

CITY OF EDGEWATER
POLICE RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE



July 19, 2023

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, 2022 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 #23-7778

Enclosures

cc via email: Pedro Herrera, 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, 2022 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, 2022

	ACTUAL	HYPOTHETICAL	
	7.40%	5.40%	9.40%
Discount Rate:			
<u>Total Pension Liability</u>			
Service Cost	371,275	562,792	256,217
Interest	1,201,013	1,100,938	1,258,436
Share Plan Allocation	195,502	195,502	195,502
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(18,569)	648	(41,071)
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,039,491)	(1,039,491)	(1,039,491)
Net Change in Total Pension Liability	709,730	820,389	629,593
Total Pension Liability - Beginning	16,378,372	20,344,692	13,651,141
Total Pension Liability - Ending (a)	<u>17,088,102</u>	<u>\$ 21,165,081</u>	<u>\$ 14,280,734</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,016,434	1,016,434	1,016,434
Contributions - State	195,502	195,502	195,502
Contributions - Employee	114,851	114,851	114,851
Contributions - Buy Back	-	-	-
Net Investment Income	(2,282,091)	(2,282,091)	(2,282,091)
Benefit Payments, Including Refunds of Employee Contributions	(1,039,491)	(1,039,491)	(1,039,491)
Administrative Expenses	(55,197)	(55,197)	(55,197)
Net Change in Plan Fiduciary Net Position	(2,049,992)	(2,049,992)	(2,049,992)
Plan Fiduciary Net Position - Beginning	14,477,202	14,477,202	14,477,202
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,427,210</u>	<u>\$ 12,427,210</u>	<u>\$ 12,427,210</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,660,892</u>	<u>\$ 8,737,871</u>	<u>\$ 1,853,524</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
2022	12,427,210	-	2,147,212	-	840,167	11,120,165
2023	11,120,165	-	1,070,812	-	783,272	10,832,625
2024	10,832,625	-	1,093,774	-	761,145	10,499,996
2025	10,499,996	-	1,122,444	-	735,469	10,113,021
2026	10,113,021	-	1,128,292	-	706,617	9,691,346
2027	9,691,346	-	1,148,021	-	674,683	9,218,008
2028	9,218,008	-	1,171,802	-	638,776	8,684,982
2029	8,684,982	-	1,196,223	-	598,428	8,087,187
2030	8,087,187	-	1,205,953	-	553,832	7,435,066
2031	7,435,066	-	1,213,845	-	505,283	6,726,504
2032	6,726,504	-	1,212,867	-	452,885	5,966,522
2033	5,966,522	-	1,208,060	-	396,824	5,155,286
2034	5,155,286	-	1,204,203	-	336,936	4,288,019
2035	4,288,019	-	1,205,654	-	272,704	3,355,069
2036	3,355,069	-	1,203,930	-	203,730	2,354,869
2037	2,354,869	-	1,193,818	-	130,089	1,291,140
2038	1,291,140	-	1,188,604	-	51,566	154,102
2039	154,102	-	1,166,068	-	-	-

*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 17.13

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
2022	12,427,210	-	2,147,212	-	613,095	10,893,093
2023	10,893,093	-	1,070,812	-	559,315	10,381,596
2024	10,381,596	-	1,093,774	-	531,074	9,818,896
2025	9,818,896	-	1,122,444	-	499,914	9,196,366
2026	9,196,366	-	1,128,292	-	466,140	8,534,214
2027	8,534,214	-	1,148,021	-	429,851	7,816,044
2028	7,816,044	-	1,171,802	-	390,428	7,034,670
2029	7,034,670	-	1,196,223	-	347,574	6,186,021
2030	6,186,021	-	1,205,953	-	301,484	5,281,552
2031	5,281,552	-	1,213,845	-	252,430	4,320,137
2032	4,320,137	-	1,212,867	-	200,540	3,307,810
2033	3,307,810	-	1,208,060	-	146,004	2,245,754
2034	2,245,754	-	1,204,203	-	88,757	1,130,308
2035	1,130,308	-	1,205,654	-	-	-

*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 13.94

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
2022	12,427,210	-	2,147,212	-	1,067,239	11,347,237
2023	11,347,237	-	1,070,812	-	1,016,312	11,292,737
2024	11,292,737	-	1,093,774	-	1,010,110	11,209,073
2025	11,209,073	-	1,122,444	-	1,000,898	11,087,527
2026	11,087,527	-	1,128,292	-	989,198	10,948,433
2027	10,948,433	-	1,148,021	-	975,196	10,775,608
2028	10,775,608	-	1,171,802	-	957,832	10,561,638
2029	10,561,638	-	1,196,223	-	936,571	10,301,986
2030	10,301,986	-	1,205,953	-	911,707	10,007,740
2031	10,007,740	-	1,213,845	-	883,677	9,677,572
2032	9,677,572	-	1,212,867	-	852,687	9,317,392
2033	9,317,392	-	1,208,060	-	819,056	8,928,388
2034	8,928,388	-	1,204,203	-	782,671	8,506,856
2035	8,506,856	-	1,205,654	-	742,979	8,044,181
2036	8,044,181	-	1,203,930	-	699,568	7,539,819
2037	7,539,819	-	1,193,818	-	652,634	6,998,635
2038	6,998,635	-	1,188,604	-	602,007	6,412,038
2039	6,412,038	-	1,166,068	-	547,926	5,793,896
2040	5,793,896	-	1,147,796	-	490,680	5,136,780
2041	5,136,780	-	1,139,966	-	429,279	4,426,093
2042	4,426,093	-	1,117,530	-	363,529	3,672,092
2043	3,672,092	-	1,098,453	-	293,549	2,867,188
2044	2,867,188	-	1,076,323	-	218,928	2,009,793
2045	2,009,793	-	1,051,168	-	139,516	1,098,141
2046	1,098,141	-	1,021,748	-	55,203	131,596
2047	131,596	-	991,817	-	-	-

*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 25.13

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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.40%	5.40%	9.40%
Investment Rate of Return:	7.40%	5.40%	9.40%
Minimum Required Contribution (Fixed \$)	\$998,085	\$1,451,451	\$626,501
Minimum Required Contribution (% of Payroll)	51.8%	75.2%	32.4%
Expected Member Contribution	115,810	115,810	115,810
Expected State Money	0	0	0
Expected Sponsor Contribution (Fixed \$)	\$882,275	\$1,335,641	\$510,691
Expected Sponsor Contribution (% of Payroll)	45.8%	69.2%	26.4%

ASSETS

Actuarial Value ¹	14,180,861	14,180,861	14,180,861
Market Value ¹	12,427,210	12,427,210	12,427,210

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	5,982,564	8,864,494	4,252,548
Disability Benefits	1,322,893	1,850,044	988,974
Death Benefits	8,778	13,078	6,218
Vested Benefits	309,498	540,793	185,926
Refund of Contributions	28,131	29,088	27,239
Accumulated Leave	209,390	310,257	148,839
Service Retirees	8,679,612	10,490,581	7,377,467
Beneficiaries	386,265	461,665	330,930
Disability Retirees	1,746,216	2,190,625	1,445,258
Terminated Vested	508,863	675,133	401,141
Share Plan Balances ¹	1,043,700	1,043,700	1,043,700
Total:	20,225,910	26,469,458	16,208,240
Present Value of Future Salaries	14,302,898	15,796,994	13,063,442
Present Value of Future Member Contributions	858,174	947,820	783,807
Total Normal Cost	408,651	618,065	281,980
Present Value of Future Normal Costs (Entry Age Normal)	3,144,883	5,249,173	1,985,854
Total Actuarial Accrued Liability (EAN) ¹	17,081,027	21,220,285	14,222,386
Unfunded Actuarial Accrued Liability (UAAL)	2,900,166	7,039,424	41,525

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.40%	5.40%	9.40%
Investment Rate of Return:	7.40%	5.40%	9.40%
<u>PENSION COST</u>			
Normal Cost (with interest)	423,771	634,753	295,233
Administrative Expenses (with interest)	61,679	61,084	62,273
Payment Required To Amortize UAAL (with interest)	512,635	755,614	268,995
Minimum Required Contribution	\$998,085	\$1,451,451	\$626,501

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2022.