,883
2030	28,076,883	2,578,857	1,862,046	28,793,694
2031	28,793,694	2,644,817	1,907,034	29,531,477
2032	29,531,477	2,713,583	1,934,897	30,310,163
2033	30,310,163	2,785,602	1,976,079	31,119,686
2034	31,119,686	2,861,156	2,004,500	31,976,342
2035	31,976,342	2,940,666	2,043,931	32,873,077
2036	32,873,077	3,024,426	2,074,032	33,823,471
2037	33,823,471	3,112,676	2,116,930	34,819,217
2038	34,819,217	3,206,097	2,141,665	35,883,649
2039	35,883,649	3,306,402	2,158,835	37,031,216
2040	37,031,216	3,414,747	2,173,012	38,272,951
2041	38,272,951	3,532,243	2,182,898	39,622,296
2042	39,622,296	3,660,077	2,190,335	41,092,038
2043	41,092,038	3,799,595	2,192,603	42,699,030

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits, **reflecting no contributions from the Employer, Employee or State, contrary to Florida Statutes and Plan provisions:**

All future years

Certain Key Assumptions

Valuation Investment return assumption

9.50%

Valuation Mortality Table

FRS Mortality - Special Risk

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of the Fund assets do not include contributions from the Employer, Employee or State, which is contrary to Florida Statutes and Plan provisions. For this reason, these projections should not be viewed as a representation of the amount of time the Fund can sustain benefit payments. Under the GASB standards which DO include contributions from the employer, employee and State, the Fund is expected to be able to sustain the benefit payment demands in the near-term and long-term future.

ACTUARIALLY DETERMINED CONTRIBUTION

	Plan's Latest Actuarial Valuation	112.664(1)(a) F.S. Assumptions	112.664(1)(b) F.S. Assumptions	112.664(1)(b) F.S. except 2% Higher Investment Return Assumption
A. Valuation Date	October 1, 2017	October 1, 2017	October 1, 2017	October 1, 2017
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2019	9/30/2019	9/30/2019	9/30/2019
C. Assumed Dates of Employer Contributions	Monthly	Monthly	Monthly	Monthly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 521,807	\$ 521,807	\$ 1,037,194	\$ 63,953
E. Employer Normal Cost	634,050	634,050	1,090,540	382,749
F. Employer ADC if Paid on Valuation Date: D + E	1,155,857	1,155,857	2,127,734	446,702
G. Employer ADC Adjusted for Frequency of Payments	1,201,248	1,201,248	2,189,566	468,729
H. Employer ADC Adjusted for Frequency of Payments as % of Covered Payroll	51.85 %	51.85 %	94.51 %	20.23 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	3.00 %	3.00 %	3.00 %	3.00 %
J. Covered Payroll for Contribution Year	2,386,279	2,386,279	2,386,279	2,386,279
K. Employer ADC for Contribution Year: H x J	1,237,286	1,237,286	2,255,272	482,744
L. Allowable Credit for State Revenue in Contribution Year	123,898	123,898	123,898	123,898
M. Net Employer ADC in Contribution Year	1,113,388	1,113,388	2,131,374	358,846
N. Net Employer ADC as % of Covered Payroll in Contribution Year: M ÷ J	46.66 %	46.66 %	89.32 %	15.04 %
O. Expected Member Contribution	95,451	95,451	95,451	95,451
P. Total Contribution (Including Members) in Contribution Year	1,332,737	1,332,737	2,350,723	578,195
Q. Total Contribution as % of Covered Payroll in Contribution Year: P ÷ J	55.85 %	55.85 %	98.51 %	24.23 %
R. Certain Key Assumptions Investment Return Assumption	7.50%	7.50%	5.50%	9.50%
Mortality Table	FRS Mortality - Special Risk	FRS Mortality - Special Risk	FRS Mortality - Special Risk	FRS Mortality - Special Risk