

CITY OF PUNTA GORDA
POLICE OFFICERS' 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 Police Officers' 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.

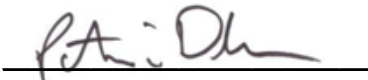
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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	
	7.00%	5.00%	9.00%
<u>Total Pension Liability</u>			
Service Cost	622,313	952,242	422,863
Interest	1,482,295	1,356,277	1,541,380
Share Plan Allocation	11,385	11,385	11,385
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	103,601	156,996	63,254
Changes of Assumptions	(143,341)	(288,636)	(72,815)
Benefit Payments, Including Refunds of Employee Contributions	(1,129,089)	(1,129,089)	(1,129,089)
Net Change in Total Pension Liability	947,164	1,059,175	836,978
Total Pension Liability - Beginning	21,117,875	26,737,836	17,268,127
Total Pension Liability - Ending (a)	<u>\$ 22,065,039</u>	<u>\$ 27,797,011</u>	<u>\$ 18,105,105</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	499,503	499,503	499,503
Contributions - State	222,769	222,769	222,769
Contributions - Employee	207,668	207,668	207,668
Net Investment Income	2,242,636	2,242,636	2,242,636
Benefit Payments, Including Refunds of Employee Contributions	(1,129,089)	(1,129,089)	(1,129,089)
Administrative Expenses	(60,292)	(60,292)	(60,292)
Net Change in Plan Fiduciary Net Position	1,983,195	1,983,195	1,983,195
Plan Fiduciary Net Position - Beginning	18,372,707	18,372,707	18,372,707
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,355,902</u>	<u>\$ 20,355,902</u>	<u>\$ 20,355,902</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,709,137</u>	<u>\$ 7,441,109</u>	<u>\$ (2,250,797)</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00%

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	20,355,902	-	1,460,573	-	1,373,793	20,269,122
2021	20,269,122	-	1,389,501	-	1,370,206	20,249,827
2022	20,249,827	-	1,483,998	-	1,365,548	20,131,377
2023	20,131,377	-	1,491,609	-	1,356,990	19,996,758
2024	19,996,758	-	1,547,546	-	1,345,609	19,794,821
2025	19,794,821	-	1,548,618	-	1,331,436	19,577,639
2026	19,577,639	-	1,568,577	-	1,315,535	19,324,597
2027	19,324,597	-	1,617,301	-	1,296,116	19,003,412
2028	19,003,412	-	1,634,546	-	1,273,030	18,641,896
2029	18,641,896	-	1,655,142	-	1,247,003	18,233,757
2030	18,233,757	-	1,655,024	-	1,218,437	17,797,170
2031	17,797,170	-	1,653,423	-	1,187,932	17,331,679
2032	17,331,679	-	1,651,776	-	1,155,405	16,835,308
2033	16,835,308	-	1,652,226	-	1,120,644	16,303,726
2034	16,303,726	-	1,644,007	-	1,083,721	15,743,440
2035	15,743,440	-	1,630,755	-	1,044,964	15,157,649
2036	15,157,649	-	1,608,637	-	1,004,733	14,553,745
2037	14,553,745	-	1,592,401	-	963,028	13,924,372
2038	13,924,372	-	1,566,647	-	919,873	13,277,598
2039	13,277,598	-	1,534,984	-	875,707	12,618,321
2040	12,618,321	-	1,510,414	-	830,418	11,938,325
2041	11,938,325	-	1,478,242	-	783,944	11,244,027
2042	11,244,027	-	1,443,662	-	736,554	10,536,919
2043	10,536,919	-	1,405,789	-	688,382	9,819,512
2044	9,819,512	-	1,366,226	-	639,548	9,092,834
2045	9,092,834	-	1,323,529	-	590,175	8,359,480
2046	8,359,480	-	1,279,477	-	540,382	7,620,385
2047	7,620,385	-	1,234,097	-	490,234	6,876,522
2048	6,876,522	-	1,188,155	-	439,771	6,128,138
2049	6,128,138	-	1,141,598	-	389,014	5,375,554
2050	5,375,554	-	1,094,153	-	337,993	4,619,394
2051	4,619,394	-	1,046,417	-	286,733	3,859,710
2052	3,859,710	-	998,454	-	235,234	3,096,490
2053	3,096,490	-	950,379	-	183,491	2,329,602
2054	2,329,602	-	902,304	-	131,492	1,558,790
2055	1,558,790	-	854,433	-	79,210	783,567
2056	783,567	-	806,901	-	-	-

*All DROP and Share Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 36.97

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%

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	20,355,902	-	1,460,573	-	981,281	19,876,610
2021	19,876,610	-	1,389,501	-	959,093	19,446,202
2022	19,446,202	-	1,483,998	-	935,210	18,897,414
2023	18,897,414	-	1,491,609	-	907,580	18,313,385
2024	18,313,385	-	1,547,546	-	876,981	17,642,820
2025	17,642,820	-	1,548,618	-	843,426	16,937,628
2026	16,937,628	-	1,568,577	-	807,667	16,176,718
2027	16,176,718	-	1,617,301	-	768,403	15,327,820
2028	15,327,820	-	1,634,546	-	725,527	14,418,801
2029	14,418,801	-	1,655,142	-	679,562	13,443,221
2030	13,443,221	-	1,655,024	-	630,785	12,418,982
2031	12,418,982	-	1,653,423	-	579,614	11,345,173
2032	11,345,173	-	1,651,776	-	525,964	10,219,361
2033	10,219,361	-	1,652,226	-	469,662	9,036,797
2034	9,036,797	-	1,644,007	-	410,740	7,803,530
2035	7,803,530	-	1,630,755	-	349,408	6,522,183
2036	6,522,183	-	1,608,637	-	285,893	5,199,439
2037	5,199,439	-	1,592,401	-	220,162	3,827,200
2038	3,827,200	-	1,566,647	-	152,194	2,412,747
2039	2,412,747	-	1,534,984	-	82,263	960,026
2040	960,026	-	1,510,414	-	-	-

*All DROP and Share Balances paid in 2020.

Number of Years Expected Benefit Payments Sustained: 20.64

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%

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	20,355,902	-	1,460,573	-	1,766,305	20,661,634
2021	20,661,634	-	1,389,501	-	1,797,020	21,069,153
2022	21,069,153	-	1,483,998	-	1,829,444	21,414,599
2023	21,414,599	-	1,491,609	-	1,860,192	21,783,182
2024	21,783,182	-	1,547,546	-	1,890,847	22,126,483
2025	22,126,483	-	1,548,618	-	1,921,696	22,499,561
2026	22,499,561	-	1,568,577	-	1,954,375	22,885,359
2027	22,885,359	-	1,617,301	-	1,986,904	23,254,962
2028	23,254,962	-	1,634,546	-	2,019,392	23,639,808
2029	23,639,808	-	1,655,142	-	2,053,101	24,037,767
2030	24,037,767	-	1,655,024	-	2,088,923	24,471,666
2031	24,471,666	-	1,653,423	-	2,128,046	24,946,289
2032	24,946,289	-	1,651,776	-	2,170,836	25,465,349
2033	25,465,349	-	1,652,226	-	2,217,531	26,030,654
2034	26,030,654	-	1,644,007	-	2,268,779	26,655,426
2035	26,655,426	-	1,630,755	-	2,325,604	27,350,275
2036	27,350,275	-	1,608,637	-	2,389,136	28,130,774
2037	28,130,774	-	1,592,401	-	2,460,112	28,998,485
2038	28,998,485	-	1,566,647	-	2,539,365	29,971,203
2039	29,971,203	-	1,534,984	-	2,628,334	31,064,553
2040	31,064,553	-	1,510,414	-	2,727,841	32,281,980
2041	32,281,980	-	1,478,242	-	2,838,857	33,642,595
2042	33,642,595	-	1,443,662	-	2,962,869	35,161,802
2043	35,161,802	-	1,405,789	-	3,101,302	36,857,315
2044	36,857,315	-	1,366,226	-	3,255,678	38,746,767
2045	38,746,767	-	1,323,529	-	3,427,650	40,850,888
2046	40,850,888	-	1,279,477	-	3,619,003	43,190,414
2047	43,190,414	-	1,234,097	-	3,831,603	45,787,920
2048	45,787,920	-	1,188,155	-	4,067,446	48,667,211
2049	48,667,211	-	1,141,598	-	4,328,677	51,854,290
2050	51,854,290	-	1,094,153	-	4,617,649	55,377,786
2051	55,377,786	-	1,046,417	-	4,936,912	59,268,281
2052	59,268,281	-	998,454	-	5,289,215	63,559,042
2053	63,559,042	-	950,379	-	5,677,547	68,286,210
2054	68,286,210	-	902,304	-	6,105,155	73,489,061
2055	73,489,061	-	854,433	-	6,575,566	79,210,194
2056	79,210,194	-	806,901	-	7,092,607	85,495,900
2057	85,495,900	-	759,878	-	7,660,436	92,396,458
2058	92,396,458	-	713,536	-	8,283,572	99,966,494
2059	99,966,494	-	667,984	-	8,966,925	108,265,435
2060	108,265,435	-	623,291	-	9,715,841	117,357,985
2061	117,357,985	-	579,573	-	10,536,138	127,314,550
2062	127,314,550	-	536,980	-	11,434,145	138,211,715
2063	138,211,715	-	495,702	-	12,416,748	150,132,761
2064	150,132,761	-	455,949	-	13,491,431	163,168,243
2065	163,168,243	-	417,878	-	14,666,337	177,416,702
2066	177,416,702	-	381,594	-	15,950,331	192,985,439
2067	192,985,439	-	347,167	-	17,353,067	209,991,339
2068	209,991,339	-	314,638	-	18,885,062	228,561,763
2069	228,561,763	-	284,020	-	20,557,778	248,835,521
2070	248,835,521	-	255,347	-	22,383,706	270,963,880
2071	270,963,880	-	228,674	-	24,376,459	295,111,665
2072	295,111,665	-	204,048	-	26,550,868	321,458,485

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: 9.00%

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	321,458,485	-	181,501	-	28,923,096	350,200,080
2074	350,200,080	-	160,982	-	31,510,763	381,549,861
2075	381,549,861	-	142,393	-	34,333,080	415,740,548
2076	415,740,548	-	125,618	-	37,410,997	453,025,927
2077	453,025,927	-	110,534	-	40,767,359	493,682,752
2078	493,682,752	-	96,997	-	44,427,083	538,012,838
2079	538,012,838	-	84,865	-	48,417,336	586,345,309
2080	586,345,309	-	74,020	-	52,767,747	639,039,036
2081	639,039,036	-	64,368	-	57,510,617	696,485,285
2082	696,485,285	-	55,820	-	62,681,164	759,110,629
2083	759,110,629	-	48,268	-	68,317,785	827,380,146
2084	827,380,146	-	41,604	-	74,462,341	901,800,883
2085	901,800,883	-	35,728	-	81,160,472	982,925,627
2086	982,925,627	-	30,564	-	88,461,931	1,071,356,994
2087	1,071,356,994	-	26,039	-	96,420,958	1,167,751,913
2088	1,167,751,913	-	22,080	-	105,096,679	1,272,826,512
2089	1,272,826,512	-	18,626	-	114,553,548	1,387,361,434
2090	1,387,361,434	-	15,620	-	124,861,826	1,512,207,640
2091	1,512,207,640	-	13,015	-	136,098,102	1,648,292,727
2092	1,648,292,727	-	10,758	-	148,345,861	1,796,627,830
2093	1,796,627,830	-	8,808	-	161,696,108	1,958,315,130
2094	1,958,315,130	-	7,129	-	176,248,041	2,134,556,042
2095	2,134,556,042	-	5,695	-	192,109,788	2,326,660,135
2096	2,326,660,135	-	4,484	-	209,399,210	2,536,054,861
2097	2,536,054,861	-	3,476	-	228,244,781	2,764,296,166
2098	2,764,296,166	-	2,645	-	248,786,536	3,013,080,057
2099	3,013,080,057	-	1,972	-	271,177,116	3,284,255,201
2100	3,284,255,201	-	1,439	-	295,582,903	3,579,836,665
2101	3,579,836,665	-	1,025	-	322,185,254	3,902,020,894
2102	3,902,020,894	-	710	-	351,181,849	4,253,202,033
2103	4,253,202,033	-	478	-	382,788,161	4,635,989,716
2104	4,635,989,716	-	312	-	417,239,060	5,053,228,464
2105	5,053,228,464	-	197	-	454,790,553	5,508,018,820
2106	5,508,018,820	-	120	-	495,721,688	6,003,740,388
2107	6,003,740,388	-	70	-	540,336,632	6,544,076,950
2108	6,544,076,950	-	40	-	588,966,924	7,133,043,834
2109	7,133,043,834	-	22	-	641,973,944	7,775,017,756
2110	7,775,017,756	-	12	-	699,751,598	8,474,769,342
2111	8,474,769,342	-	6	-	762,729,241	9,237,498,577
2112	9,237,498,577	-	3	-	831,374,872	10,068,873,446
2113	10,068,873,446	-	1	-	906,198,610	10,975,072,055
2114	10,975,072,055	-	1	-	987,756,485	11,962,828,539
2115	11,962,828,539	-	-	-	1,076,654,569	13,039,483,108

*All DROP and Share 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 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, 2022

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
Minimum Required Contribution (Fixed \$)	\$936,223	\$1,577,847	\$404,824
Minimum Required Contribution (% of Payroll)	35.9%	60.5%	15.5%
Expected Member Contribution	208,626	208,626	208,626
Expected State Money	211,384	211,384	211,384
Expected Sponsor Contribution (Fixed \$)	\$516,213	\$1,157,837	\$0
Expected Sponsor Contribution (% of Payroll)	19.3%	43.9%	0.0%
<u>ASSETS</u>			
Actuarial Value ¹	20,355,902	20,355,902	20,355,902
Market Value ¹	20,355,902	20,355,902	20,355,902
<u>LIABILITIES</u>			
Present Value of Benefits			
Active Members			
Retirement Benefits	10,658,716	15,749,564	7,619,424
Disability Benefits	236,257	323,436	179,647
Death Benefits	163,270	245,155	114,968
Vested Benefits	1,056,072	1,687,382	696,744
Refund of Contributions	49,339	50,646	48,111
Service Retirees	11,592,717	14,224,050	9,742,770
DROP Retirees ¹	1,675,725	2,150,356	1,366,194
Beneficiaries	152,533	179,077	132,671
Disability Retirees	1,200,379	1,453,686	1,018,226
Terminated Vested	728,046	1,003,756	539,308
Share Plan Balances ¹	14,607	14,607	14,607
Total:	27,527,661	37,081,715	21,472,670
Present Value of Future Salaries	20,709,674	23,319,473	18,613,854
Present Value of Future Member Contributions	1,656,774	1,865,558	1,489,108
Total Normal Cost	586,280	872,863	380,509
Present Value of Future Normal Costs (Entry Age Normal)	4,887,045	8,401,474	2,986,987
Total Actuarial Accrued Liability (FIL) ¹	22,574,299	28,777,730	18,583,172
Unfunded Actuarial Accrued Liability (UAAL)	2,218,397	8,421,828	(1,772,730)

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

Valuation Date: 10/1/2020

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
<u>PENSION COST</u>			
Normal Cost ²	623,743	928,639	404,824
Administrative Expenses ²	72,181	72,181	72,181
Payment Required To Amortize UAAL ²	240,299	577,027	(99,842)
Minimum Required Contribution	\$936,223	\$1,577,847	\$404,824 ³

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

³ Per Florida Statutes, the Minimum Required Contribution may be no less than the Normal Cost.