



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

June 14, 2017

VIA EMAIL

Mr. Kenneth Killgore, Administrative Services Director
1225 Main Street
Sebastian, FL 32958

Re: City of Sebastian Police Officers' Retirement System
Senate Bill 534 (Section 112.664, Florida Statutes) Compliance

Dear Kenneth:

Please find enclosed the annual disclosures that satisfy the October 1, 2016 financial reporting requirements made under Section 112.664.

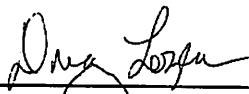
Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made 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 #17-7778

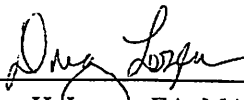
DHL/Ike
Enclosures

cc via email: H. Lee Dehner, Board Attorney

CITY OF SEBASTIAN
POLICE OFFICERS' 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: 6/14/2017
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #17-7778



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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, 2016 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.

GASB 67: SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.45% RP-2000 Generational	5.45% RP-2000 Generational	9.45% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	418,144	677,117	291,734
Interest	1,027,558	1,027,813	1,074,419
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	59,175	96,206	16,767
Changes of Assumptions	626,069	55,067	(36,431)
Benefit Payments, Including Refunds of Employee Contributions	(493,765)	(493,765)	(493,765)
Net Change in Total Pension Liability	1,637,181	1,362,438	852,724
Total Pension Liability - Beginning	13,434,105	18,008,431	11,231,871
Total Pension Liability - Ending (a)	<u>\$ 15,071,286</u>	<u>\$ 19,370,869</u>	<u>\$ 12,084,595</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	331,428	331,428	331,428
Contributions - State	169,027	169,027	169,027
Contributions - Employee	167,309	167,309	167,309
Net Investment Income	1,067,561	1,067,561	1,067,561
Benefit Payments, Including Refunds of Employee Contributions	(493,765)	(493,765)	(493,765)
Administrative Expenses	(36,876)	(36,876)	(36,876)
Net Change in Plan Fiduciary Net Position	1,204,684	1,204,684	1,204,684
Plan Fiduciary Net Position - Beginning	11,284,026	11,284,026	11,284,026
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,488,710</u>	<u>\$ 12,488,710</u>	<u>\$ 12,488,710</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,582,576</u>	<u>\$ 6,882,159</u>	<u>\$ (404,115)</u>

GASB 68: PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2016

	ACTUAL	HYPOTHETICAL	
	7.60%	5.60%	9.60%
Pension Expense	<u>\$ 555,370</u>	<u>\$ 958,435</u>	<u>\$ 327,830</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.45% 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
2016	12,488,710	-	519,207	-	911,068	12,880,571
2017	12,880,571	-	635,329	-	935,937	13,181,179
2018	13,181,179	-	705,377	-	955,723	13,431,525
2019	13,431,525	-	713,282	-	974,079	13,692,322
2020	13,692,322	-	846,724	-	988,538	13,834,136
2021	13,834,136	-	923,522	-	996,242	13,906,856
2022	13,906,856	-	1,006,209	-	998,579	13,899,226
2023	13,899,226	-	1,015,345	-	997,671	13,881,552
2024	13,881,552	-	1,036,882	-	995,552	13,840,222
2025	13,840,222	-	1,038,683	-	992,406	13,793,945
2026	13,793,945	-	1,194,816	-	983,142	13,582,271
2027	13,582,271	-	1,203,028	-	967,066	13,346,309
2028	13,346,309	-	1,230,051	-	948,481	13,064,739
2029	13,064,739	-	1,219,571	-	927,894	12,773,062
2030	12,773,062	-	1,200,002	-	906,893	12,479,953
2031	12,479,953	-	1,207,979	-	884,759	12,156,733
2032	12,156,733	-	1,199,977	-	860,977	11,817,733
2033	11,817,733	-	1,197,918	-	835,799	11,455,614
2034	11,455,614	-	1,180,896	-	809,455	11,084,173
2035	11,084,173	-	1,167,378	-	782,286	10,699,081
2036	10,699,081	-	1,143,212	-	754,497	10,310,366
2037	10,310,366	-	1,116,876	-	726,519	9,920,009
2038	9,920,009	-	1,098,688	-	698,115	9,519,436
2039	9,519,436	-	1,073,000	-	669,229	9,115,665
2040	9,115,665	-	1,046,206	-	640,146	8,709,605
2041	8,709,605	-	1,017,782	-	610,953	8,302,776
2042	8,302,776	-	986,926	-	581,794	7,897,644
2043	7,897,644	-	956,398	-	552,749	7,493,995
2044	7,493,995	-	925,657	-	523,822	7,092,160
2045	7,092,160	-	893,693	-	495,076	6,693,543
2046	6,693,543	-	860,106	-	466,630	6,300,067
2047	6,300,067	-	827,653	-	438,525	5,910,939
2048	5,910,939	-	793,677	-	410,800	5,528,062
2049	5,528,062	-	759,936	-	383,533	5,151,659
2050	5,151,659	-	725,731	-	356,765	4,782,693
2051	4,782,693	-	690,762	-	330,580	4,422,511
2052	4,422,511	-	655,751	-	305,050	4,071,810
2053	4,071,810	-	620,555	-	280,234	3,731,489
2054	3,731,489	-	585,288	-	256,194	3,402,395
2055	3,402,395	-	550,101	-	232,987	3,085,281
2056	3,085,281	-	515,029	-	210,669	2,780,921
2057	2,780,921	-	480,149	-	189,293	2,490,065
2058	2,490,065	-	445,652	-	168,909	2,213,322
2059	2,213,322	-	411,599	-	149,560	1,951,283
2060	1,951,283	-	378,140	-	131,285	1,704,428
2061	1,704,428	-	345,447	-	114,112	1,473,093
2062	1,473,093	-	313,717	-	98,059	1,257,435
2063	1,257,435	-	283,093	-	83,134	1,057,476
2064	1,057,476	-	253,727	-	69,331	873,080
2065	873,080	-	225,917	-	56,629	703,792
2066	703,792	-	199,984	-	44,983	548,791
2067	548,791	-	176,064	-	34,327	407,054

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.45% 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
2068	407,054	-	154,089	-	24,586	277,551
2069	277,551	-	134,044	-	15,684	159,191
2070	159,191	-	115,803	-	7,546	50,934
2071	50,934	-	99,346	-	-	-

Number of Years Expected Benefit Payments Sustained: 55.51

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.45% 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: 5.45% 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
2016	12,488,710	-	519,207	-	666,486	12,635,989
2017	12,635,989	-	635,329	-	671,349	12,672,009
2018	12,672,009	-	705,377	-	671,403	12,638,035
2019	12,638,035	-	713,282	-	669,336	12,594,089
2020	12,594,089	-	846,724	-	663,305	12,410,670
2021	12,410,670	-	923,522	-	651,216	12,138,364
2022	12,138,364	-	1,006,209	-	634,122	11,766,277
2023	11,766,277	-	1,015,345	-	613,594	11,364,526
2024	11,364,526	-	1,036,882	-	591,112	10,918,756
2025	10,918,756	-	1,038,683	-	566,768	10,446,841
2026	10,446,841	-	1,194,816	-	536,794	9,788,819
2027	9,788,819	-	1,203,028	-	500,708	9,086,499
2028	9,086,499	-	1,230,051	-	461,695	8,318,143
2029	8,318,143	-	1,219,571	-	420,105	7,518,677
2030	7,518,677	-	1,200,002	-	377,068	6,695,743
2031	6,695,743	-	1,207,979	-	332,001	5,819,765
2032	5,819,765	-	1,199,977	-	284,478	4,904,266
2033	4,904,266	-	1,197,918	-	234,639	3,940,987
2034	3,940,987	-	1,180,896	-	182,604	2,942,695
2035	2,942,695	-	1,167,378	-	128,566	1,903,883
2036	1,903,883	-	1,143,212	-	72,609	833,280
2037	833,280	-	1,116,876	-	-	-

Number of Years Expected Benefit Payments Sustained: 21.75

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.45% 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: 9.45% 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
2016	12,488,710	-	519,207	-	1,155,651	13,125,154
2017	13,125,154	-	635,329	-	1,210,308	13,700,133
2018	13,700,133	-	705,377	-	1,261,334	14,256,090
2019	14,256,090	-	713,282	-	1,313,498	14,856,306
2020	14,856,306	-	846,724	-	1,363,913	15,373,495
2021	15,373,495	-	923,522	-	1,409,159	15,859,132
2022	15,859,132	-	1,006,209	-	1,451,145	16,304,068
2023	16,304,068	-	1,015,345	-	1,492,759	16,781,482
2024	16,781,482	-	1,036,882	-	1,536,857	17,281,457
2025	17,281,457	-	1,038,683	-	1,584,020	17,826,794
2026	17,826,794	-	1,194,816	-	1,628,177	18,260,155
2027	18,260,155	-	1,203,028	-	1,668,742	18,725,869
2028	18,725,869	-	1,230,051	-	1,711,475	19,207,293
2029	19,207,293	-	1,219,571	-	1,757,464	19,745,186
2030	19,745,186	-	1,200,002	-	1,809,220	20,354,404
2031	20,354,404	-	1,207,979	-	1,866,414	21,012,839
2032	21,012,839	-	1,199,977	-	1,929,014	21,741,876
2033	21,741,876	-	1,197,918	-	1,998,006	22,541,964
2034	22,541,964	-	1,180,896	-	2,074,418	23,435,486
2035	23,435,486	-	1,167,378	-	2,159,495	24,427,603
2036	24,427,603	-	1,143,212	-	2,254,392	25,538,783
2037	25,538,783	-	1,116,876	-	2,360,643	26,782,550
2038	26,782,550	-	1,098,688	-	2,479,038	28,162,900
2039	28,162,900	-	1,073,000	-	2,610,695	29,700,595
2040	29,700,595	-	1,046,206	-	2,757,273	31,411,662
2041	31,411,662	-	1,017,782	-	2,920,312	33,314,192
2042	33,314,192	-	986,926	-	3,101,559	35,428,825
2043	35,428,825	-	956,398	-	3,302,834	37,775,261
2044	37,775,261	-	925,657	-	3,526,025	40,375,629
2045	40,375,629	-	893,693	-	3,773,270	43,255,206
2046	43,255,206	-	860,106	-	4,046,977	46,442,077
2047	46,442,077	-	827,653	-	4,349,670	49,964,094
2048	49,964,094	-	793,677	-	4,684,106	53,854,523
2049	53,854,523	-	759,936	-	5,053,345	58,147,932
2050	58,147,932	-	725,731	-	5,460,689	62,882,890
2051	62,882,890	-	690,762	-	5,909,795	68,101,923
2052	68,101,923	-	655,751	-	6,404,647	73,850,819
2053	73,850,819	-	620,555	-	6,949,581	80,179,845
2054	80,179,845	-	585,288	-	7,549,340	87,143,897
2055	87,143,897	-	550,101	-	8,209,106	94,802,902
2056	94,802,902	-	515,029	-	8,934,539	103,222,412
2057	103,222,412	-	480,149	-	9,731,831	112,474,094
2058	112,474,094	-	445,652	-	10,607,745	122,636,187
2059	122,636,187	-	411,599	-	11,569,672	133,794,260
2060	133,794,260	-	378,140	-	12,625,690	146,041,810
2061	146,041,810	-	345,447	-	13,784,629	159,480,992
2062	159,480,992	-	313,717	-	15,056,131	174,223,406
2063	174,223,406	-	283,093	-	16,450,736	190,391,049
2064	190,391,049	-	253,727	-	17,979,966	208,117,288
2065	208,117,288	-	225,917	-	19,656,409	227,547,780
2066	227,547,780	-	199,984	-	21,493,816	248,841,612
2067	248,841,612	-	176,064	-	23,507,213	272,172,761

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.45% 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
2068	272,172,761	-	154,089	-	25,713,045	297,731,717
2069	297,731,717	-	134,044	-	28,129,314	325,726,987
2070	325,726,987	-	115,803	-	30,775,729	356,386,913
2071	356,386,913	-	99,346	-	33,673,869	389,961,436
2072	389,961,436	-	84,776	-	36,847,350	426,724,010
2073	426,724,010	-	71,928	-	40,322,020	466,974,102
2074	466,974,102	-	60,659	-	44,126,187	511,039,630
2075	511,039,630	-	50,883	-	48,290,841	559,279,588
2076	559,279,588	-	42,419	-	52,849,917	612,087,086
2077	612,087,086	-	35,122	-	57,840,570	669,892,534
2078	669,892,534	-	28,857	-	63,303,481	733,167,158
2079	733,167,158	-	23,540	-	69,283,184	802,426,802
2080	802,426,802	-	19,036	-	75,828,433	878,236,199
2081	878,236,199	-	15,237	-	82,992,601	961,213,563
2082	961,213,563	-	12,058	-	90,834,112	1,052,035,617
2083	1,052,035,617	-	9,407	-	99,416,921	1,151,443,131
2084	1,151,443,131	-	7,242	-	108,811,034	1,260,246,923
2085	1,260,246,923	-	5,499	-	119,093,074	1,379,334,498
2086	1,379,334,498	-	4,105	-	130,346,916	1,509,677,309
2087	1,509,677,309	-	3,018	-	142,664,363	1,652,338,654
2088	1,652,338,654	-	2,183	-	156,145,900	1,808,482,371
2089	1,808,482,371	-	1,556	-	170,901,511	1,979,382,326
2090	1,979,382,326	-	1,087	-	187,051,578	2,166,432,817
2091	2,166,432,817	-	745	-	204,727,866	2,371,159,938
2092	2,371,159,938	-	497	-	224,074,591	2,595,234,032
2093	2,595,234,032	-	326	-	245,249,601	2,840,483,307
2094	2,840,483,307	-	210	-	268,425,663	3,108,908,760
2095	3,108,908,760	-	133	-	293,791,872	3,402,700,499
2096	3,402,700,499	-	83	-	321,555,193	3,724,255,609
2097	3,724,255,609	-	51	-	351,942,153	4,076,197,711
2098	4,076,197,711	-	31	-	385,200,682	4,461,398,362
2099	4,461,398,362	-	19	-	421,602,144	4,883,000,487
2100	4,883,000,487	-	11	-	461,443,546	5,344,444,022
2101	5,344,444,022	-	7	-	505,049,960	5,849,493,975
2102	5,849,493,975	-	4	-	552,777,180	6,402,271,151
2103	6,402,271,151	-	2	-	605,014,624	7,007,285,773
2104	7,007,285,773	-	1	-	662,188,506	7,669,474,278
2105	7,669,474,278	-	1	-	724,765,319	8,394,239,596

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.45% 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, 2018**

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.45% RP-2000 Generational	5.45% RP-2000 Generational	9.45% RP-2000 Generational
Total Required Contribution (Fixed \$)	\$683,834	\$1,122,603	\$329,663
Total Required Contribution (% of Payroll)	30.5%	50.0%	14.7%
Expected Member Contribution	161,668	161,668	161,668
Expected State Money	169,027	169,027	169,027
Expected Sponsor Contribution (Fixed \$)	\$353,139	\$791,908	\$0
Expected Sponsor Contribution (% of Payroll)	15.8%	35.3%	0.0%

ASSETS

Actuarial Value	12,798,493	12,798,493	12,798,493
Market Value	12,488,710	12,488,710	12,488,710

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	11,038,731	16,190,819	7,901,269
Disability Benefits	409,928	553,535	314,793
Death Benefits	149,502	200,925	113,591
Vested Benefits	122,823	188,476	84,385
Refund of Contributions	49,047	51,476	46,839
Service Retirees	4,952,634	5,938,800	4,232,442
Beneficiaries	25,143	26,045	24,300
Disability Retirees	184,611	209,283	164,970
Terminated Vested	1,543,636	2,081,026	1,185,984
Excess State Monies Reserve / City Prepaid	84,863	84,863	84,863
Total:	18,560,918	25,525,248	14,153,436
Present Value of Future Salaries	18,354,965	20,543,780	16,580,589
Present Value of Future Member Contributions	1,321,557	1,479,152	1,193,802
Total Normal Cost	419,352	661,942	274,094
Present Value of Future Normal Costs (Entry Age Normal)	3,304,970	5,870,875	1,941,544
Total Actuarial Accrued Liability	15,255,948	19,654,373	12,211,892
Unfunded Actuarial Accrued Liability (UAAL)	2,457,455	6,855,880	(586,601)

**ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2018**

Valuation Date: 10/1/2016

	ACTUAL	HYPOTHETICAL	
	7.45% RP-2000 Generational	5.45% RP-2000 Generational	9.45% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	434,973	679,980	287,045
Administrative Expenses (with interest)	38,250	37,881	38,619
Payment Required To Amortize UAAL (with interest)	210,611	404,742	3,999
Total Required Contribution	\$683,834	\$1,122,603	\$329,663