

CITY OF PUNTA GORDA
POLICE OFFICERS' 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, Plan Administrator
2503 Del Prado Blvd S., Suite 502
Cape Coral, FL 33904

Re: City of Punta Gorda Police Officers' 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.

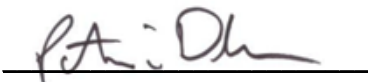
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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	709,884	1,038,565	503,584
Interest	1,501,423	1,408,870	1,541,820
Change in Excess State Money	-	-	-
Share Plan Allocation	630	630	630
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(230,763)	(234,102)	(213,480)
Changes of Assumptions	990,613	1,577,570	642,841
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,034,449)	(1,034,449)	(1,034,449)
Net Change in Total Pension Liability	1,937,338	2,757,084	1,440,946
Total Pension Liability - Beginning	19,180,537	23,980,752	15,827,181
Total Pension Liability - Ending (a)	<u>\$ 21,117,875</u>	<u>\$ 26,737,836</u>	<u>\$ 17,268,127</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	432,825	432,825	432,825
Contributions - State	201,260	201,260	201,260
Contributions - Employee	198,663	198,663	198,663
Contributions - Buy Back	-	-	-
Net Investment Income	727,996	727,996	727,996
Benefit Payments, Including Refunds of Employee Contributions	(1,034,449)	(1,034,449)	(1,034,449)
Administrative Expenses	(75,400)	(75,400)	(75,400)
Net Change in Plan Fiduciary Net Position	450,895	450,895	450,895
Plan Fiduciary Net Position - Beginning	17,921,812	17,921,812	17,921,812
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,372,707</u>	<u>\$ 18,372,707</u>	<u>\$ 18,372,707</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,745,168</u>	<u>\$ 8,365,129</u>	<u>\$ (1,104,580)</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	18,372,707	-	1,312,163	-	1,240,164	18,300,708
2020	18,300,708	-	1,323,023	-	1,234,744	18,212,429
2021	18,212,429	-	1,347,592	-	1,227,704	18,092,541
2022	18,092,541	-	1,459,566	-	1,215,393	17,848,368
2023	17,848,368	-	1,465,398	-	1,198,097	17,581,067
2024	17,581,067	-	1,508,142	-	1,177,890	17,250,815
2025	17,250,815	-	1,508,461	-	1,154,761	16,897,115
2026	16,897,115	-	1,533,501	-	1,129,126	16,492,740
2027	16,492,740	-	1,579,727	-	1,099,201	16,012,214
2028	16,012,214	-	1,582,922	-	1,065,453	15,494,745
2029	15,494,745	-	1,583,862	-	1,029,197	14,940,080
2030	14,940,080	-	1,585,378	-	990,317	14,345,019
2031	14,345,019	-	1,579,560	-	948,867	13,714,326
2032	13,714,326	-	1,568,633	-	905,101	13,050,794
2033	13,050,794	-	1,565,974	-	858,746	12,343,566
2034	12,343,566	-	1,558,188	-	809,513	11,594,891
2035	11,594,891	-	1,541,759	-	757,681	10,810,813
2036	10,810,813	-	1,519,215	-	703,584	9,995,182
2037	9,995,182	-	1,499,156	-	647,192	9,143,218
2038	9,143,218	-	1,475,878	-	588,370	8,255,710
2039	8,255,710	-	1,446,362	-	527,277	7,336,625
2040	7,336,625	-	1,420,251	-	463,855	6,380,229
2041	6,380,229	-	1,390,281	-	397,956	5,387,904
2042	5,387,904	-	1,357,234	-	329,650	4,360,320
2043	4,360,320	-	1,321,031	-	258,986	3,298,275
2044	3,298,275	-	1,283,275	-	185,965	2,200,965
2045	2,200,965	-	1,243,672	-	110,539	1,067,832
2046	1,067,832	-	1,202,904	-	-	-

*All Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 27.89

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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: 5.00% 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	18,372,707	-	1,312,163	-	885,831	17,946,375
2020	17,946,375	-	1,323,023	-	864,243	17,487,595
2021	17,487,595	-	1,347,592	-	840,690	16,980,693
2022	16,980,693	-	1,459,566	-	812,546	16,333,673
2023	16,333,673	-	1,465,398	-	780,049	15,648,324
2024	15,648,324	-	1,508,142	-	744,713	14,884,895
2025	14,884,895	-	1,508,461	-	706,533	14,082,967
2026	14,082,967	-	1,533,501	-	665,811	13,215,277
2027	13,215,277	-	1,579,727	-	621,271	12,256,821
2028	12,256,821	-	1,582,922	-	573,268	11,247,167
2029	11,247,167	-	1,583,862	-	522,762	10,186,067
2030	10,186,067	-	1,585,378	-	469,669	9,070,358
2031	9,070,358	-	1,579,560	-	414,029	7,904,827
2032	7,904,827	-	1,568,633	-	356,026	6,692,220
2033	6,692,220	-	1,565,974	-	295,462	5,421,708
2034	5,421,708	-	1,558,188	-	232,131	4,095,651
2035	4,095,651	-	1,541,759	-	166,239	2,720,131
2036	2,720,131	-	1,519,215	-	98,026	1,298,942
2037	1,298,942	-	1,499,156	-	-	-

*All Share Balances paid in 2019.

Number of Years Expected Benefit Payments Sustained: 18.87

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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: 9.00% 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	18,372,707	-	1,312,163	-	1,594,496	18,655,040
2020	18,655,040	-	1,323,023	-	1,619,418	18,951,435
2021	18,951,435	-	1,347,592	-	1,644,988	19,248,831
2022	19,248,831	-	1,459,566	-	1,666,714	19,455,979
2023	19,455,979	-	1,465,398	-	1,685,095	19,675,676
2024	19,675,676	-	1,508,142	-	1,702,944	19,870,478
2025	19,870,478	-	1,508,461	-	1,720,462	20,082,479
2026	20,082,479	-	1,533,501	-	1,738,416	20,287,394
2027	20,287,394	-	1,579,727	-	1,754,778	20,462,445
2028	20,462,445	-	1,582,922	-	1,770,389	20,649,912
2029	20,649,912	-	1,583,862	-	1,787,218	20,853,268
2030	20,853,268	-	1,585,378	-	1,805,452	21,073,342
2031	21,073,342	-	1,579,560	-	1,825,521	21,319,303
2032	21,319,303	-	1,568,633	-	1,848,149	21,598,819
2033	21,598,819	-	1,565,974	-	1,873,425	21,906,270
2034	21,906,270	-	1,558,188	-	1,901,446	22,249,528
2035	22,249,528	-	1,541,759	-	1,933,078	22,640,847
2036	22,640,847	-	1,519,215	-	1,969,312	23,090,944
2037	23,090,944	-	1,499,156	-	2,010,723	23,602,511
2038	23,602,511	-	1,475,878	-	2,057,811	24,184,444
2039	24,184,444	-	1,446,362	-	2,111,514	24,849,596
2040	24,849,596	-	1,420,251	-	2,172,552	25,601,897
2041	25,601,897	-	1,390,281	-	2,241,608	26,453,224
2042	26,453,224	-	1,357,234	-	2,319,715	27,415,705
2043	27,415,705	-	1,321,031	-	2,407,967	28,502,641
2044	28,502,641	-	1,283,275	-	2,507,490	29,726,856
2045	29,726,856	-	1,243,672	-	2,619,452	31,102,636
2046	31,102,636	-	1,202,904	-	2,745,107	32,644,839
2047	32,644,839	-	1,160,578	-	2,885,810	34,370,071
2048	34,370,071	-	1,117,409	-	3,043,023	36,295,685
2049	36,295,685	-	1,073,621	-	3,218,299	38,440,363
2050	38,440,363	-	1,028,986	-	3,413,328	40,824,705
2051	40,824,705	-	983,953	-	3,629,946	43,470,698
2052	43,470,698	-	938,496	-	3,870,131	46,402,333
2053	46,402,333	-	892,777	-	4,136,035	49,645,591
2054	49,645,591	-	846,774	-	4,429,998	53,228,815
2055	53,228,815	-	800,638	-	4,754,565	57,182,742
2056	57,182,742	-	754,580	-	5,112,491	61,540,653
2057	61,540,653	-	708,642	-	5,506,770	66,338,781
2058	66,338,781	-	662,980	-	5,940,656	71,616,457
2059	71,616,457	-	617,718	-	6,417,684	77,416,423
2060	77,416,423	-	572,868	-	6,941,699	83,785,254
2061	83,785,254	-	528,811	-	7,516,876	90,773,319
2062	90,773,319	-	485,990	-	8,147,729	98,435,058
2063	98,435,058	-	444,590	-	8,839,149	106,829,617
2064	106,829,617	-	404,836	-	9,596,448	116,021,229
2065	116,021,229	-	366,775	-	10,425,406	126,079,860
2066	126,079,860	-	330,443	-	11,332,317	137,081,734
2067	137,081,734	-	296,118	-	12,324,031	149,109,647
2068	149,109,647	-	264,147	-	13,407,982	162,253,482
2069	162,253,482	-	234,658	-	14,592,254	176,611,078
2070	176,611,078	-	207,863	-	15,885,643	192,288,858
2071	192,288,858	-	183,882	-	17,297,723	209,402,699

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	209,402,699	-	162,583	-	18,838,927	228,079,043
2073	228,079,043	-	143,674	-	20,520,649	248,456,018
2074	248,456,018	-	126,890	-	22,355,332	270,684,460
2075	270,684,460	-	111,915	-	24,356,565	294,929,110
2076	294,929,110	-	98,492	-	26,539,188	321,369,806
2077	321,369,806	-	86,418	-	28,919,394	350,202,782
2078	350,202,782	-	75,491	-	31,514,853	381,642,144
2079	381,642,144	-	65,615	-	34,344,840	415,921,369
2080	415,921,369	-	56,799	-	37,430,367	453,294,937
2081	453,294,937	-	48,943	-	40,794,342	494,040,336
2082	494,040,336	-	41,906	-	44,461,744	538,460,174
2083	538,460,174	-	35,589	-	48,459,814	586,884,399
2084	586,884,399	-	29,916	-	52,818,250	639,672,733
2085	639,672,733	-	24,846	-	57,569,428	697,217,315
2086	697,217,315	-	20,405	-	62,748,640	759,945,550
2087	759,945,550	-	16,584	-	68,394,353	828,323,319
2088	828,323,319	-	13,317	-	74,548,499	902,858,501
2089	902,858,501	-	10,549	-	81,256,790	984,104,742
2090	984,104,742	-	8,225	-	88,569,057	1,072,665,574
2091	1,072,665,574	-	6,314	-	96,539,618	1,169,198,878
2092	1,169,198,878	-	4,766	-	105,227,685	1,274,421,797
2093	1,274,421,797	-	3,534	-	114,697,803	1,389,116,066
2094	1,389,116,066	-	2,570	-	125,020,330	1,514,133,826
2095	1,514,133,826	-	1,832	-	136,271,962	1,650,403,956
2096	1,650,403,956	-	1,286	-	148,536,298	1,798,938,968
2097	1,798,938,968	-	887	-	161,904,467	1,960,842,548
2098	1,960,842,548	-	602	-	176,475,802	2,137,317,748
2099	2,137,317,748	-	403	-	192,358,579	2,329,675,924
2100	2,329,675,924	-	267	-	209,670,821	2,539,346,478
2101	2,539,346,478	-	176	-	228,541,175	2,767,887,477
2102	2,767,887,477	-	114	-	249,109,868	3,016,997,231
2103	3,016,997,231	-	73	-	271,529,748	3,288,526,906
2104	3,288,526,906	-	47	-	295,967,419	3,584,494,278
2105	3,584,494,278	-	30	-	322,604,484	3,907,098,732
2106	3,907,098,732	-	19	-	351,638,885	4,258,737,598
2107	4,258,737,598	-	12	-	383,286,383	4,642,023,969
2108	4,642,023,969	-	7	-	417,782,157	5,059,806,119
2109	5,059,806,119	-	4	-	455,382,551	5,515,188,666
2110	5,515,188,666	-	2	-	496,366,980	6,011,555,644
2111	6,011,555,644	-	1	-	541,040,008	6,552,595,651
2112	6,552,595,651	-	1	-	589,733,609	7,142,329,259
2113	7,142,329,259	-	-	-	642,809,633	7,785,138,892

*All Share 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.

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 \$)	\$971,878	\$1,612,088	\$462,330
Minimum Required Contribution (% of Payroll)	37.3%	61.9%	17.7%
Expected Member Contribution	208,500	208,500	208,500
Expected State Money	200,630	200,630	200,630
Expected Sponsor Contribution (Fixed \$)	\$562,748	\$1,202,958	\$53,200
Expected Sponsor Contribution (% of Payroll)	21.1%	45.7%	1.5%
<u>ASSETS</u>			
Actuarial Value ¹	18,449,968	18,449,968	18,449,968
Market Value ¹	18,372,707	18,372,707	18,372,707
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	10,773,239	15,775,102	7,784,170
Disability Benefits	204,380	275,200	157,055
Death Benefits	220,945	328,660	157,038
Vested Benefits	1,021,922	1,681,011	656,816
Refund of Contributions	37,671	38,751	36,660
Service Retirees	11,519,158	14,203,338	9,643,916
DROP Retirees ¹	0	0	0
Beneficiaries	161,480	189,821	140,457
Disability Retirees	1,195,940	1,447,001	1,015,158
Terminated Vested	1,000,395	1,376,362	764,652
Share Plan Balances ¹	2,873	2,873	2,873
Total:	26,138,003	35,318,119	20,358,795
Present Value of Future Salaries	19,833,316	22,279,023	17,865,413
Present Value of Future Member Contributions	1,586,665	1,782,322	1,429,233
Total Normal Cost	588,211	896,892	402,950
Present Value of Future Normal Costs (Entry Age Normal)	4,680,743	8,072,112	2,858,853
Total Actuarial Accrued Liability (FIL) ¹	21,380,219	27,168,966	17,422,901
Unfunded Actuarial Accrued Liability (UAAL)	2,930,251	8,718,998	(1,027,067)

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	625,209	953,307	428,296
Administrative Expenses ²	67,964	67,964	67,964
Payment Required To Amortize UAAL ²	278,705	590,817	(33,930)
Minimum Required Contribution	\$971,878	\$1,612,088	\$462,330

¹ The asset values and liabilities include accumulated DROP and Share Plan 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 components.