

City of Greenville

Firefighter's Pension Fund

**Governmental Accounting Standard Board Statement 67 (GASB No. 67)
Information For the Plan Year Ending June 30, 2017**

**Plan Financial Statement
Information**

October 2, 2017

October 2, 2017

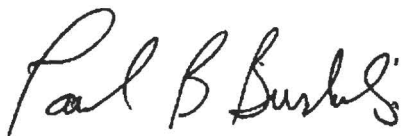
Board of Trustees
City of Greenville Fire Department Pension Fund
City Hall
206 South Main Street
Greenville, SC 29601

Gentlemen:

Stanley, Hunt, DuPree & Rhine, a division of BB&T Insurance Services, has prepared the following information for The City of Greenville Firefighter's Pension Fund (the Plan) as of June 30, 2017 for purposes of providing required actuarial information under Governmental Accounting Standards Board Statement No. 67 (GASB No. 67).

We will be pleased to discuss this information with you and or your Plan auditors at your earliest convenience.

Sincerely,



Paul B. Burdulis, ASA, FCA, MAAA
Senior Vice President and Consulting Actuary
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Actuarial Certification

We have prepared the following information for the City of Greenville Firefighter's Pension Fund (the Plan) for the Plan Year ending June 30, 2017 to provide certain information the Plan Administrator needs to comply with the requirements of Governmental Accounting Board Standard Number 67 (GASB No. 67). This information is required to be presented in the Plan's financial statements. These liabilities and costs were based on the Plan Administrator's actuarial assumptions and methods as prescribed under GASB No. 67.

All costs, liabilities, and other factors were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, unless prescribed by the Plan Administrator or any statutory requirement or accounting standard, the actuarial assumptions used are reasonable and represent our best estimate of the anticipated experience under the Plan.

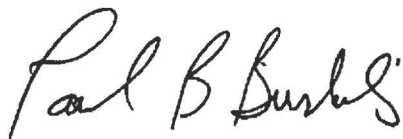
Actuarial computations under GASB No. 67 are for purposes of fulfilling Plan accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of GASB No. 67. Determinations for purposes other than meeting Plan financial accounting requirements may be significantly different from the results reported herein.

The information presented is based on the unaudited asset information and Plan census data provided by the City of Greenville and the Greenville Fire Department, respectively. We did not audit the data supplied to us, but have reviewed both, including a comparison to the previous year's data. Based on our review, the data and assets appear to be adequate and reasonable.

The information contained herein is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.

Stanley, Hunt, DuPree & Rhine

I am a member of an actuarial organization and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Paul B. Burdulis, ASA, FCA, MAAA
Senior Vice President / Consulting Actuary

October 2, 2017
Date

Summary of Changes

	Fiscal Year Ending June 30,		
	2016	2017 Before Changes	2017 After changes
Total Pension Liability			
Total Service Cost	\$ 644,072	\$ 646,164	\$ 646,164
Interest	3,632,597	\$ 3,669,244	3,669,244
Changes of benefit terms	-	-	464,707
Differences between expected and actual experience	595,300	(915,353)	(915,353)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	<u>(2,751,185)</u>	<u>(2,931,643)</u>	<u>(2,931,643)</u>
Net change in Total Pension Liability	\$ 2,120,784	\$ 468,412	\$ 933,119
Total Pension Liability-beginning	\$ 52,007,202	\$ 54,127,986	\$ 54,127,986
Total Pension Liability-ending (a)	\$ 54,127,986	\$ 54,596,398	\$ 55,061,105
Plan Fiduciary Net Position			
Contributions-employer	\$ 1,169,177	\$ 1,362,261	\$ 1,362,261
Contributions-member	437,731	509,922	509,922
Contributions-other	232,342	252,818	252,818
Net investment income	899,216	4,319,025	4,319,025
Benefit payments, including refunds of member contributions	(2,751,185)	(2,931,643)	(2,931,643)
Investment, insurance, and other expenses	<u>(409,453)</u>	<u>(362,986)</u>	<u>(362,986)</u>
Net change in plan fiduciary net position	\$ (422,172)	\$ 3,149,397	\$ 3,149,397
Plan Fiduciary Net Position-beginning	\$ 44,255,512	\$ 43,833,340	\$ 43,833,340
Plan Fiduciary Net Position-ending (b)	\$ 43,833,340	\$ 46,982,737	\$ 46,982,737
Net Pension Liability - ending; (a)-(b)	\$ 10,294,646	\$ 7,613,661	\$ 8,078,368
Plan Fiduciary Net Position as a percentage of Total Pension Liability	80.98%	86.05%	85.33%
Expected Payroll	7,323,602	7,262,474	7,307,269
Net Pension Liability as a Percentage of Expected Payroll	140.57%	104.84%	110.55%

Total and Net Pension Liability Sensitivity Analysis

Sensitivity of the Total and Net Pension Liability to Changes in the Discount Rate.

The following presents the Total and Net Pension Liability as of June 30, 2017 (PYE 2016) calculated using the discount rate of 7.0%, as well as what the Total and Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Total Pension Liability at PYE 2017	\$61,682,682	\$55,061,105	\$ 49,489,709
Plan Fiduciary Net Position at PYE 2017	<u>46,982,797</u>	<u>46,982,797</u>	<u>46,982,797</u>
Net Pension Liability at PYE 2017	\$ 14,699,885	\$ 8,078,308	2,506,912

Plan Assets and Annual Returns

	<u>Market Value as of</u>	
	<u>6/30/2016</u>	<u>6/30/2017</u>
<u>Assets</u>		
Cash & Cash Equivalents	\$ 0	\$ 17,102
Net Accounts Receivable	123,289	124,674
Investments Held by Agent	<u>43,736,022</u>	<u>46,841,682</u>
Total Assets	\$ 43,859,311	\$ 46,983,457
<u>Liabilities</u>		
Accounts Payables	0	720
Other Liabilities	<u>25,971</u>	<u>0</u>
Total Liabilities	\$ 25,971	\$ 720
<u>Net Fiduciary Position</u>	\$ 43,833,340	\$ 46,982,773

	<u>Plan Year Ending June 30,</u>	
	<u>2016</u>	<u>2017</u>
Annual dollar weighted rate of return, before expenses	2.1%	10.0%
Annual dollar weighted rate of return, net of expenses	1.1%	9.1%

Summary of Plan Participants

	Valuation Date	
	July 1, 2015	July 1, 2015
1. <u>Actives</u>		
a. Number	144	144
b. Expected Annual Earnings	\$ 7,323,602	\$ 7,262,474
c. Average Expected Earnings	\$ 50,858	\$ 50,434
d. Average Current Age	40.6	41.0
e. Average Past Service	16.0	16.2
2. <u>Deferred Vested</u>		
a. Number	4	2
b. Average Annual Deferred Pension	\$ 15,828	\$ 12,744
3. <u>Participants in Pay Status</u>		
a. Retirees ¹	74	76
b. Surviving Widows	29	28
c. Average Annual Retiree Pension	\$ 30,408	\$ 30,564
d. Average Annual Widow Pension	\$ 14,640	\$ 14,772

¹ Includes 2 Disabled Retirees.

Appendices

Appendix A: Summary of Plan Provisions

Effective Date

June 24, 1946, as subsequently amended.

Eligibility Requirements

All regularly paid employees of the regular organized City of Greenville Fire Department are eligible to become Members and accrued benefits under the Plan.

Contributions by Participating Employees

Active Members initially contributed at the rate of 1% of salary. Salary deductions were increased, effective July 1, 1952, to 3% of salary. Deductions remained at this level until June 24, 1975 when they were raised to 5.775% of salary. Deductions remained at this level until March 1, 2017 when they were raised to 6.045% of salary. The employee contribution rate is scheduled to increase by .27% for each of the next four years. Employee contribution rates at 10/1/2017, 10/1/2018, 10/1/2019, and 10/1/2020 will increase to 6.315%, 6.585%, 6.855%, and 7.125% of salary, respectively.

Contributions from the City and Other Sources

After June 30, 1997 and prior to February 9, 2013 the City contributed 19.425% of participating payroll, inclusive of the 4% of the State-directed contribution noted above. On and after February 9, 2013 the City contributed 15.425% of participating payroll until March 1, 2017. Effective March 1, 2015 the City contribution rate was increased to 16.155% of participating payroll. The City contribution rate is scheduled to increase by .73% for each of the next four years. City contribution rates at 10/1/2017, 10/1/2018, 10/1/2019, and 10/1/2020 will increase to 16.885%, 17.615%, 18.345%, and 19.075% of participating payroll, respectively.

The following are also paid into the Fund:

1. Any money, real estate, personal property or other assets made available by gift, devise or bequest;
2. All forfeitures and fines imposed upon any member of the Department by way of discipline;
3. All proceeds from sales of condemned or discarded personal property and equipment in use by the Department;
4. The income from any tax levy imposed by the City Council in order to supplement or support this fund.

Service Retirement Benefits

An active or disabled Member who has attained age 55 and completed at least 25 years of service may retire with a monthly benefit equal to 50% of monthly compensation allowed to such Member as salary at the time of his retirement or disability. For each year of service in excess of 25 years, an additional 2% of monthly compensation allowed to such Member as salary at the time of his retirement or disability will be provided. In no event will more than 35 years of service be considered for the purpose of benefit

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determination. An adjustment of up to 6% of the percentage of benefit will be added to the benefit calculation to reflect accrued general leave time.

Final Monthly Compensation

Monthly compensation at date of benefit determination is based on 1/12th of the annual rate of pay in effect. Effective 10/1/2016 Special Ops Pay is included in a participating employees base pay rate for Plan purposes.

Disability Retirement Benefits

1. **Line of Duty Disability**

A Member who incurs a disability while engaged in the performance of his duty will be retired with a monthly benefit equal to 50% of monthly compensation allowed to such Member as salary at the time of his disability.

2. **Disability Other Than in Line of Duty**

A Member who becomes disabled other than in the line of duty after:

- a. The completion of 10 years of service will be retired with a monthly benefit equal to one-third of monthly compensation allowed to such Member as salary at the time of his disability.
- b. The completion of 20 years of service will be retired with a monthly benefit equal to 50% of monthly compensation allowed to such Member as salary at the time of his disability.

If a disabled Member has accrued a greater benefit as a result of completing 25 or more years of service, upon attainment of age 55 such disabled Member's benefit will be adjusted to that payable as a Service Retirement Benefit.

Death Benefits

1. Upon the death of a retired Member, the Member's lawful widow will receive a monthly benefit equal to one-half of the benefit which the retired Member was receiving.
2. Upon the death of an active Member, the Member's lawful widow will receive a monthly benefit equal to one-half of the Member's monthly compensation allowed to such Member as salary at the time of the deceased Member's death.
3. If in the case of (1) or (2) above there is no lawful widow, the monthly benefits described above shall be paid jointly to the surviving children until any such child attains age 18.
4. Upon the death of an active or retired member a \$200 funeral benefit will be paid to the nearest relative of the deceased Member.

Summary of Plan Provisions (continued)

Withdrawal Benefits

Members have a vested interest in their accrued retirement benefits of 50% after ten years of service. For each year of service beyond ten years, a Member shall be vested an additional 10%, until upon the completion of fifteen years of service such Member becomes 100% vested in his accrued retirement benefit.

A Member's vested accrued retirement benefit will be based on earnings and actual service at date of termination. The vested accrued benefit is payable upon Normal Retirement Age, age 55. In lieu of a monthly pension, a vested terminated Member may elect upon termination to take a refund of his contributions with 4% interest.

A Member who leaves the service of the Fire Department prior to becoming eligible for retirement benefits shall be entitled to a refund of his contributions with 4% interest.

Ad Hoc Cost of living Increase on Retiree Benefits

Effective March 1, 2017 the monthly benefit payable on and after March 1, 2017 to any retired participant or beneficiary who has been receiving benefits for more than five (5) years as of March 1, 2017 shall be increased as follows:

Receiving benefits for between 5 and 15 years;	1% increase
Receiving benefits for over 15 years:	2% increase

Appendix B: Actuarial Assumptions and Methods

Assumptions

Discount Rate: 7.00%²

Inflation Rate: 3.75%

Expected Long Term Rate of Return on Assets: 7.00%

Future Municipal Bond Rate Not Applicable

Mortality Rates: Based on the RP-2000 Combined Mortality Table projected to 2023 using Scale AA, Sex-distinct.

Disability Rates: The following are examples of the assumed probability that a Member will become disabled within one year. A disabled mortality assumption is also utilized.

Age	Percentage
25	0.068%
40	0.230%
55	1.176%

Duty-related disabilities are assumed to be 50% of all disabilities.

Withdrawal Rates: The following are examples of the assumed probability that a Member will terminate within one year for reasons other than death.

Age	Percentage
25	7.72%
40	5.15%
55	0.94%

Salary Scale: Annual increases of 4% per year occurring at each October 1st.

Rates of Retirement: 50% of all remaining active Members are assumed to retire each year following attainment of age 55 or the completion of 35 years of service, if later, but not beyond age 62.

Marriage: 75% of the actives are assumed married at death or retirement with female spouses that are three years younger than male spouses.

Adjustment for Unused Leave Time: The inclusion of accrued general leave in the benefit calculation is assumed to increase retirement benefits by 4%.

² Demonstration of applicability under GASB 67 methodology is available upon request.

Future Contributions:

For purposes of determining the GASB No. 67 discount rate only future employee and employer contributions are assumed based on current rates in effect. No contributions from other sources are assumed.

Appendix B: Actuarial Assumptions and Methods (continued)

Methods

The Total Pension Liability as of the reporting date is determined using the following methods:

Actuarial Cost Method: Individual Entry Age Actuarial Cost Method -
Level Percentage of Projected Pay basis

Valuation Date July 1 prior to the end of the reporting period
July 1 valuation results, reflecting any applicable plan changes during
the reporting period are projected to the reporting date