

CITY OF EDGEWATER
POLICE RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2021 VALUATION DATE



June 28, 2022

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, 2021 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, 2021 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, 2021

	ACTUAL	HYPOTHETICAL	
	7.40%	5.40%	9.40%
Discount Rate:			
<u>Total Pension Liability</u>			
Service Cost	354,462	540,375	243,006
Interest	1,133,974	1,043,045	1,184,082
Share Plan Allocation	180,475	180,475	180,475
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	221,220	286,800	171,238
Changes of Assumptions	-	-	-
Contributions - Buy Back	61,476	61,476	61,476
Benefit Payments, Including Refunds of Employee Contributions	(1,085,491)	(1,085,491)	(1,085,491)
Net Change in Total Pension Liability	866,116	1,026,680	754,786
Total Pension Liability - Beginning	15,512,256	19,318,012	12,896,355
Total Pension Liability - Ending (a)	<u>\$ 16,378,372</u>	<u>\$ 20,344,692</u>	<u>\$ 13,651,141</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	999,201	999,201	999,201
Contributions - State	180,475	180,475	180,475
Contributions - Employee	108,217	108,217	108,217
Contributions - Buy Back	61,476	61,476	61,476
Net Investment Income	2,218,422	2,218,422	2,218,422
Benefit Payments, Including Refunds of Employee Contributions	(1,085,491)	(1,085,491)	(1,085,491)
Administrative Expenses	(63,757)	(63,757)	(63,757)
Net Change in Plan Fiduciary Net Position	2,418,543	2,418,543	2,418,543
Plan Fiduciary Net Position - Beginning	12,058,659	12,058,659	12,058,659
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,477,202</u>	<u>\$ 14,477,202</u>	<u>\$ 14,477,202</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,901,170</u>	<u>\$ 5,867,490</u>	<u>\$ (826,061)</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
2021	14,477,202	-	2,101,221	-	993,568	13,369,549
2022	13,369,549	-	1,037,780	-	950,949	13,282,718
2023	13,282,718	-	1,059,514	-	943,719	13,166,923
2024	13,166,923	-	1,078,561	-	934,446	13,022,808
2025	13,022,808	-	1,101,755	-	922,923	12,843,976
2026	12,843,976	-	1,105,232	-	909,561	12,648,305
2027	12,648,305	-	1,121,010	-	894,497	12,421,792
2028	12,421,792	-	1,140,034	-	877,031	12,158,789
2029	12,158,789	-	1,160,974	-	856,794	11,854,609
2030	11,854,609	-	1,168,643	-	834,001	11,519,967
2031	11,519,967	-	1,170,920	-	809,154	11,158,201
2032	11,158,201	-	1,171,402	-	782,365	10,769,164
2033	10,769,164	-	1,165,255	-	753,804	10,357,713
2034	10,357,713	-	1,161,813	-	723,484	9,919,384
2035	9,919,384	-	1,159,551	-	691,131	9,450,964
2036	9,450,964	-	1,160,299	-	656,440	8,947,105
2037	8,947,105	-	1,148,337	-	619,597	8,418,365
2038	8,418,365	-	1,142,293	-	580,694	7,856,766
2039	7,856,766	-	1,121,018	-	539,923	7,275,671
2040	7,275,671	-	1,099,788	-	497,707	6,673,590
2041	6,673,590	-	1,086,513	-	453,645	6,040,722
2042	6,040,722	-	1,064,470	-	407,628	5,383,880
2043	5,383,880	-	1,044,994	-	359,742	4,698,628
2044	4,698,628	-	1,020,949	-	309,923	3,987,602
2045	3,987,602	-	996,211	-	258,223	3,249,614
2046	3,249,614	-	968,179	-	204,649	2,486,084
2047	2,486,084	-	938,761	-	149,236	1,696,559
2048	1,696,559	-	908,314	-	91,938	880,183
2049	880,183	-	877,877	-	32,652	34,958
2050	34,958	-	846,898	-	-	-

*All Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 29.04

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
2021	14,477,202	-	2,101,221	-	725,036	13,101,017
2022	13,101,017	-	1,037,780	-	679,435	12,742,672
2023	12,742,672	-	1,059,514	-	659,497	12,342,655
2024	12,342,655	-	1,078,561	-	637,382	11,901,476
2025	11,901,476	-	1,101,755	-	612,932	11,412,653
2026	11,412,653	-	1,105,232	-	586,442	10,893,863
2027	10,893,863	-	1,121,010	-	558,001	10,330,854
2028	10,330,854	-	1,140,034	-	527,085	9,717,905
2029	9,717,905	-	1,160,974	-	493,421	9,050,352
2030	9,050,352	-	1,168,643	-	457,166	8,338,875
2031	8,338,875	-	1,170,920	-	418,684	7,586,639
2032	7,586,639	-	1,171,402	-	378,051	6,793,288
2033	6,793,288	-	1,165,255	-	335,376	5,963,409
2034	5,963,409	-	1,161,813	-	290,655	5,092,251
2035	5,092,251	-	1,159,551	-	243,674	4,176,374
2036	4,176,374	-	1,160,299	-	194,196	3,210,271
2037	3,210,271	-	1,148,337	-	142,350	2,204,284
2038	2,204,284	-	1,142,293	-	88,189	1,150,180
2039	1,150,180	-	1,121,018	-	31,842	61,004
2040	61,004	-	1,099,788	-	-	-

*All Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 19.06

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
2021	14,477,202	-	2,101,221	-	1,262,100	13,638,081
2022	13,638,081	-	1,037,780	-	1,233,204	13,833,505
2023	13,833,505	-	1,059,514	-	1,250,552	14,024,543
2024	14,024,543	-	1,078,561	-	1,267,615	14,213,597
2025	14,213,597	-	1,101,755	-	1,284,296	14,396,138
2026	14,396,138	-	1,105,232	-	1,301,291	14,592,197
2027	14,592,197	-	1,121,010	-	1,318,979	14,790,166
2028	14,790,166	-	1,140,034	-	1,336,694	14,986,826
2029	14,986,826	-	1,160,974	-	1,354,196	15,180,048
2030	15,180,048	-	1,168,643	-	1,371,998	15,383,403
2031	15,383,403	-	1,170,920	-	1,391,007	15,603,490
2032	15,603,490	-	1,171,402	-	1,411,672	15,843,760
2033	15,843,760	-	1,165,255	-	1,434,546	16,113,051
2034	16,113,051	-	1,161,813	-	1,460,022	16,411,260
2035	16,411,260	-	1,159,551	-	1,488,160	16,739,869
2036	16,739,869	-	1,160,299	-	1,519,014	17,098,584
2037	17,098,584	-	1,148,337	-	1,553,295	17,503,542
2038	17,503,542	-	1,142,293	-	1,591,645	17,952,894
2039	17,952,894	-	1,121,018	-	1,634,884	18,466,760
2040	18,466,760	-	1,099,788	-	1,684,185	19,051,157
2041	19,051,157	-	1,086,513	-	1,739,743	19,704,387
2042	19,704,387	-	1,064,470	-	1,802,182	20,442,099
2043	20,442,099	-	1,044,994	-	1,872,443	21,269,548
2044	21,269,548	-	1,020,949	-	1,951,353	22,199,952
2045	22,199,952	-	996,211	-	2,039,974	23,243,715
2046	23,243,715	-	968,179	-	2,139,405	24,414,941
2047	24,414,941	-	938,761	-	2,250,883	25,727,063
2048	25,727,063	-	908,314	-	2,375,653	27,194,402
2049	27,194,402	-	877,877	-	2,515,014	28,831,539
2050	28,831,539	-	846,898	-	2,670,360	30,655,001
2051	30,655,001	-	815,076	-	2,843,262	32,683,187
2052	32,683,187	-	783,032	-	3,035,417	34,935,572
2053	34,935,572	-	750,398	-	3,248,675	37,433,849
2054	37,433,849	-	717,530	-	3,485,058	40,201,377
2055	40,201,377	-	684,355	-	3,746,765	43,263,787
2056	43,263,787	-	651,128	-	4,036,193	46,648,852
2057	46,648,852	-	617,921	-	4,355,950	50,386,881
2058	50,386,881	-	584,879	-	4,708,878	54,510,880
2059	54,510,880	-	552,148	-	5,098,072	59,056,804
2060	59,056,804	-	519,859	-	5,526,906	64,063,851
2061	64,063,851	-	488,123	-	5,999,060	69,574,788
2062	69,574,788	-	457,047	-	6,518,549	75,636,290
2063	75,636,290	-	426,757	-	7,089,754	82,299,287
2064	82,299,287	-	397,371	-	7,717,457	89,619,373
2065	89,619,373	-	369,002	-	8,406,878	97,657,249
2066	97,657,249	-	341,743	-	9,163,719	106,479,225
2067	106,479,225	-	315,665	-	9,994,211	116,157,771
2068	116,157,771	-	290,801	-	10,905,163	126,772,133
2069	126,772,133	-	267,130	-	11,904,025	138,409,028
2070	138,409,028	-	244,631	-	12,998,951	151,163,348
2071	151,163,348	-	223,305	-	14,198,859	165,138,902
2072	165,138,902	-	203,166	-	15,513,508	180,449,244

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
2073	180,449,244	-	184,217	-	16,953,571	197,218,598
2074	197,218,598	-	166,442	-	18,530,725	215,582,881
2075	215,582,881	-	149,793	-	20,257,751	235,690,839
2076	235,690,839	-	134,236	-	22,148,630	257,705,233
2077	257,705,233	-	119,756	-	24,218,663	281,804,140
2078	281,804,140	-	106,328	-	26,484,592	308,182,404
2079	308,182,404	-	93,926	-	28,964,731	337,053,209
2080	337,053,209	-	82,524	-	31,679,123	368,649,808
2081	368,649,808	-	72,104	-	34,649,693	403,227,397
2082	403,227,397	-	62,632	-	37,900,432	441,065,197
2083	441,065,197	-	54,081	-	41,457,587	482,468,703
2084	482,468,703	-	46,408	-	45,349,877	527,772,172
2085	527,772,172	-	39,562	-	49,608,725	577,341,335
2086	577,341,335	-	33,494	-	54,268,511	631,576,352
2087	631,576,352	-	28,140	-	59,366,855	690,915,067
2088	690,915,067	-	23,441	-	64,944,915	755,836,541
2089	755,836,541	-	19,337	-	71,047,726	826,864,930
2090	826,864,930	-	15,775	-	77,724,562	904,573,717
2091	904,573,717	-	12,709	-	85,029,332	989,590,340
2092	989,590,340	-	10,094	-	93,021,018	1,082,601,264
2093	1,082,601,264	-	7,890	-	101,764,148	1,184,357,522
2094	1,184,357,522	-	6,061	-	111,329,322	1,295,680,783
2095	1,295,680,783	-	4,570	-	121,793,779	1,417,469,992
2096	1,417,469,992	-	3,377	-	133,242,021	1,550,708,636
2097	1,550,708,636	-	2,442	-	145,766,497	1,696,472,691
2098	1,696,472,691	-	1,726	-	159,468,352	1,855,939,317
2099	1,855,939,317	-	1,191	-	174,458,240	2,030,396,366
2100	2,030,396,366	-	801	-	190,857,221	2,221,252,786
2101	2,221,252,786	-	525	-	208,797,737	2,430,049,998
2102	2,430,049,998	-	334	-	228,424,684	2,658,474,348
2103	2,658,474,348	-	208	-	249,896,579	2,908,370,719
2104	2,908,370,719	-	125	-	273,386,842	3,181,757,436
2105	3,181,757,436	-	74	-	299,085,196	3,480,842,558
2106	3,480,842,558	-	42	-	327,199,198	3,808,041,714
2107	3,808,041,714	-	23	-	357,955,920	4,165,997,611
2108	4,165,997,611	-	13	-	391,603,775	4,557,601,373
2109	4,557,601,373	-	7	-	428,414,529	4,986,015,895
2110	4,986,015,895	-	3	-	468,685,494	5,454,701,386
2111	5,454,701,386	-	2	-	512,741,930	5,967,443,314
2112	5,967,443,314	-	1	-	560,939,671	6,528,382,984
2113	6,528,382,984	-	-	-	613,668,000	7,142,050,984

*All Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 999.99

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, 2023

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL	
	7.40%	5.40%	9.40%
Investment Rate of Return:	7.40%	5.40%	9.40%
Minimum Required Contribution (Fixed \$)	\$954,793	\$1,380,860	\$605,866
Minimum Required Contribution (% of Payroll)	54.3%	78.5%	34.4%
Expected Member Contribution	105,598	105,598	105,598
Expected State Money	0	0	0
Expected Sponsor Contribution (Fixed \$)	\$849,195	\$1,275,262	\$500,268
Expected Sponsor Contribution (% of Payroll)	48.3%	72.5%	28.4%

ASSETS

Actuarial Value ¹	13,348,342	13,348,342	13,348,342
Market Value ¹	14,477,202	14,477,202	14,477,202

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	5,219,739	7,857,855	3,653,511
Disability Benefits	1,202,833	1,694,632	892,819
Death Benefits	7,237	11,047	5,006
Vested Benefits	326,691	571,997	195,726
Refund of Contributions	25,800	26,459	25,181
Accumulated Leave	182,691	275,025	127,873
Service Retirees	8,953,576	10,845,880	7,597,684
Beneficiaries	245,853	301,409	206,461
Disability Retirees	1,751,313	2,201,871	1,447,443
Terminated Vested	434,476	567,939	345,532
Share Plan Balances ¹	1,013,139	1,013,139	1,013,139
Total:	19,363,348	25,367,253	15,510,375
Present Value of Future Salaries	13,431,714	14,868,457	12,240,370
Present Value of Future Member Contributions	805,903	892,107	734,422
Total Normal Cost	369,503	563,379	252,913
Present Value of Future Normal Costs (Entry Age Normal)	2,926,878	4,931,999	1,829,655
Total Actuarial Accrued Liability (EAN) ¹	16,436,470	20,435,254	13,680,720
Unfunded Actuarial Accrued Liability (UAAL)	3,088,128	7,086,912	332,378

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

	Valuation Date: 10/1/2021		
	ACTUAL	HYPOTHETICAL	
Investment Rate of Return:	7.40%	5.40%	9.40%
<u>PENSION COST</u>			
Normal Cost (with interest)	383,175	578,590	264,800
Administrative Expenses (with interest)	60,152	59,572	60,732
Payment Required To Amortize UAAL (with interest)	511,466	742,698	280,334
Minimum Required Contribution	\$954,793	\$1,380,860	\$605,866

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2021.