

CITY OF EDGEWATER
GENERAL EMPLOYEES' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE



July 12, 2020

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, 2019 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.

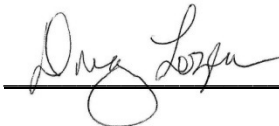
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	17,847	27,892	11,709
Interest	1,255,470	1,090,688	1,356,023
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	39,215	72,645	17,060
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,530,253)	(1,530,253)	(1,530,253)
Net Change in Total Pension Liability	(217,721)	(339,028)	(145,461)
Total Pension Liability - Beginning	19,346,842	23,699,087	16,250,818
Total Pension Liability - Ending (a)	<u>\$ 19,129,121</u>	<u>\$ 23,360,059</u>	<u>\$ 16,105,357</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	782,806	782,806	782,806
Contributions - Employee	2,615	2,615	2,615
Contributions - Buy Back	-	-	-
Net Investment Income	663,572	663,572	663,572
Benefit Payments, Including Refunds of Employee Contributions	(1,530,253)	(1,530,253)	(1,530,253)
Administrative Expenses	(54,054)	(54,054)	(54,054)
Net Change in Plan Fiduciary Net Position	(135,314)	(135,314)	(135,314)
Plan Fiduciary Net Position - Beginning	12,533,777	12,533,777	12,533,777
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,398,463</u>	<u>\$ 12,398,463</u>	<u>\$ 12,398,463</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,730,658</u>	<u>\$ 10,961,596</u>	<u>\$ 3,706,894</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 6.75% 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
2019	12,398,463	-	1,554,031	-	784,448	11,628,880
2020	11,628,880	-	1,556,601	-	732,414	10,804,693
2021	10,804,693	-	1,554,699	-	676,846	9,926,840
2022	9,926,840	-	1,544,103	-	617,948	9,000,685
2023	9,000,685	-	1,541,190	-	555,531	8,015,026
2024	8,015,026	-	1,528,883	-	489,414	6,975,557
2025	6,975,557	-	1,532,870	-	419,116	5,861,803
2026	5,861,803	-	1,528,777	-	344,075	4,677,101
2027	4,677,101	-	1,511,438	-	264,693	3,430,356
2028	3,430,356	-	1,505,348	-	180,744	2,105,752
2029	2,105,752	-	1,484,125	-	92,049	713,676
2030	713,676	-	1,457,984	-	-	-

Number of Years Expected Benefit Payments Sustained: 11.49

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: 4.75% 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
2019	12,398,463	-	1,554,031	-	552,019	11,396,451
2020	11,396,451	-	1,556,601	-	504,362	10,344,212
2021	10,344,212	-	1,554,699	-	454,426	9,243,939
2022	9,243,939	-	1,544,103	-	402,415	8,102,251
2023	8,102,251	-	1,541,190	-	348,254	6,909,315
2024	6,909,315	-	1,528,883	-	291,881	5,672,313
2025	5,672,313	-	1,532,870	-	233,029	4,372,472
2026	4,372,472	-	1,528,777	-	171,384	3,015,079
2027	3,015,079	-	1,511,438	-	107,320	1,610,961
2028	1,610,961	-	1,505,348	-	40,769	146,382
2029	146,382	-	1,484,125	-	-	-

Number of Years Expected Benefit Payments Sustained: 10.10

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: 8.75% 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
2019	12,398,463	-	1,554,031	-	1,016,877	11,861,309
2020	11,861,309	-	1,556,601	-	969,763	11,274,471
2021	11,274,471	-	1,554,699	-	918,498	10,638,270
2022	10,638,270	-	1,544,103	-	863,294	9,957,461
2023	9,957,461	-	1,541,190	-	803,851	9,220,122
2024	9,220,122	-	1,528,883	-	739,872	8,431,111
2025	8,431,111	-	1,532,870	-	670,659	7,568,900
2026	7,568,900	-	1,528,777	-	595,395	6,635,518
2027	6,635,518	-	1,511,438	-	514,482	5,638,562
2028	5,638,562	-	1,505,348	-	427,515	4,560,729
2029	4,560,729	-	1,484,125	-	334,133	3,410,737
2030	3,410,737	-	1,457,984	-	234,653	2,187,406
2031	2,187,406	-	1,432,236	-	128,738	883,908
2032	883,908	-	1,404,587	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.63

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, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$796,387	\$997,559	\$587,940
Minimum Required Contribution (% of Payroll)	776.4%	972.4%	573.1%
Expected Member Contribution	2,651	2,626	2,677
Expected Sponsor Contribution (Fixed \$)	\$793,736	\$994,933	\$585,263
Expected Sponsor Contribution (% of Payroll)	773.9%	969.9%	570.6%

ASSETS

Actuarial Value	12,458,529	12,458,529	12,458,529
Market Value	12,398,463	12,398,463	12,398,463

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	448,178	644,620	323,203
Disability Benefits	34,851	44,921	27,764
Death Benefits	2,696	3,605	2,085
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	17,208,206	20,957,827	14,522,716
Beneficiaries	629,393	764,345	532,308
Disability Retirees	0	0	0
Terminated Vested	956,530	1,216,858	777,058
Total:	19,279,854	23,632,176	16,185,134
Present Value of Future Salaries	689,979	735,617	649,211
Present Value of Future Member Contributions	17,249	18,390	16,230
Total Normal Cost	18,082	28,348	11,817
Present Value of Future Normal Costs (Entry Age Normal)	135,270	224,053	84,110
Total Actuarial Accrued Liability	19,144,584	23,408,123	16,101,024
Unfunded Actuarial Accrued Liability (UAAL)	6,686,055	10,949,594	3,642,495

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2021

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	6.75% RP-2000 Generational	4.75% RP-2000 Generational	8.75% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ¹	19,440	30,182	12,827
Administrative Expenses ¹	54,431	53,905	54,958
Payment Required To Amortize UAAL ¹	<u>722,516</u>	<u>913,472</u>	<u>520,155</u>
Minimum Required Contribution	\$796,387	\$997,559	\$587,940

¹ Contributions developed as of 10/1/2019 displayed above have been adjusted to account for assumed salary increase and interest components.