

CITY OF PUNTA GORDA
GENERAL EMPLOYEES' RETIREMENT SYSTEM

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



March 20, 2020

VIA E-MAIL

Ms. Ferrell Jenne
Lead Plan Administrator
Foster & Foster, Inc.
2503 Del Prado Blvd. S. Suite 502
Cape Coral, FL 33904

Re: City of Punta Gorda General Employees' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Ferrell:

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.

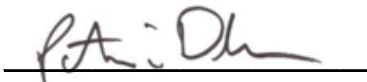
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should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

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595

Enclosures

cc via email: Scott Christiansen, Board Attorney

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	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	819,179	1,278,855	540,681
Interest	3,667,114	3,259,039	3,894,072
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	320,344	551,518	141,362
Changes of Assumptions	-	-	-
Contributions - Buy Back	51,388	51,388	51,388
Benefit Payments, Including Refunds of Employee Contributions	(2,822,186)	(2,822,186)	(2,822,186)
Net Change in Total Pension Liability	2,035,839	2,318,614	1,805,317
Total Pension Liability - Beginning	52,979,258	65,313,025	44,137,878
Total Pension Liability - Ending (a)	<u>\$ 55,015,097</u>	<u>\$ 67,631,639</u>	<u>\$ 45,943,195</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,759,599	1,759,599	1,759,599
Contributions - Employee	352,687	352,687	352,687
Contributions - Buy Back	51,388	51,388	51,388
Net Investment Income	2,074,990	2,074,990	2,074,990
Benefit Payments, Including Refunds of Employee Contributions	(2,822,186)	(2,822,186)	(2,822,186)
Administrative Expenses	(61,776)	(61,776)	(61,776)
Net Change in Plan Fiduciary Net Position	1,354,702	1,354,702	1,354,702
Plan Fiduciary Net Position - Beginning	46,109,487	46,109,487	46,109,487
Plan Fiduciary Net Position - Ending (b)	<u>\$ 47,464,189</u>	<u>\$ 47,464,189</u>	<u>\$ 47,464,189</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,550,908</u>	<u>\$ 20,167,450</u>	<u>\$ (1,520,994)</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% 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	47,464,189	-	5,439,696	-	3,132,104	45,156,597
2020	45,156,597	-	3,274,531	-	3,046,353	44,928,419
2021	44,928,419	-	3,482,234	-	3,023,111	44,469,296
2022	44,469,296	-	3,521,038	-	2,989,614	43,937,872
2023	43,937,872	-	3,621,894	-	2,948,885	43,264,863
2024	43,264,863	-	3,695,270	-	2,795,663	42,365,256
2025	42,365,256	-	3,786,399	-	2,731,864	41,310,721
2026	41,310,721	-	3,899,739	-	2,656,857	40,067,839
2027	40,067,839	-	3,937,478	-	2,571,689	38,702,050
2028	38,702,050	-	4,007,901	-	2,477,122	37,171,271
2029	37,171,271	-	4,023,776	-	2,373,258	35,520,753
2030	35,520,753	-	3,994,036	-	2,262,852	33,789,569
2031	33,789,569	-	3,954,599	-	2,147,328	31,982,298
2032	31,982,298	-	3,888,483	-	2,027,569	30,121,384
2033	30,121,384	-	3,820,693	-	1,904,245	28,204,936
2034	28,204,936	-	3,828,687	-	1,774,615	26,150,864
2035	26,150,864	-	3,731,768	-	1,639,236	24,058,332
2036	24,058,332	-	3,625,052	-	1,501,592	21,934,872
2037	21,934,872	-	3,516,720	-	1,361,915	19,780,067
2038	19,780,067	-	3,396,065	-	1,220,537	17,604,539
2039	17,604,539	-	3,288,323	-	1,077,325	15,393,541
2040	15,393,541	-	3,166,717	-	932,187	13,159,011
2041	13,159,011	-	3,043,047	-	785,530	10,901,494
2042	10,901,494	-	2,913,367	-	637,525	8,625,652
2043	8,625,652	-	2,776,231	-	488,534	6,337,955
2044	6,337,955	-	2,638,141	-	338,775	4,038,589
2045	4,038,589	-	2,500,748	-	188,205	1,726,046
2046	1,726,046	-	2,375,707	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 27.73

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% interest through 2023, and 6.75% thereafter.

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: 5.00% 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	47,464,189	-	5,137,417	-	2,244,774	44,571,546
2020	44,571,546	-	2,881,341	-	2,156,544	43,846,749
2021	43,846,749	-	2,988,226	-	2,117,632	42,976,155
2022	42,976,155	-	3,138,358	-	2,070,349	41,908,146
2023	41,908,146	-	3,291,626	-	2,013,117	40,629,637
2024	40,629,637	-	3,361,830	-	1,850,064	39,117,871
2025	39,117,871	-	3,451,030	-	1,776,137	37,442,978
2026	37,442,978	-	3,524,753	-	1,694,829	35,613,054
2027	35,613,054	-	3,598,904	-	1,606,146	33,620,296
2028	33,620,296	-	3,680,863	-	1,509,544	31,448,977
2029	31,448,977	-	3,674,322	-	1,406,561	29,181,216
2030	29,181,216	-	3,712,194	-	1,297,943	26,766,965
2031	26,766,965	-	3,726,245	-	1,182,933	24,223,653
2032	24,223,653	-	3,687,535	-	1,063,045	21,599,163
2033	21,599,163	-	3,640,701	-	939,494	18,897,956
2034	18,897,956	-	3,568,837	-	812,893	16,142,012
2035	16,142,012	-	3,495,896	-	683,718	13,329,834
2036	13,329,834	-	3,483,239	-	550,440	10,397,035
2037	10,397,035	-	3,386,277	-	413,435	7,424,193
2038	7,424,193	-	3,283,156	-	274,674	4,415,711
2039	4,415,711	-	3,177,127	-	134,290	1,372,874
2040	1,372,874	-	3,059,638	-	-	-

*All DROP Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 21.45

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% interest through 2023 and 4.75% thereafter.

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: 9.00% 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	47,464,189	-	5,137,417	-	4,040,593	46,367,365
2020	46,367,365	-	2,881,341	-	4,043,403	47,529,427
2021	47,529,427	-	2,988,226	-	4,143,178	48,684,379
2022	48,684,379	-	3,138,358	-	4,240,368	49,786,389
2023	49,786,389	-	3,291,626	-	4,332,652	50,827,415
2024	50,827,415	-	3,361,830	-	4,300,319	51,765,904
2025	51,765,904	-	3,451,030	-	4,378,534	52,693,408
2026	52,693,408	-	3,524,753	-	4,456,465	53,625,120
2027	53,625,120	-	3,598,904	-	4,534,746	54,560,962
2028	54,560,962	-	3,680,863	-	4,613,046	55,493,145
2029	55,493,145	-	3,674,322	-	4,694,899	56,513,722
2030	56,513,722	-	3,712,194	-	4,782,542	57,584,070
2031	57,584,070	-	3,726,245	-	4,875,583	58,733,408
2032	58,733,408	-	3,687,535	-	4,977,844	60,023,717
2033	60,023,717	-	3,640,701	-	5,092,795	61,475,811
2034	61,475,811	-	3,568,837	-	5,222,997	63,129,971
2035	63,129,971	-	3,495,896	-	5,370,927	65,005,002
2036	65,005,002	-	3,483,239	-	5,535,546	67,057,309
2037	67,057,309	-	3,386,277	-	5,719,365	69,390,397
2038	69,390,397	-	3,283,156	-	5,928,022	72,035,263
2039	72,035,263	-	3,177,127	-	6,164,086	75,022,222
2040	75,022,222	-	3,059,638	-	6,430,585	78,393,169
2041	78,393,169	-	2,952,125	-	6,730,247	82,171,291
2042	82,171,291	-	2,833,592	-	7,066,018	86,403,717
2043	86,403,717	-	2,714,506	-	7,441,566	91,130,777
2044	91,130,777	-	2,589,504	-	7,860,652	96,401,925
2045	96,401,925	-	2,459,006	-	8,327,587	102,270,506
2046	102,270,506	-	2,327,340	-	8,846,848	108,790,014
2047	108,790,014	-	2,197,060	-	9,423,005	116,015,959
2048	116,015,959	-	2,080,595	-	10,060,370	123,995,734
2049	123,995,734	-	1,956,752	-	10,764,019	132,803,001
2050	132,803,001	-	1,823,786	-	11,540,472	142,519,687
2051	142,519,687	-	1,692,051	-	12,396,445	153,224,081
2052	153,224,081	-	1,562,454	-	13,338,750	165,000,377
2053	165,000,377	-	1,434,942	-	14,374,754	177,940,189
2054	177,940,189	-	1,311,995	-	15,512,367	192,140,561
2055	192,140,561	-	1,194,247	-	16,760,051	207,706,365
2056	207,706,365	-	1,081,606	-	18,126,987	224,751,746
2057	224,751,746	-	975,099	-	19,623,117	243,399,764
2058	243,399,764	-	873,610	-	21,259,259	263,785,413
2059	263,785,413	-	779,362	-	23,047,127	286,053,178
2060	286,053,178	-	693,006	-	24,999,334	310,359,506
2061	310,359,506	-	613,881	-	27,129,599	336,875,224
2062	336,875,224	-	541,810	-	29,452,878	365,786,292
2063	365,786,292	-	476,462	-	31,985,455	397,295,285
2064	397,295,285	-	417,368	-	34,745,078	431,622,995
2065	431,622,995	-	364,313	-	37,751,073	469,009,755
2066	469,009,755	-	317,072	-	41,024,482	509,717,165
2067	509,717,165	-	275,262	-	44,588,209	554,030,112
2068	554,030,112	-	238,583	-	48,467,197	602,258,726
2069	602,258,726	-	206,722	-	52,688,594	654,740,598
2070	654,740,598	-	179,096	-	57,281,967	711,843,469
2071	711,843,469	-	155,149	-	62,279,516	773,967,836

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.00% 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
2072	773,967,836	-	134,304	-	67,716,310	841,549,842
2073	841,549,842	-	116,148	-	73,630,530	915,064,224
2074	915,064,224	-	100,496	-	80,063,723	995,027,451
2075	995,027,451	-	86,922	-	87,061,099	1,082,001,628
2076	1,082,001,628	-	75,044	-	94,671,859	1,176,598,443
2077	1,176,598,443	-	64,546	-	102,949,540	1,279,483,437
2078	1,279,483,437	-	55,190	-	111,952,386	1,391,380,633
2079	1,391,380,633	-	46,850	-	121,743,756	1,513,077,539
2080	1,513,077,539	-	39,410	-	132,392,560	1,645,430,689
2081	1,645,430,689	-	32,801	-	143,973,750	1,789,371,638
2082	1,789,371,638	-	26,961	-	156,568,839	1,945,913,516
2083	1,945,913,516	-	21,820	-	170,266,478	2,116,158,174
2084	2,116,158,174	-	17,345	-	185,163,081	2,301,303,910
2085	2,301,303,910	-	13,494	-	201,363,502	2,502,653,918
2086	2,502,653,918	-	10,270	-	218,981,769	2,721,625,417
2087	2,721,625,417	-	7,640	-	238,141,890	2,959,759,667
2088	2,959,759,667	-	5,549	-	258,978,728	3,218,732,846
2089	3,218,732,846	-	3,938	-	281,638,952	3,500,367,860
2090	3,500,367,860	-	2,726	-	306,282,068	3,806,647,202
2091	3,806,647,202	-	1,840	-	333,081,550	4,139,726,912
2092	4,139,726,912	-	1,208	-	362,226,052	4,501,951,756
2093	4,501,951,756	-	773	-	393,920,745	4,895,871,728
2094	4,895,871,728	-	483	-	428,388,755	5,324,260,000
2095	5,324,260,000	-	296	-	465,872,737	5,790,132,441
2096	5,790,132,441	-	179	-	506,636,581	6,296,768,843
2097	6,296,768,843	-	107	-	550,967,269	6,847,736,005
2098	6,847,736,005	-	64	-	599,176,898	7,446,912,839
2099	7,446,912,839	-	38	-	651,604,872	8,098,517,673
2100	8,098,517,673	-	23	-	708,620,295	8,807,137,945
2101	8,807,137,945	-	13	-	770,624,570	9,577,762,502
2102	9,577,762,502	-	8	-	838,054,219	10,415,816,713
2103	10,415,816,713	-	4	-	911,383,962	11,327,200,671
2104	11,327,200,671	-	3	-	991,130,059	12,318,330,727
2105	12,318,330,727	-	2	-	1,077,853,939	13,396,184,664
2106	13,396,184,664	-	1	-	1,172,166,158	14,568,350,821
2107	14,568,350,821	-	-	-	1,274,730,697	15,843,081,518

*All DROP Balances paid in 2019.

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 9.00% interest through 2023 and 8.75% thereafter.

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	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,701,258	\$2,832,523	\$712,174
Minimum Required Contribution (% of Payroll)	40.4%	67.2%	16.9%
Expected Member Contribution	341,493	341,493	341,493
Expected Sponsor Contribution (Fixed \$)	\$1,359,765	\$2,491,030	\$370,681
Expected Sponsor Contribution (% of Payroll)	32.3%	59.1%	8.8%

ASSETS

Actuarial Value ¹	47,760,711	47,760,711	47,760,711
Market Value ¹	47,464,189	47,464,189	47,464,189

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	22,370,175	31,307,104	16,662,135
Disability Benefits	1,789,509	2,358,858	1,401,631
Death Benefits	342,047	425,961	279,807
Vested Benefits	963,257	1,430,929	680,507
Refund of Contributions	0	0	0
Service Retirees	22,025,962	26,140,501	18,968,154
DROP Retirees ¹	10,209,462	11,908,398	8,983,487
Beneficiaries	691,000	792,434	613,213
Disability Retirees	0	0	0
Terminated Vested	1,419,021	2,000,253	1,055,482
Total:	59,810,433	76,364,438	48,644,416
Present Value of Future Salaries	27,972,244	30,911,864	25,579,450
Present Value of Future Member Contributions	2,265,752	2,503,861	2,071,935
Total Normal Cost	703,817	1,124,726	452,102
Present Value of Future Normal Costs (Entry Age Normal)	4,251,788	7,761,542	2,423,535
Total Actuarial Accrued Liability ¹	55,558,645	68,602,896	46,220,881
Unfunded Actuarial Accrued Liability (UAAL)	7,797,934	20,842,185	(1,539,830)

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

Valuation Date: 10/1/2019

	ACTUAL	HYPOTHETICAL	
	7.00% RP-2000 Generational	5.00% RP-2000 Generational	9.00% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost ²	703,817	1,124,726	452,102
Administrative Expenses ²	66,402	66,402	66,402
Payment Required To Amortize UAAL ²	931,039	1,641,395	193,670
Minimum Required Contribution	\$1,701,258	\$2,832,523	\$712,174

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

² Contributions developed as of 10/1/2019 displayed above have been adjusted to account for assumed salary increase and interest components.