

CITY OF EDGEWATER
GENERAL EMPLOYEES' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2020 VALUATION DATE



May 19, 2021

VIA E-MAIL

Ms. Michelle Rodriguez, Plan Administrator
Foster & Foster, Inc.
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Edgewater General Employees' Retirement Plan
Section 112.664, Florida Statutes Compliance

Dear Michelle:

Please find enclosed the annual disclosures that satisfy the October 1, 2020 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.

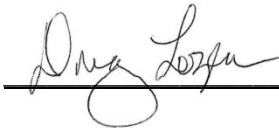
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

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.

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 #20-7778

Enclosures

cc via email: Ken Harrison, Board Attorney
cc via email: Jessica A. De la Torre Vila, Legal Assistant

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, 2020 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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2020

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Discount Rate:	6.75%	4.75%	8.75%
<u>Total Pension Liability</u>			
Service Cost	18,087	28,353	11,822
Interest	1,241,131	1,074,845	1,343,745
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	16,468	50,314	(4,753)
Changes of Assumptions	(221,363)	(337,610)	(151,427)
Benefit Payments, Including Refunds of Employee Contributions	(1,520,177)	(1,520,177)	(1,520,177)
Net Change in Total Pension Liability	(465,854)	(704,275)	(320,790)
Total Pension Liability - Beginning	19,129,121	23,360,059	16,105,357
Total Pension Liability - Ending (a)	<u>\$ 18,663,267</u>	<u>\$ 22,655,784</u>	<u>\$ 15,784,567</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	799,291	799,291	799,291
Contributions - Employee	2,465	2,465	2,465
Net Investment Income	1,317,329	1,317,329	1,317,329
Benefit Payments, Including Refunds of Employee Contributions	(1,520,177)	(1,520,177)	(1,520,177)
Administrative Expenses	(48,073)	(48,073)	(48,073)
Net Change in Plan Fiduciary Net Position	550,835	550,835	550,835
Plan Fiduciary Net Position - Beginning	12,398,463	12,398,463	12,398,463
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,949,298</u>	<u>\$ 12,949,298</u>	<u>\$ 12,949,298</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,713,969</u>	<u>\$ 9,706,486</u>	<u>\$ 2,835,269</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.75%

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
2020	12,949,298	-	1,563,041	-	821,325	12,207,582
2021	12,207,582	-	1,560,843	-	771,333	11,418,072
2022	11,418,072	-	1,552,303	-	718,330	10,584,099
2023	10,584,099	-	1,542,252	-	662,376	9,704,223
2024	9,704,223	-	1,530,092	-	603,394	8,777,525
2025	8,777,525	-	1,535,025	-	540,676	7,783,176
2026	7,783,176	-	1,529,437	-	473,746	6,727,485
2027	6,727,485	-	1,512,789	-	403,049	5,617,745
2028	5,617,745	-	1,508,177	-	328,297	4,437,865
2029	4,437,865	-	1,485,364	-	249,425	3,201,926
2030	3,201,926	-	1,458,553	-	166,904	1,910,277
2031	1,910,277	-	1,431,259	-	80,639	559,657
2032	559,657	-	1,402,483	-	-	-

Number of Years Expected Benefit Payments Sustained: 12.40

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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: Discount Rate = 4.75%

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
2020	12,949,298	-	1,563,041	-	577,969	11,964,226
2021	11,964,226	-	1,560,843	-	531,231	10,934,614
2022	10,934,614	-	1,552,303	-	482,527	9,864,838
2023	9,864,838	-	1,542,252	-	431,951	8,754,537
2024	8,754,537	-	1,530,092	-	379,501	7,603,946
2025	7,603,946	-	1,535,025	-	324,731	6,393,652
2026	6,393,652	-	1,529,437	-	267,374	5,131,589
2027	5,131,589	-	1,512,789	-	207,822	3,826,622
2028	3,826,622	-	1,508,177	-	145,945	2,464,390
2029	2,464,390	-	1,485,364	-	81,781	1,060,807
2030	1,060,807	-	1,458,553	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.73

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% 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: Discount Rate = 8.75%

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
2020	12,949,298	-	1,563,041	-	1,064,681	12,450,938
2021	12,450,938	-	1,560,843	-	1,021,170	11,911,265
2022	11,911,265	-	1,552,303	-	974,322	11,333,284
2023	11,333,284	-	1,542,252	-	924,189	10,715,221
2024	10,715,221	-	1,530,092	-	870,640	10,055,769
2025	10,055,769	-	1,535,025	-	812,722	9,333,466
2026	9,333,466	-	1,529,437	-	749,765	8,553,794
2027	8,553,794	-	1,512,789	-	682,272	7,723,277
2028	7,723,277	-	1,508,177	-	609,804	6,824,904
2029	6,824,904	-	1,485,364	-	532,194	5,871,734
2030	5,871,734	-	1,458,553	-	449,965	4,863,146
2031	4,863,146	-	1,431,259	-	362,908	3,794,795
2032	3,794,795	-	1,402,483	-	270,686	2,662,998
2033	2,662,998	-	1,371,683	-	173,001	1,464,316
2034	1,464,316	-	1,337,612	-	69,607	196,311
2035	196,311	-	1,301,713	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.15

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 8.75% 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, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Investment Rate of Return:	6.75%	4.75%	8.75%
Minimum Required Contribution (Fixed \$)	\$758,654	\$953,480	\$554,221
Minimum Required Contribution (% of Payroll)	711.4%	893.9%	519.7%
Expected Member Contribution	2,756	2,730	2,783
Expected Sponsor Contribution (Fixed \$)	\$755,898	\$950,750	\$551,438
Expected Sponsor Contribution (% of Payroll)	708.9%	891.4%	517.2%

ASSETS

Actuarial Value	12,650,979	12,650,979	12,650,979
Market Value	12,949,298	12,949,298	12,949,298

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	483,908	681,434	356,013
Disability Benefits	35,783	46,212	28,545
Death Benefits	1,397	1,839	1,096
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	16,923,356	20,487,206	14,347,031
Beneficiaries	613,445	739,356	521,713
Disability Retirees	0	0	0
Terminated Vested	786,316	987,210	646,038
Total:	18,844,205	22,943,257	15,900,436
Present Value of Future Salaries	639,250	675,736	606,284
Present Value of Future Member Contributions	15,981	16,893	15,157
Total Normal Cost	18,909	29,596	12,371
Present Value of Future Normal Costs (Entry Age Normal)	127,350	208,365	80,109
Total Actuarial Accrued Liability	18,716,855	22,734,892	15,820,327
Unfunded Actuarial Accrued Liability (UAAL)	6,065,876	10,083,913	3,169,348

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Investment Rate of Return:	6.75%	4.75%	8.75%
<u>PENSION COST</u>			
Normal Cost ¹	20,329	31,511	13,429
Administrative Expenses ¹	54,899	54,368	55,430
Payment Required To Amortize UAAL ¹	683,426	867,601	485,362
Minimum Required Contribution	\$758,654	\$953,480	\$554,221

¹ Contributions developed as of 10/1/2020 displayed above have been adjusted to account for assumed salary increase and interest components.