

CITY OF EDGEWATER
POLICE 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 Police 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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	256,785	409,563	168,506
Interest	1,066,672	1,001,046	1,094,850
Share Plan Allocation	177,174	177,174	177,174
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	48,813	83,887	29,401
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,028,888)	(1,028,888)	(1,028,888)
Net Change in Total Pension Liability	520,556	642,782	441,043
Total Pension Liability - Beginning	14,479,950	18,305,720	11,870,678
Total Pension Liability - Ending (a)	<u>\$ 15,000,506</u>	<u>\$ 18,948,502</u>	<u>\$ 12,311,721</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	781,147	781,147	781,147
Contributions - State	177,174	177,174	177,174
Contributions - Employee	90,656	90,656	90,656
Net Investment Income	463,243	463,243	463,243
Benefit Payments, Including Refunds of Employee Contributions	(1,028,888)	(1,028,888)	(1,028,888)
Administrative Expenses	(63,994)	(63,994)	(63,994)
Net Change in Plan Fiduciary Net Position	419,338	419,338	419,338
Plan Fiduciary Net Position - Beginning	10,313,580	10,313,580	10,313,580
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,732,918</u>	<u>\$ 10,732,918</u>	<u>\$ 10,732,918</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,267,588</u>	<u>\$ 8,215,584</u>	<u>\$ 1,578,803</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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	10,732,918	-	1,619,434	-	744,240	9,857,724
2020	9,857,724	-	977,257	-	702,682	9,583,149
2021	9,583,149	-	995,440	-	681,407	9,269,116
2022	9,269,116	-	996,686	-	657,808	8,930,238
2023	8,930,238	-	993,914	-	632,496	8,568,820
2024	8,568,820	-	1,008,802	-	604,831	8,164,849
2025	8,164,849	-	1,028,677	-	573,788	7,709,960
2026	7,709,960	-	1,038,356	-	539,309	7,210,913
2027	7,210,913	-	1,043,545	-	501,686	6,669,054
2028	6,669,054	-	1,051,367	-	460,753	6,078,440
2029	6,078,440	-	1,065,088	-	415,942	5,429,294
2030	5,429,294	-	1,072,474	-	366,979	4,723,799
2031	4,723,799	-	1,087,856	-	313,490	3,949,433
2032	3,949,433	-	1,095,817	-	255,114	3,108,730
2033	3,108,730	-	1,086,755	-	192,401	2,214,376
2034	2,214,376	-	1,079,900	-	125,582	1,260,058
2035	1,260,058	-	1,075,751	-	54,164	238,471
2036	238,471	-	1,069,587	-	-	-

*All Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 17.22

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% 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: 5.50% 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	10,732,918	-	1,619,434	-	545,776	9,659,260
2020	9,659,260	-	977,257	-	504,385	9,186,388
2021	9,186,388	-	995,440	-	477,877	8,668,825
2022	8,668,825	-	996,686	-	449,377	8,121,516
2023	8,121,516	-	993,914	-	419,351	7,546,953
2024	7,546,953	-	1,008,802	-	387,340	6,925,491
2025	6,925,491	-	1,028,677	-	352,613	6,249,427
2026	6,249,427	-	1,038,356	-	315,164	5,526,235
2027	5,526,235	-	1,043,545	-	275,245	4,757,935
2028	4,757,935	-	1,051,367	-	232,774	3,939,342
2029	3,939,342	-	1,065,088	-	187,374	3,061,628
2030	3,061,628	-	1,072,474	-	138,897	2,128,051
2031	2,128,051	-	1,087,856	-	87,127	1,127,322
2032	1,127,322	-	1,095,817	-	31,868	63,373
2033	63,373	-	1,086,755	-	-	-

*All Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 14.06

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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: 9.50% 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	10,732,918	-	1,619,434	-	942,704	10,056,188
2020	10,056,188	-	977,257	-	908,918	9,987,849
2021	9,987,849	-	995,440	-	901,562	9,893,971
2022	9,893,971	-	996,686	-	892,585	9,789,870
2023	9,789,870	-	993,914	-	882,827	9,678,783
2024	9,678,783	-	1,008,802	-	871,566	9,541,547
2025	9,541,547	-	1,028,677	-	857,585	9,370,455
2026	9,370,455	-	1,038,356	-	840,871	9,172,970
2027	9,172,970	-	1,043,545	-	821,864	8,951,289
2028	8,951,289	-	1,051,367	-	800,433	8,700,355
2029	8,700,355	-	1,065,088	-	775,942	8,411,209
2030	8,411,209	-	1,072,474	-	748,122	8,086,857
2031	8,086,857	-	1,087,856	-	716,578	7,715,579
2032	7,715,579	-	1,095,817	-	680,929	7,300,691
2033	7,300,691	-	1,086,755	-	641,945	6,855,881
2034	6,855,881	-	1,079,900	-	600,013	6,375,994
2035	6,375,994	-	1,075,751	-	554,621	5,854,864
2036	5,854,864	-	1,069,587	-	505,407	5,290,684
2037	5,290,684	-	1,059,852	-	452,272	4,683,104
2038	4,683,104	-	1,056,282	-	394,721	4,021,543
2039	4,021,543	-	1,038,322	-	332,726	3,315,947
2040	3,315,947	-	1,022,963	-	266,424	2,559,408
2041	2,559,408	-	1,006,464	-	195,337	1,748,281
2042	1,748,281	-	987,304	-	119,190	880,167
2043	880,167	-	968,162	-	-	-

*All Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 24.91

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.50% 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	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$946,878	\$1,329,401	\$639,531
Minimum Required Contribution (% of Payroll)	61.4%	86.2%	41.5%
Expected Member Contribution	92,492	92,492	92,492
Expected State Money	0	0	0
Expected Sponsor Contribution (Fixed \$)	\$854,386	\$1,236,909	\$547,039
Expected Sponsor Contribution (% of Payroll)	55.4%	80.2%	35.5%

ASSETS

Actuarial Value ¹	10,875,395	10,875,395	10,875,395
Market Value ¹	10,732,918	10,732,918	10,732,918

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	4,421,713	7,023,386	2,935,941
Disability Benefits	242,446	344,486	177,725
Death Benefits	19,711	31,364	13,078
Vested Benefits	252,514	450,820	148,931
Refund of Contributions	45,086	46,082	44,154
Accumulated Leave	154,760	245,819	102,758
Service Retirees	9,020,183	11,028,140	7,602,830
Beneficiaries	250,739	309,625	209,563
Disability Retirees	1,749,839	2,201,626	1,445,962
Terminated Vested	623,370	827,171	489,321
Share Plan Balances ¹	596,653	596,653	596,653
Total:	17,377,014	23,105,172	13,766,916
Present Value of Future Salaries	12,174,552	13,704,497	10,941,936
Present Value of Future Member Contributions	730,473	822,270	656,516
Total Normal Cost	251,736	409,675	161,859
Present Value of Future Normal Costs (Entry Age Normal)	1,948,571	3,554,965	1,124,700
Total Actuarial Accrued Liability ¹	15,428,443	19,550,207	12,642,216
Unfunded Actuarial Accrued Liability (UAAL)	4,553,048	8,674,812	1,766,821

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

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	261,176	420,941	169,547
Administrative Expenses (with interest)	59,591	59,017	60,165
Payment Required To Amortize UAAL (with interest)	626,111	849,443	409,819
Minimum Required Contribution	\$946,878	\$1,329,401	\$639,531

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2019.