



City of San Antonio

Agenda Memorandum

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Agenda Date: 4/16/2019

In Control: Audit and Accountability Committee

CITY OF SAN ANTONIO

FINANCE DEPARTMENT

TO: Erik Walsh, City Manager

FROM: Troy Elliott, CPA, Deputy Chief Financial Officer, Finance Department

COPIES: Audit Committee; Ben Gorzell, Jr., Chief Financial Officer

SUBJECT: Results of the Actuarial Review of Audits of the San Antonio Fire and Police Pension Fund and the Fund's responses

DATE: April 16, 2019

Section 802.1012 of the Texas Government Code requires employers who sponsor public retirement systems with total assets of at least \$100M, such as the San Antonio Fire & Police Pension Fund, to retain an independent actuary every five years to review actuarial work products. The legislation requires that the independent actuary provide the governing body of the public retirement system the results of the review as an item posted on the public agenda in the form of an issued report.

BACKGROUND INFORMATION:

Since the legislation passed in 2008, the City has hired actuaries twice to conduct the five year reviews. The reports and recommendations were provided to City Council and incorporated in subsequent SAFPPF actuarial reports.

For this third review period, the City engaged Gabriel, Roeder, Smith and Company (GRS) in September 2018 to conduct a Level One Actuarial Audit of the annual valuations and experience studies of the SAFPPF from October 1, 2013 through January 1, 2018. A Level One audit is a complete actuarial valuation of the plan based on the same census data, assumptions, and actuarial methods used by the plan's actuary; the goal is to replicate the results of the most recent valuation. As an independent reviewing actuary, GRS was asked to provide an opinion and recommendations of the actuarial valuations performed by The Segal Company for SAFPPF, and that the actuarial reports from the previous five years fully and fairly discloses the actuarial position of the SAFPPF.

Upon completion of the independent review, GRS noted the actuarial valuations, studies, and reports of SAFPPF are reasonable, used appropriate assumptions, complied with Actuarial Standards of Practice, and complied with the Texas Pension Review Board (Texas PRB) Guidelines for Actuarial Soundness. GRS also noted recommendations based on the actuarial assumptions, methods and funding policy, valuation results, and content of the valuation report.

The report, with recommendations, prepared by GRS has been provided to the SAFPPF and the Segal Company for their

review. In its assessment of the report, The Segal Company and SAFPPF concurred with the recommendations and have indicated in response that the recommendations will be considered and incorporated into SAFPPF's future actuarial valuations and experience studies. As the January 1, 2019 actuarial report, set to be released later this summer, will take into consideration and incorporate these recommendations, the City is in agreement with not having January 1, 2018's report restated.

If you should have any questions or require additional information, please feel free to contact me at 207-8604.