

CITY OF EDGEWATER  
POLICE 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 Police 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	
	7.40%	5.40%	9.40%
Discount Rate:			
<u>Total Pension Liability</u>			
Service Cost	254,215	407,671	166,382
Interest	1,105,408	1,036,213	1,136,405
Change in Excess State Money	177,890	177,890	177,890
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	233,955	299,838	192,138
Changes of Assumptions	(227,835)	(520,219)	(56,298)
Benefit Payments, Including Refunds of Employee Contributions	(1,031,883)	(1,031,883)	(1,031,883)
Net Change in Total Pension Liability	511,750	369,510	584,634
Total Pension Liability - Beginning	15,000,506	18,948,502	12,311,721
Total Pension Liability - Ending (a)	<u>\$ 15,512,256</u>	<u>\$ 19,318,012</u>	<u>\$ 12,896,355</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	891,041	891,041	891,041
Contributions - State	177,890	177,890	177,890
Contributions - Employee	98,822	98,822	98,822
Net Investment Income	1,242,126	1,242,126	1,242,126
Benefit Payments, Including Refunds of Employee Contributions	(1,031,883)	(1,031,883)	(1,031,883)
Administrative Expenses	(52,255)	(52,255)	(52,255)
Net Change in Plan Fiduciary Net Position	1,325,741	1,325,741	1,325,741
Plan Fiduciary Net Position - Beginning	10,732,918	10,732,918	10,732,918
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,058,659</u>	<u>\$ 12,058,659</u>	<u>\$ 12,058,659</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,453,597</u>	<u>\$ 7,259,353</u>	<u>\$ 837,696</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 7.40%

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	12,058,659	-	1,894,696	-	822,237	10,986,200
2021	10,986,200	-	1,030,714	-	774,842	10,730,328
2022	10,730,328	-	1,029,643	-	755,947	10,456,632
2023	10,456,632	-	1,048,302	-	735,004	10,143,334
2024	10,143,334	-	1,065,571	-	711,181	9,788,944
2025	9,788,944	-	1,085,157	-	684,231	9,388,018
2026	9,388,018	-	1,086,840	-	654,500	8,955,678
2027	8,955,678	-	1,099,643	-	622,033	8,478,068
2028	8,478,068	-	1,114,927	-	586,125	7,949,266
2029	7,949,266	-	1,135,592	-	546,229	7,359,903
2030	7,359,903	-	1,139,289	-	502,479	6,723,093
2031	6,723,093	-	1,141,465	-	455,275	6,036,903
2032	6,036,903	-	1,143,786	-	404,411	5,297,528
2033	5,297,528	-	1,137,533	-	349,928	4,509,923
2034	4,509,923	-	1,131,895	-	291,854	3,669,882
2035	3,669,882	-	1,125,279	-	229,936	2,774,539
2036	2,774,539	-	1,122,066	-	163,799	1,816,272
2037	1,816,272	-	1,107,638	-	93,422	802,056
2038	802,056	-	1,099,758	-	-	-

\*All Share Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 18.73

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.40% 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 = 5.40%

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	12,058,659	-	1,894,696	-	600,011	10,763,974
2021	10,763,974	-	1,030,714	-	553,425	10,286,685
2022	10,286,685	-	1,029,643	-	527,681	9,784,723
2023	9,784,723	-	1,048,302	-	500,071	9,236,492
2024	9,236,492	-	1,065,571	-	470,000	8,640,921
2025	8,640,921	-	1,085,157	-	437,310	7,993,074
2026	7,993,074	-	1,086,840	-	402,281	7,308,515
2027	7,308,515	-	1,099,643	-	364,969	6,573,841
2028	6,573,841	-	1,114,927	-	324,884	5,783,798
2029	5,783,798	-	1,135,592	-	281,664	4,929,870
2030	4,929,870	-	1,139,289	-	235,452	4,026,033
2031	4,026,033	-	1,141,465	-	186,586	3,071,154
2032	3,071,154	-	1,143,786	-	134,960	2,062,328
2033	2,062,328	-	1,137,533	-	80,652	1,005,447
2034	1,005,447	-	1,131,895	-	-	-

\*All Share Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 14.89

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.40% 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 = 9.40%

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	12,058,659	-	1,894,696	-	1,044,463	11,208,426
2021	11,208,426	-	1,030,714	-	1,005,148	11,182,860
2022	11,182,860	-	1,029,643	-	1,002,796	11,156,013
2023	11,156,013	-	1,048,302	-	999,395	11,107,106
2024	11,107,106	-	1,065,571	-	993,986	11,035,521
2025	11,035,521	-	1,085,157	-	986,337	10,936,701
2026	10,936,701	-	1,086,840	-	976,968	10,826,829
2027	10,826,829	-	1,099,643	-	966,039	10,693,225
2028	10,693,225	-	1,114,927	-	952,762	10,531,060
2029	10,531,060	-	1,135,592	-	936,547	10,332,015
2030	10,332,015	-	1,139,289	-	917,663	10,110,389
2031	10,110,389	-	1,141,465	-	896,728	9,865,652
2032	9,865,652	-	1,143,786	-	873,613	9,595,479
2033	9,595,479	-	1,137,533	-	848,511	9,306,457
2034	9,306,457	-	1,131,895	-	821,608	8,996,170
2035	8,996,170	-	1,125,279	-	792,752	8,663,643
2036	8,663,643	-	1,122,066	-	761,645	8,303,222
2037	8,303,222	-	1,107,638	-	728,444	7,924,028
2038	7,924,028	-	1,099,758	-	693,170	7,517,440
2039	7,517,440	-	1,077,622	-	655,991	7,095,809
2040	7,095,809	-	1,057,272	-	617,314	6,655,851
2041	6,655,851	-	1,041,155	-	576,716	6,191,412
2042	6,191,412	-	1,018,937	-	534,103	5,706,578
2043	5,706,578	-	998,662	-	489,481	5,197,397
2044	5,197,397	-	973,621	-	442,795	4,666,571
2045	4,666,571	-	948,540	-	394,076	4,112,107
2046	4,112,107	-	920,831	-	343,259	3,534,535
2047	3,534,535	-	892,262	-	290,310	2,932,583
2048	2,932,583	-	862,709	-	235,115	2,304,989
2049	2,304,989	-	833,162	-	177,510	1,649,337
2050	1,649,337	-	803,039	-	117,295	963,593
2051	963,593	-	772,280	-	54,281	245,594
2052	245,594	-	741,221	-	-	-

\*All Share Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 32.33

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.40% 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	
	7.40%	5.40%	9.40%
Investment Rate of Return:	7.40%	5.40%	9.40%
Minimum Required Contribution (Fixed \$)	\$1,011,693	\$1,414,742	\$684,691
Minimum Required Contribution (% of Payroll)	59.1%	82.5%	40.0%
Expected Member Contribution	102,795	102,795	102,795
Expected State Money	0	0	0
Expected Sponsor Contribution (Fixed \$)	\$908,898	\$1,311,947	\$581,896
Expected Sponsor Contribution (% of Payroll)	53.1%	76.5%	34.0%

**ASSETS**

Actuarial Value <sup>1</sup>	11,881,756	11,881,756	11,881,756
Market Value <sup>1</sup>	12,058,659	12,058,659	12,058,659

**LIABILITIES**

Present Value of Benefits			
Active Members			
Retirement Benefits	4,694,464	7,179,767	3,237,548
Disability Benefits	1,178,804	1,680,512	865,431
Death Benefits	7,063	10,995	4,791
Vested Benefits	332,452	586,462	197,851
Refund of Contributions	28,524	29,438	27,672
Service Retirees	164,306	251,292	113,314
DROP Retirees	9,028,651	10,969,222	7,644,652
Disability Retirees	247,661	304,548	207,542
Terminated Vested	1,768,892	2,232,869	1,458,102
Share Plan Balances <sup>1</sup>	450,237	590,952	357,122
Excess State Monies Reserve	810,101	810,101	810,101
Total:	18,711,155	24,646,158	14,924,126
Present Value of Future Salaries	13,677,150	15,217,283	12,410,045
Present Value of Future Member Contributions	820,629	913,037	744,603
Total Normal Cost	354,667	542,925	241,697
Present Value of Future Normal Costs (Entry Age Normal)	2,926,656	4,976,818	1,812,384
Total Actuarial Accrued Liability <sup>1</sup>	15,784,499	19,669,340	13,111,742
Unfunded Actuarial Accrued Liability (UAAL)	3,902,743	7,787,584	1,229,986



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

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
	7.40%	5.40%	9.40%
Investment Rate of Return:	7.40%	5.40%	9.40%
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	367,790	557,584	253,057
Administrative Expenses (with interest)	60,276	59,694	60,857
Payment Required To Amortize UAAL (with interest)	583,627	797,464	370,777
Minimum Required Contribution	\$1,011,693	\$1,414,742	\$684,691

<sup>1</sup> The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2020.