

CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2018 Funding Actuarial
Valuation Report and the Plan's Financial Reporting for the Year
Ending September 30, 2018





October 14, 2019

Board of Trustees
City of Delray Beach General Employees' Retirement Plan
Delray Beach, Florida

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the City of Delray Beach General Employees' Retirement Plan (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 System 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, 2018. 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 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 otherwise 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, 2018 actuarial valuation report. This report is also based on the Plan Provisions, census data, and financial information as summarized in our October 1, 2018 actuarial valuation report. Please refer to the October 1, 2018 actuarial valuation report, dated July 17, 2019, for summaries and descriptions 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.

Jeffrey Amrose and Trisha Amrose 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.

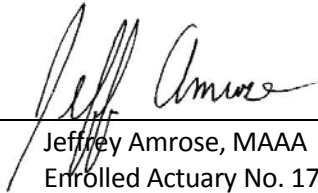
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations 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



Jeffrey Amrose, MAAA
Enrolled Actuary No. 17-6599
Senior Consultant & Actuary

By



Trisha Amrose, MAAA
Enrolled Actuary No. 17-8010
Consultant & Actuary

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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

	<u>2018</u>
a. Service Cost	\$ 2,493,225
b. Interest	8,777,037
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,447,271
e. Assumption Changes	-
f. Benefit Payments	(7,181,239)
g. Contribution Refunds	(126,451)
h. Net Change in Total Pension Liability	<u>5,409,843</u>
i. Total Pension Liability - Beginning	<u>122,223,203</u>
j. Total Pension Liability - Ending	<u><u>\$ 127,633,046</u></u>

2. Plan Fiduciary Net Position

a. Contributions - Employer	\$ 2,151,438
b. Contributions - State	-
c. Contributions - Member	799,106
d. Net Investment Income	13,197,103
e. Benefit Payments	(7,181,239)
f. Contribution Refunds	(126,451)
g. Administrative Expense	(73,250)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>8,766,707</u>
j. Plan Fiduciary Net Position - Beginning	<u>124,951,385</u>
k. Plan Fiduciary Net Position - Ending	<u><u>\$ 133,718,092</u></u>

3. Net Pension Liability / (Asset) (6,085,046)

Certain Key Assumptions

Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	7.25%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

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

Fiscal year ending September 30,	<u>2018</u>
1. Total pension liability	
a. Service Cost	\$ 2,493,225
b. Interest	8,777,037
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	1,447,271
e. Assumption Changes	-
f. Benefit Payments	(7,181,239)
g. Contribution Refunds	(126,451)
h. Net Change in Total Pension Liability	<u>5,409,843</u>
i. Total Pension Liability - Beginning	<u>122,223,203</u>
j. Total Pension Liability - Ending	<u>\$ 127,633,046</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 2,151,438
b. Contributions - State	-
c. Contributions - Member	799,106
d. Net Investment Income	13,197,103
e. Benefit Payments	(7,181,239)
f. Contribution Refunds	(126,451)
g. Administrative Expense	(73,250)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>8,766,707</u>
j. Plan Fiduciary Net Position - Beginning	<u>124,951,385</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 133,718,092</u>
3. Net Pension Liability / (Asset)	(6,085,046)
Certain Key Assumptions	
Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	7.25%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

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

Fiscal year ending September 30,

	<u>2018</u>
1. Total pension liability	
a. Service Cost	\$ 3,848,035
b. Interest	8,160,607
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(7,181,239)
g. Contribution Refunds	(126,451)
h. Net Change in Total Pension Liability	<u>4,700,952</u>
i. Total Pension Liability - Beginning	<u>155,245,952</u>
j. Total Pension Liability - Ending	<u>\$ 159,946,904</u>
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 2,151,438
b. Contributions - State	-
c. Contributions - Member	799,106
d. Net Investment Income	13,197,103
e. Benefit Payments	(7,181,239)
f. Contribution Refunds	(126,451)
g. Administrative Expense	(73,250)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	<u>8,766,707</u>
j. Plan Fiduciary Net Position - Beginning	<u>124,951,385</u>
k. Plan Fiduciary Net Position - Ending	<u>\$ 133,718,092</u>
3. Net Pension Liability / (Asset)	26,228,812

Certain Key Assumptions

Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	5.25%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

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,

	2018
1. Total pension liability	
a. Service Cost	\$ 1,685,219
b. Interest	9,178,265
c. Benefit Changes	-
d. Difference between actual & expected experience & Other	-
e. Assumption Changes	-
f. Benefit Payments	(7,181,239)
g. Contribution Refunds	(126,451)
h. Net Change in Total Pension Liability	3,555,794
i. Total Pension Liability - Beginning	101,193,113
j. Total Pension Liability - Ending	\$ 104,748,907
2. Plan Fiduciary Net Position	
a. Contributions - Employer	\$ 2,151,438
b. Contributions - State	-
c. Contributions - Member	799,106
d. Net Investment Income	13,197,103
e. Benefit Payments	(7,181,239)
f. Contribution Refunds	(126,451)
g. Administrative Expense	(73,250)
h. Other	-
i. Net Change in Plan Fiduciary Net Position	8,766,707
j. Plan Fiduciary Net Position - Beginning	124,951,385
k. Plan Fiduciary Net Position - Ending	\$ 133,718,092
3. Net Pension Liability / (Asset)	(28,969,185)

Certain Key Assumptions

Valuation Date	10/01/2017
Measurement Date	09/30/2018
Investment Return Assumption	9.25%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation

Asset and Benefit Payment Projection
Not Reflecting Any Contributions from the Employer, State or Employee
Using assumptions per the Plan's latest actuarial valuation

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2019	136,078,674	8,915,407	7,997,155	136,996,926
2020	136,996,926	8,968,047	8,273,943	137,691,030
2021	137,691,030	9,008,558	8,461,811	138,237,777
2022	138,237,777	9,042,662	8,544,835	138,735,604
2023	138,735,604	9,069,016	8,759,628	139,044,992
2024	139,044,992	9,081,056	9,021,661	139,104,387
2025	139,104,387	9,079,115	9,197,972	138,985,530
2026	138,985,530	9,066,457	9,335,308	138,716,679
2027	138,716,679	9,042,170	9,517,216	138,241,633
2028	138,241,633	9,005,948	9,640,351	137,607,230
2029	137,607,230	8,961,057	9,701,661	136,866,626
2030	136,866,626	8,910,525	9,717,695	136,059,456
2031	136,059,456	8,855,541	9,732,503	135,182,494
2032	135,182,494	8,794,839	9,777,175	134,200,158
2033	134,200,158	8,729,094	9,760,497	133,168,755
2034	133,168,755	8,662,424	9,673,090	132,158,089
2035	132,158,089	8,598,089	9,557,984	131,198,194
2036	131,198,194	8,538,119	9,415,070	130,321,243
2037	130,321,243	8,484,933	9,237,052	129,569,124
2038	129,569,124	8,439,880	9,067,723	128,941,281
2039	128,941,281	8,403,876	8,878,814	128,466,343
2040	128,466,343	8,379,734	8,644,284	128,201,793
2041	128,201,793	8,371,077	8,371,680	128,201,190
2042	128,201,190	8,380,337	8,096,098	128,485,429
2043	128,485,429	8,408,663	7,825,296	129,068,796
2044	129,068,796	8,457,562	7,543,164	129,983,194

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 6.75%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

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)
2019	136,078,674	8,915,407	7,997,155	136,996,926
2020	136,996,926	8,968,047	8,273,943	137,691,030
2021	137,691,030	9,008,558	8,461,811	138,237,777
2022	138,237,777	9,042,662	8,544,835	138,735,604
2023	138,735,604	9,069,016	8,759,628	139,044,992
2024	139,044,992	9,081,056	9,021,661	139,104,387
2025	139,104,387	9,079,115	9,197,972	138,985,530
2026	138,985,530	9,066,457	9,335,308	138,716,679
2027	138,716,679	9,042,170	9,517,216	138,241,633
2028	138,241,633	9,005,948	9,640,351	137,607,230
2029	137,607,230	8,961,057	9,701,661	136,866,626
2030	136,866,626	8,910,525	9,717,695	136,059,456
2031	136,059,456	8,855,541	9,732,503	135,182,494
2032	135,182,494	8,794,839	9,777,175	134,200,158
2033	134,200,158	8,729,094	9,760,497	133,168,755
2034	133,168,755	8,662,424	9,673,090	132,158,089
2035	132,158,089	8,598,089	9,557,984	131,198,194
2036	131,198,194	8,538,119	9,415,070	130,321,243
2037	130,321,243	8,484,933	9,237,052	129,569,124
2038	129,569,124	8,439,880	9,067,723	128,941,281
2039	128,941,281	8,403,876	8,878,814	128,466,343
2040	128,466,343	8,379,734	8,644,284	128,201,793
2041	128,201,793	8,371,077	8,371,680	128,201,190
2042	128,201,190	8,380,337	8,096,098	128,485,429
2043	128,485,429	8,408,663	7,825,296	129,068,796
2044	129,068,796	8,457,562	7,543,164	129,983,194

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 6.75%
Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

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)
2019	136,078,674	6,273,805	7,997,155	134,355,324
2020	134,355,324	6,185,372	8,273,943	132,266,753
2021	132,266,753	6,081,703	8,461,811	129,886,645
2022	129,886,645	5,966,676	8,544,835	127,308,486
2023	127,308,486	5,839,112	8,759,628	124,387,970
2024	124,387,970	5,694,164	9,021,661	121,060,473
2025	121,060,473	5,531,921	9,197,972	117,394,422
2026	117,394,422	5,354,521	9,335,308	113,413,635
2027	113,413,635	5,161,114	9,517,216	109,057,533
2028	109,057,533	4,951,274	9,640,351	104,368,456
2029	104,368,456	4,727,087	9,701,661	99,393,882
2030	99,393,882	4,490,414	9,717,695	94,166,601
2031	94,166,601	4,241,767	9,732,503	88,675,865
2032	88,675,865	3,979,896	9,777,175	82,878,586
2033	82,878,586	3,704,921	9,760,497	76,823,010
2034	76,823,010	3,419,357	9,673,090	70,569,277
2035	70,569,277	3,125,039	9,557,984	64,136,332
2036	64,136,332	2,822,868	9,415,070	57,544,130
2037	57,544,130	2,513,966	9,237,052	50,821,044
2038	50,821,044	2,198,641	9,067,723	43,951,962
2039	43,951,962	1,876,846	8,878,814	36,949,994
2040	36,949,994	1,549,823	8,644,284	29,855,533
2041	29,855,533	1,219,310	8,371,680	22,703,163
2042	22,703,163	886,118	8,096,098	15,493,183
2043	15,493,183	550,075	7,825,296	8,217,962
2044	8,217,962	211,203	7,543,164	886,001
2045	886,001	-	7,238,537	-

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:** 26.08

Certain Key Assumptions

Valuation Investment return assumption 4.75%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

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)
2019	136,078,674	11,557,008	7,997,155	139,638,527
2020	139,638,527	11,856,386	8,273,943	143,220,970
2021	143,220,970	12,161,631	8,461,811	146,920,790
2022	146,920,790	12,481,733	8,544,835	150,857,688
2023	150,857,688	12,816,814	8,759,628	154,914,874
2024	154,914,874	13,160,354	9,021,661	159,053,567
2025	159,053,567	13,514,776	9,197,972	163,370,371
2026	163,370,371	13,886,488	9,335,308	167,921,551
2027	167,921,551	14,276,758	9,517,216	172,681,093
2028	172,681,093	14,687,830	9,640,351	177,728,572
2029	177,728,572	15,126,802	9,701,661	183,153,713
2030	183,153,713	15,600,801	9,717,695	189,036,819
2031	189,036,819	16,114,925	9,732,503	195,419,241
2032	195,419,241	16,671,432	9,777,175	202,313,498
2033	202,313,498	17,275,409	9,760,497	209,828,410
2034	209,828,410	17,936,788	9,673,090	218,092,108
2035	218,092,108	18,664,898	9,557,984	227,199,022
2036	227,199,022	19,468,005	9,415,070	237,251,957
2037	237,251,957	20,355,425	9,237,052	248,370,330
2038	248,370,330	21,335,691	9,067,723	260,638,298
2039	260,638,298	22,417,403	8,878,814	274,176,887
2040	274,176,887	23,612,290	8,644,284	289,144,893
2041	289,144,893	24,933,917	8,371,680	305,707,130
2042	305,707,130	26,395,170	8,096,098	324,006,202
2043	324,006,202	28,008,186	7,825,296	344,189,092
2044	344,189,092	29,786,532	7,543,164	366,432,460

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 8.75%
 Valuation Mortality Table FRS Mortality Rates from 7/1/16 FRS Valuation

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, 2018	October 1, 2018	October 1, 2018	October 1, 2018
B. Actuarially Determined Contribution (ADC) to Be Paid During Fiscal Year Ending	9/30/2020	9/30/2020	9/30/2020	9/30/2020
C. Assumed Dates of Employer Contributions	12/31/2019	12/31/2019	12/31/2019	12/31/2019
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 588,110	\$ 588,110	\$ 2,863,233	\$ 0
E. Employer Normal Cost	2,097,413	2,097,413	3,625,546	1,202,638
F. ADC if Paid on Valuation Date: D + E	2,685,523	2,685,523	6,488,779	1,202,638
G. ADC Adjusted for Frequency of Payments	2,913,994	2,913,994	6,876,308	1,335,585
H. ADC Adjusted for Frequency of Payments as % of Covered Payroll	14.55 %	14.55 %	34.34 %	6.67 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %	0.00 %
J. Covered Payroll for Contribution Year	20,025,730	20,025,730	20,025,730	20,025,730
K. ADC for Contribution Year: H x J	2,913,994	2,913,994	6,876,308	1,335,585
L. Expected Employee Contribution in Contribution Year	694,241	694,241	694,241	694,241
M. Total Contribution Requirement in Contribution Year	3,608,235	3,608,235	7,570,549	2,029,826
N. Total Contribution Requirement as % of Covered Payroll in Contribution Year	18.02 %	18.02 %	37.80 %	10.14 %
O. Certain Key Assumptions				
Investment Return Assumption	6.75%	6.75%	4.75%	8.75%
Mortality Table	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation	FRS Mortality Rates from 7/1/16 FRS Valuation