

CITY OF PUNTA GORDA
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2020 VALUATION DATE



April 13, 2021

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, 2020 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 #20-6595

Enclosures

cc via email: Scott Christiansen, Board Attorney
cc via email: Kristin Simeone, Finance Director

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, 2020 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, 2020

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
<u>Total Pension Liability</u>			
Service Cost	768,708	1,199,232	509,192
Interest	3,787,283	3,357,555	4,029,536
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(34,975)	123,047	(149,443)
Changes of Assumptions	1,519,844	2,091,081	1,132,079
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(3,359,536)	(3,359,536)	(3,359,536)
Net Change in Total Pension Liability	2,681,324	3,411,379	2,161,828
Total Pension Liability - Beginning	55,015,097	67,631,639	45,943,195
Total Pension Liability - Ending (a)	<u>\$ 57,696,421</u>	<u>\$ 71,043,018</u>	<u>\$ 48,105,023</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,831,619	1,831,619	1,831,619
Contributions - Employee	326,217	326,217	326,217
Contributions - Buy Back	-	-	-
Net Investment Income	4,545,574	4,545,574	4,545,574
Benefit Payments, Including Refunds of Employee Contributions	(3,359,536)	(3,359,536)	(3,359,536)
Administrative Expenses	(64,246)	(64,246)	(64,246)
Net Change in Plan Fiduciary Net Position	3,279,628	3,279,628	3,279,628
Plan Fiduciary Net Position - Beginning	47,464,189	47,464,189	47,464,189
Plan Fiduciary Net Position - Ending (b)	<u>\$ 50,743,817</u>	<u>\$ 50,743,817</u>	<u>\$ 50,743,817</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,952,604</u>	<u>\$ 20,299,201</u>	<u>\$ (2,638,794)</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 6.75%

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
2020	50,743,817	-	5,562,776	-	3,237,464	48,418,505
2021	48,418,505	-	3,551,200	-	3,148,396	48,015,701
2022	48,015,701	-	3,597,745	-	3,119,636	47,537,592
2023	47,537,592	-	3,684,791	-	3,084,426	46,937,227
2024	46,937,227	-	3,741,591	-	2,929,318	46,124,954
2025	46,124,954	-	3,816,749	-	2,874,078	45,182,283
2026	45,182,283	-	3,935,387	-	2,808,948	44,055,844
2027	44,055,844	-	3,983,665	-	2,734,161	42,806,340
2028	42,806,340	-	4,062,390	-	2,650,384	41,394,334
2029	41,394,334	-	4,118,093	-	2,556,794	39,833,035
2030	39,833,035	-	4,092,094	-	2,456,154	38,197,095
2031	38,197,095	-	4,067,151	-	2,350,629	36,480,573
2032	36,480,573	-	4,010,423	-	2,240,898	34,711,048
2033	34,711,048	-	3,959,114	-	2,127,547	32,879,481
2034	32,879,481	-	3,966,797	-	2,008,245	30,920,929
2035	30,920,929	-	3,883,392	-	1,883,650	28,921,187
2036	28,921,187	-	3,780,040	-	1,757,026	26,898,173
2037	26,898,173	-	3,673,087	-	1,629,006	24,854,092
2038	24,854,092	-	3,552,894	-	1,500,047	22,801,245
2039	22,801,245	-	3,446,408	-	1,370,073	20,724,910
2040	20,724,910	-	3,323,989	-	1,239,090	18,640,011
2041	18,640,011	-	3,197,395	-	1,107,685	16,550,301
2042	16,550,301	-	3,064,692	-	976,167	14,461,776
2043	14,461,776	-	2,922,643	-	845,030	12,384,163
2044	12,384,163	-	2,781,582	-	714,569	10,317,150
2045	10,317,150	-	2,640,277	-	584,806	8,261,679
2046	8,261,679	-	2,508,345	-	455,488	6,208,822
2047	6,208,822	-	2,367,579	-	326,627	4,167,870
2048	4,167,870	-	2,216,844	-	198,864	2,149,890
2049	2,149,890	-	2,067,209	-	72,559	155,240
2050	155,240	-	1,919,226	-	-	-

*All DROP Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 30.08

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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: 4.75%

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
2020	50,743,817	-	4,998,266	-	2,291,622	48,037,173
2021	48,037,173	-	2,881,341	-	2,213,334	47,369,166
2022	47,369,166	-	2,988,226	-	2,179,065	46,560,005
2023	46,560,005	-	3,138,358	-	2,137,064	45,558,711
2024	45,558,711	-	3,291,626	-	1,976,080	44,243,165
2025	44,243,165	-	3,361,830	-	1,915,301	42,796,636
2026	42,796,636	-	3,451,030	-	1,848,200	41,193,806
2027	41,193,806	-	3,524,753	-	1,774,414	39,443,467
2028	39,443,467	-	3,598,904	-	1,693,981	37,538,544
2029	37,538,544	-	3,680,863	-	1,606,415	35,464,096
2030	35,464,096	-	3,674,322	-	1,513,212	33,302,986
2031	33,302,986	-	3,712,194	-	1,415,110	31,005,902
2032	31,005,902	-	3,726,245	-	1,311,425	28,591,082
2033	28,591,082	-	3,687,535	-	1,203,629	26,107,176
2034	26,107,176	-	3,640,701	-	1,092,907	23,559,382
2035	23,559,382	-	3,568,837	-	979,873	20,970,418
2036	20,970,418	-	3,495,896	-	865,011	18,339,533
2037	18,339,533	-	3,483,239	-	746,906	15,603,200
2038	15,603,200	-	3,386,277	-	625,953	12,842,876
2039	12,842,876	-	3,283,156	-	504,058	10,063,778
2040	10,063,778	-	3,177,127	-	381,385	7,268,036
2041	7,268,036	-	3,059,638	-	258,220	4,466,618
2042	4,466,618	-	2,952,125	-	134,575	1,649,068
2043	1,649,068	-	2,833,592	-	-	-

*All DROP Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 23.58

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% 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: 8.75%

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
2020	50,743,817	-	4,998,266	-	4,221,410	49,966,961
2021	49,966,961	-	2,881,341	-	4,246,050	51,331,670
2022	51,331,670	-	2,988,226	-	4,360,786	52,704,230
2023	52,704,230	-	3,138,358	-	4,474,317	54,040,189
2024	54,040,189	-	3,291,626	-	4,453,522	55,202,085
2025	55,202,085	-	3,361,830	-	4,549,299	56,389,554
2026	56,389,554	-	3,451,030	-	4,646,443	57,584,967
2027	57,584,967	-	3,524,753	-	4,744,920	58,805,134
2028	58,805,134	-	3,598,904	-	4,845,483	60,051,713
2029	60,051,713	-	3,680,863	-	4,947,959	61,318,809
2030	61,318,809	-	3,674,322	-	5,055,940	62,700,427
2031	62,700,427	-	3,712,194	-	5,171,768	64,160,001
2032	64,160,001	-	3,726,245	-	5,295,235	65,728,991
2033	65,728,991	-	3,687,535	-	5,430,244	67,471,700
2034	67,471,700	-	3,640,701	-	5,580,365	69,411,364
2035	69,411,364	-	3,568,837	-	5,748,290	71,590,817
2036	71,590,817	-	3,495,896	-	5,936,644	74,031,565
2037	74,031,565	-	3,483,239	-	6,144,645	76,692,971
2038	76,692,971	-	3,386,277	-	6,374,986	79,681,680
2039	79,681,680	-	3,283,156	-	6,633,409	83,031,933
2040	83,031,933	-	3,177,127	-	6,922,686	86,777,492
2041	86,777,492	-	3,059,638	-	7,246,052	90,963,906
2042	90,963,906	-	2,952,125	-	7,606,467	95,618,248
2043	95,618,248	-	2,833,592	-	8,007,123	100,791,779
2044	100,791,779	-	2,714,506	-	8,451,935	106,529,208
2045	106,529,208	-	2,589,504	-	8,944,929	112,884,633
2046	112,884,633	-	2,459,006	-	9,490,686	119,916,313
2047	119,916,313	-	2,327,340	-	10,093,975	127,682,948
2048	127,682,948	-	2,197,060	-	10,759,676	136,245,564
2049	136,245,564	-	2,080,595	-	11,492,448	145,657,417
2050	145,657,417	-	1,956,752	-	12,297,718	155,998,383
2051	155,998,383	-	1,823,786	-	13,182,352	167,356,949
2052	167,356,949	-	1,692,051	-	14,153,428	179,818,326
2053	179,818,326	-	1,562,454	-	15,218,153	193,474,025
2054	193,474,025	-	1,434,942	-	16,384,307	208,423,390
2055	208,423,390	-	1,311,995	-	17,660,228	224,771,623
2056	224,771,623	-	1,194,247	-	19,054,832	242,632,208
2057	242,632,208	-	1,081,606	-	20,577,769	262,128,371
2058	262,128,371	-	975,099	-	22,239,470	283,392,742
2059	283,392,742	-	873,610	-	24,051,255	306,570,387
2060	306,570,387	-	779,362	-	26,025,360	331,816,385
2061	331,816,385	-	693,006	-	28,174,940	359,298,319
2062	359,298,319	-	613,881	-	30,514,267	389,198,705
2063	389,198,705	-	541,810	-	33,058,863	421,715,758
2064	421,715,758	-	476,462	-	35,825,590	457,064,886
2065	457,064,886	-	417,368	-	38,832,777	495,480,295
2066	495,480,295	-	364,313	-	42,100,342	537,216,324
2067	537,216,324	-	317,072	-	45,649,912	582,549,164
2068	582,549,164	-	275,262	-	49,504,980	631,778,882
2069	631,778,882	-	238,583	-	53,691,065	685,231,364
2070	685,231,364	-	206,722	-	58,235,880	743,260,522
2071	743,260,522	-	179,096	-	63,169,533	806,250,959
2072	806,250,959	-	155,149	-	68,524,738	874,620,548

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 8.75%

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	874,620,548	-	134,304	-	74,337,039	948,823,283
2074	948,823,283	-	116,148	-	80,645,043	1,029,352,178
2075	1,029,352,178	-	100,496	-	87,490,664	1,116,742,346
2076	1,116,742,346	-	86,922	-	94,919,405	1,211,574,829
2077	1,211,574,829	-	75,044	-	102,980,671	1,314,480,456
2078	1,314,480,456	-	64,546	-	111,728,096	1,426,144,006
2079	1,426,144,006	-	55,190	-	121,219,895	1,547,308,711
2080	1,547,308,711	-	46,850	-	131,519,249	1,678,781,110
2081	1,678,781,110	-	39,410	-	142,694,719	1,821,436,419
2082	1,821,436,419	-	32,801	-	154,820,702	1,976,224,320
2083	1,976,224,320	-	26,961	-	167,977,921	2,144,175,280
2084	2,144,175,280	-	21,820	-	182,253,971	2,326,407,431
2085	2,326,407,431	-	17,345	-	197,743,894	2,524,133,980
2086	2,524,133,980	-	13,494	-	214,550,815	2,738,671,301
2087	2,738,671,301	-	10,270	-	232,786,624	2,971,447,655
2088	2,971,447,655	-	7,640	-	252,572,726	3,224,012,741
2089	3,224,012,741	-	5,549	-	274,040,847	3,498,048,039
2090	3,498,048,039	-	3,938	-	297,333,916	3,795,378,017
2091	3,795,378,017	-	2,726	-	322,607,016	4,117,982,307
2092	4,117,982,307	-	1,840	-	350,028,418	4,468,008,885
2093	4,468,008,885	-	1,208	-	379,780,704	4,847,788,381
2094	4,847,788,381	-	773	-	412,061,980	5,259,849,588
2095	5,259,849,588	-	483	-	447,087,194	5,706,936,299
2096	5,706,936,299	-	296	-	485,089,573	6,192,025,576
2097	6,192,025,576	-	179	-	526,322,166	6,718,347,563
2098	6,718,347,563	-	107	-	571,059,538	7,289,406,994
2099	7,289,406,994	-	64	-	619,599,592	7,909,006,522
2100	7,909,006,522	-	38	-	672,265,553	8,581,272,037
2101	8,581,272,037	-	23	-	729,408,122	9,310,680,136
2102	9,310,680,136	-	13	-	791,407,811	10,102,087,934
2103	10,102,087,934	-	8	-	858,677,474	10,960,765,400
2104	10,960,765,400	-	4	-	931,665,059	11,892,430,455
2105	11,892,430,455	-	3	-	1,010,856,589	12,903,287,041
2106	12,903,287,041	-	2	-	1,096,779,398	14,000,066,437
2107	14,000,066,437	-	1	-	1,190,005,647	15,190,072,083
2108	15,190,072,083	-	-	-	1,291,156,127	16,481,228,210

*All DROP Balances paid in 2020.

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 8.75% 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, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Minimum Required Contribution (Fixed \$)	\$1,510,954	\$2,642,810	\$510,793
Minimum Required Contribution (% of Payroll)	41.9%	73.4%	14.1%
Expected Member Contribution	291,730	291,730	291,730
Expected Sponsor Contribution (Fixed \$)	\$1,219,224	\$2,351,080	\$219,063
Expected Sponsor Contribution (% of Payroll)	33.8%	65.3%	6.0%

ASSETS

Actuarial Value ¹	50,743,817	50,743,817	50,743,817
Market Value ¹	50,743,817	50,743,817	50,743,817

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	20,880,535	29,522,558	15,409,019
Disability Benefits	1,827,436	2,457,634	1,409,163
Death Benefits	183,986	230,120	149,856
Vested Benefits	916,859	1,365,059	646,470
Refund of Contributions	0	0	0
Service Retirees	23,845,632	28,309,670	20,518,724
DROP Retirees ¹	11,396,847	13,475,063	9,910,853
Beneficiaries	845,815	976,980	760,221
Disability Retirees	0	0	0
Terminated Vested	2,063,931	2,789,066	1,578,508
Total:	61,961,041	79,126,150	50,382,814
Present Value of Future Salaries	25,138,863	27,879,798	22,910,819
Present Value of Future Member Contributions	2,036,248	2,258,264	1,855,776
Total Normal Cost	633,115	1,032,745	397,934
Present Value of Future Normal Costs (Entry Age Normal)	4,033,167	7,506,986	2,250,583
Total Actuarial Accrued Liability ¹	57,927,874	71,619,164	48,132,231
Unfunded Actuarial Accrued Liability (UAAL)	7,184,057	20,875,347	(2,611,586)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
<u>PENSION COST</u>			
Normal Cost ²	633,115	1,032,745	397,934
Administrative Expenses ²	63,011	63,011	63,011
Payment Required To Amortize UAAL ²	814,828	1,547,054	49,848
Minimum Required Contribution	\$1,510,954	\$2,642,810	\$510,793

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2020.

² Contributions developed as of 10/1/2020 displayed above have been adjusted to account for assumed salary increase and interest components.