

CITY OF PUNTA GORDA
POLICE OFFICERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2021

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2023

GASB 67/68 DISCLOSURE INFORMATION
AS OF SEPTEMBER 30, 2021



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 14, 2021

Board of Trustees
City of Punta Gorda
Punta Gorda Police Pension Board

Re: City of Punta Gorda Police Officers' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Punta Gorda Police Officers' Retirement System. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Chapters 112 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuations, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuations, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the City of Punta Gorda, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding and accounting rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending September 30, 2021 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Punta Gorda, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Police Officers' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 
Kevin H. Peng, ASA, EA, MAAA
Enrolled Actuary #20-7783

By: 
Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Punta Gorda Police Officers' Retirement System, performed as of October 1, 2021, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2023.

The contribution requirements, compared with those set forth in the October 1, 2020 actuarial valuation report, are as follows:

Valuation Date	10/1/2021	10/1/2020
Applicable to Fiscal Year Ending	<u>9/30/2023</u>	<u>9/30/2022</u>
Minimum Required Contribution	\$901,368	\$936,223
Member Contributions (Est.)	208,682	208,626
City And State Required Contribution	692,686	727,597
State Contribution (Est.) ¹	211,719	211,719
City Required Contribution ²	\$480,967	\$515,878

¹ Represents the amount received in fiscal 2021, based on the Mutual Consent Agreement (MCA). Under the MCA, the City may use up to \$200,000, if received, in determining their required contribution. Any amounts over that will be split, with 50% going to reduce bottom line City Funding Requirement and 50% into Share Plan for the Police Officers.

² Assumes that the City will make their full contribution at the beginning of the fiscal year. To the extent that the contribution is made later than October 1st of a given year, the contribution will need to be increased with interest.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results presented in the October 1, 2020 actuarial valuation report. The decrease is attributable to favorable experience as described on the following page.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial gain was an investment return of 9.53% (Actuarial Asset Basis) which exceeded the 7.00% assumption. There were no significant sources of actuarial loss.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2021</u>	<u>10/1/2020</u>
A. Participant Data		
Actives	33	35
Service Retirees	29	29
DROP Retirees	4	2
Beneficiaries	1	2
Disability Retirees	6	5
Terminated Vested	<u>9</u>	<u>10</u>
 Total	 82	 83
 Total Annual Payroll	 \$2,553,109	 \$2,631,024
Payroll Under Assumed Ret. Age	2,452,545	2,451,198
 Annual Rate of Payments to:		
Service Retirees	984,721	984,721
DROP Retirees	217,180	116,834
Beneficiaries	7,938	20,535
Disability Retirees	141,821	107,713
Terminated Vested	84,161	83,231
 B. Assets		
Actuarial Value (AVA) ¹	22,062,228	20,355,902
Market Value (MVA) ¹	24,114,919	20,355,902
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	10,265,213	10,658,716
Disability Benefits	231,105	236,257
Death Benefits	159,765	163,270
Vested Benefits	1,156,178	1,056,072
Refund of Contributions	39,722	49,339
Service Retirees	11,441,428	11,592,717
DROP Retirees ¹	3,156,983	1,675,725
Beneficiaries	7,697	152,533
Disability Retirees	1,678,226	1,200,379
Terminated Vested	720,285	728,046
Share Plan Balances ¹	<u>29,183</u>	<u>14,607</u>
 Total	 28,885,785	 27,527,661

C. Liabilities - (Continued)	<u>10/1/2021</u>	<u>10/1/2020</u>
Present Value of Future Salaries	20,425,616	20,709,674
Present Value of Future Member Contributions	1,634,049	1,656,774
Total Normal Cost	573,636	586,280
Present Value of Future Normal Costs (EAN)	4,770,660	4,887,045
Accrued Liability (Retirement)	6,411,600	6,706,210
Accrued Liability (Disability)	67,068	66,058
Accrued Liability (Death)	57,501	58,168
Accrued Liability (Vesting)	532,759	433,826
Accrued Liability (Refunds)	12,395	12,347
Accrued Liability (Inactives) ¹	17,004,619	15,349,400
Share Plan Balances ¹	29,183	14,607
Total Actuarial Accrued Liability (EAN AL)	<u>24,115,125</u>	<u>22,640,616</u>
Total Actuarial Accrued Liability (FIL)	24,108,350	22,574,299
Unfunded Actuarial Accrued Liability (UAAL)	2,046,122	2,218,397
Funded Ratio (AVA / EAN AL)	91.5%	89.9%
Funded Ratio (AVA / FIL AL)	91.5%	90.2%

D. Actuarial Present Value of		
Accrued Benefits	<u>10/1/2021</u>	<u>10/1/2020</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	17,033,802	15,364,007
Actives	3,619,228	3,961,328
Member Contributions	<u>1,194,747</u>	<u>1,185,059</u>
Total	21,847,777	20,510,394
Non-vested Accrued Benefits	<u>427,555</u>	<u>353,818</u>
Total Present Value		
Accrued Benefits (PVAB)	22,275,332	20,864,212
Funded Ratio (MVA / PVAB)	108.3%	97.6%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	1,151,846	
Benefits Paid	(1,160,600)	
Interest	1,419,874	
Other	<u>0</u>	
Total	1,411,120	

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2021	2,046,122
2022	1,955,415
2023	1,856,349
2028	1,211,593
2033	482,527
2037	55,741
2042	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2021	6.51%	6.26%
Year Ended 9/30/2020	7.51%	6.31%
Year Ended 9/30/2019	9.36%	6.00%
Year Ended 9/30/2018	4.90%	6.00%
Year Ended 9/30/2017	13.58%	6.00%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2021	19.48%	9.53%	7.00%
Year Ended 9/30/2020	12.19%	9.14%	7.00%
Year Ended 9/30/2019	4.06%	8.06%	7.75%
Year Ended 9/30/2018	9.54%	6.62%	7.75%
Year Ended 9/30/2017	10.94%	6.67%	7.75%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2021	\$2,452,545
	10/1/2011	1,935,114
(b) Total Increase		26.74%
(c) Number of Years		10.00
(d) Average Annual Rate		2.40%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was 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, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112, Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

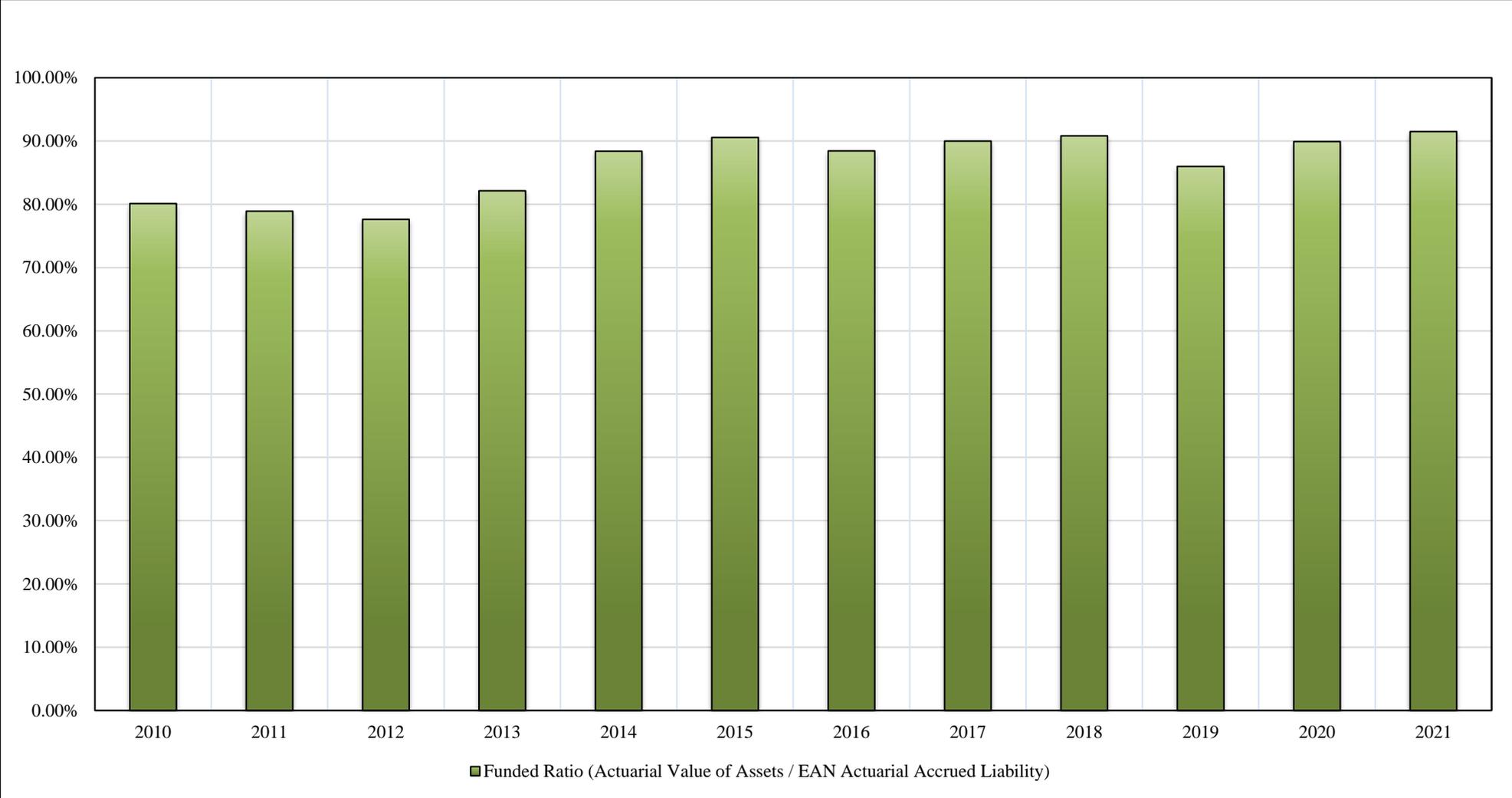
Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2020	\$2,218,397
(2) Sponsor Normal Cost developed as of October 1, 2020	390,184
(3) Expected administrative expenses for the year ended September 30, 2021	67,846
(4) Expected interest on (1), (2) and (3)	184,975
(5) Sponsor contributions to the System during the year ended September 30, 2021	774,467
(6) Expected interest on (5)	40,813
(7) Unfunded Actuarial Accrued Liability as of September 30, 2021 (1)+(2)+(3)+(4)-(5)-(6)	2,046,122

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2021 <u>Amount</u>	Amortization <u>Amount</u>
"C"	10/1/1993	2	(41,974)	(21,607)
"D"	10/1/1994	3	65,249	23,047
"E"	10/1/1995	4	22,861	6,231
"F"	10/1/2004	13	593,542	63,523
Method Change	10/1/2008	7	(69,829)	(11,828)
Assump Changes	10/1/2009	8	334,384	50,934
Benefit Changes	10/1/2012	21	(35,403)	(2,858)
Assump Changes	10/1/2015	14	191,576	19,534
Assump Changes	10/1/2016	15	369,620	36,079
Assump Changes	10/1/2019	18	1,233,169	108,063
Asmp/Mthd Change	10/1/2020	19	(617,073)	(52,487)
			2,046,122	218,631

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2020 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

75% of active deaths are assumed to be service-incurred.

Interest Rate

7.00% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

<u>Salary Increases</u>	See table later in this section. This assumption was adopted as a result of the June 19, 2019 experience study. Final salary in year of retirement is increased individually, based on data provided by the City, to account for additional nonregular compensation.
<u>Payroll Growth</u>	0.86% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.
<u>Administrative Expenses</u>	\$55,202 annually, based on the average of actual expenses incurred in the prior two fiscal years.
<u>Amortization Method</u>	New UAAL amortization bases are amortized over the following amortization periods: Assumption/Method Changes: 20 Years. Benefit Changes: 30 Years.
<u>Retirement Age</u>	100% at 25 years of service, otherwise 50% at first eligibility, 20% for next 4 years of eligibility, and 100% at 5 years after first eligibility. This assumption was adopted as a result of the June 19, 2019 experience study.
<u>Early Retirement</u>	Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year. We feel that this assumption is reasonable based on the plan provisions.
<u>Termination Rates</u>	See table of sample rates later in this section. This assumption was adopted as a result of the June 19, 2019 experience study.
<u>Disability Rates</u>	See table of sample rates later in this section. This assumption was confirmed as part of an experience study dated June 19, 2019. It is assumed that 75% of disablements are service related.
<u>Funding Method</u>	Frozen Entry Age Actuarial Cost Method.
<u>Asset Valuation Method</u>	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Assumption Tables

% Terminating During the Year		% Becoming Disabled During the Year		Salary Scale	
Age	Rate	Age	Rate	Service	Rate
20	11.6%	20	0.03%	0-4	7.50%
25	11.0%	25	0.03%	5-9	5.50%
30	9.8%	30	0.04%	10-14	5.00%
35	7.8%	35	0.05%	15+	4.50%
40	5.3%	40	0.07%		
45	3.3%	45	0.10%		
50	1.4%	50	0.18%		
55	0.6%	55	0.36%		
60	0.5%	60	0.90%		
65+	0.0%	65+	2.22%		

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to all years of past service. UAAL also arises when an assumption change or method change is made. The liability for this purpose is determined under the Entry Age Normal cost method.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Frozen Entry Age Method is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Actuarial Accrued (Past Service) Liability. See the "Reconciliation of Unfunded Actuarial Accrued Liabilities" for details regarding the current status of the liability.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the financial impact on the plan's normal cost of the experience differing from assumptions; this gain or loss is spread over a period of time determined by the average future working lifetime of the current active membership as of the valuation date. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's funding requirement could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll increases less than the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 128.0% on October 1, 2011 to 73.3% on October 1, 2021, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 70.5%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 78.9% on October 1, 2011 to 91.5% on October 1, 2021.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 3.0% on October 1, 2011 to -0.9% on October 1, 2021. The current Net Cash Flow Ratio of -0.9% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks in this section as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2011</u>	<u>10/1/2016</u>	<u>10/1/2020</u>	<u>10/1/2021</u>
<u>Support Ratio</u>				
Total Actives	32	33	35	33
Total Inactives ¹	25	31	43	45
Actives / Inactives ¹	128.0%	106.5%	81.4%	73.3%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	9,648,267	14,958,607	20,355,902	24,114,919
Total Annual Payroll	1,935,114	2,269,073	2,631,024	2,553,109
MVA / Total Annual Payroll	498.6%	659.2%	773.7%	944.5%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	6,110,531	9,208,674	15,349,400	17,004,619
Total Accrued Liability (EAN)	13,368,658	17,521,072	22,640,616	24,115,125
Inactive AL / Total AL	45.7%	52.6%	67.8%	70.5%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	10,548,658	15,494,704	20,355,902	22,062,228
Total Accrued Liability (EAN)	13,368,658	17,521,072	22,640,616	24,115,125
AVA / Total Accrued Liability (EAN)	78.9%	88.4%	89.9%	91.5%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	291,687	(290,457)	(259,440)	(223,923)
Market Value of Assets (MVA)	9,648,267	14,958,607	20,355,902	24,114,919
Ratio	3.0%	-1.9%	-1.3%	-0.9%

¹ Excludes terminated participants awaiting a refund of member contributions.

² Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	140,355.78	_____ %
1999	143,016.51	1.9%
2000	141,462.32	-1.1%
2001	133,021.82	-6.0%
2002	151,286.76	13.7%
2003	204,142.52	34.9%
2004	192,054.74	-5.9%
2005	193,250.75	0.6%
2006	195,983.19	1.4%
2007	194,294.13	-0.9%
2008	196,610.96	1.2%
2009	187,816.34	-4.5%
2010	169,342.97	-9.8%
2011	172,401.35	1.8%
2012	175,494.90	1.8%
2013	168,454.93	-4.0%
2014	173,164.86	2.8%
2015	174,721.57	0.9%
2016	189,148.95	8.3%
2017	194,169.82	2.7%
2018	204,310.60	5.2%
2019	201,260.07	-1.5%
2020	222,768.55	10.7%
2021	223,437.50	0.3%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	635,526.49	635,526.49
Total Cash and Equivalents	635,526.49	635,526.49
Receivables:		
Investment Income	27,162.68	27,162.68
Total Receivable	27,162.68	27,162.68
Investments:		
U. S. Bonds and Bills	2,757,353.94	2,667,611.29
Federal Agency Guaranteed Securities	2,095,716.25	2,088,949.42
Corporate Bonds	1,548,620.84	1,566,717.90
Mutual Funds:		
Fixed Income	411,853.24	412,487.48
Equity	11,178,594.44	16,739,591.35
Total Investments	17,992,138.71	23,475,357.44
Total Assets	18,654,827.88	24,138,046.61
<u>LIABILITIES</u>		
Payables:		
Refunds of Member Contributions	9,135.84	9,135.84
Investment Expenses	8,775.13	8,775.13
Administrative Expenses	5,216.52	5,216.52
Total Liabilities	23,127.49	23,127.49
NET POSITION RESTRICTED FOR PENSIONS	18,631,700.39	24,114,919.12

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021
Market Value Basis

ADDITIONS

Contributions:

Member	200,602.98
City	562,748.00
State	223,437.50

Total Contributions 986,788.48

Investment Income:

Net Realized Gain (Loss)	139,688.78
Unrealized Gain (Loss)	3,499,796.92
Net Increase in Fair Value of Investments	3,639,485.70
Interest & Dividends	389,585.94
Less Investment Expense ¹	(46,131.77)

Net Investment Income 3,982,939.87

Total Additions 4,969,728.35

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,135,795.30
Lump Sum DROP Distributions	0.00
Lump Sum Share Distributions	0.00
Refunds of Member Contributions	24,805.07

Total Distributions 1,160,600.37

Administrative Expense 50,110.98

Total Deductions 1,210,711.35

Net Increase in Net Position 3,759,017.00

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 20,355,902.12

End of the Year 24,114,919.12

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2021

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2021	2022	2023	2024	2025
09/30/2021	2,565,864	2,052,691	1,539,518	1,026,345	513,172	0
Total		2,052,691	1,539,518	1,026,345	513,172	0

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, 09/30/2020	20,355,902
Contributions Less Benefit Payments & Admin Expenses	(223,923)
Expected Investment Earnings*	1,417,076
Actual Net Investment Earnings	3,982,940
2021 Actuarial Investment Gain/(Loss)	<u>2,565,864</u>

*Expected Investment Earnings = 0.07 * (20,355,902 - 0.5 * 223,923)

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2021	24,114,919
(2) Gains/(Losses) Not Yet Recognized	2,052,691
(3) Actuarial Value of Assets, 09/30/2021, (1) - (2)	<u>22,062,228</u>
(A) 09/30/2020 Actuarial Assets:	20,355,902
(I) Net Investment Income:	
1. Interest and Dividends	389,586
2. Realized Gain (Loss)	139,689
3. Unrealized Gain (Loss)	3,499,797
4. Change in Actuarial Value	(2,052,691)
5. Investment Expenses	(46,132)
Total	<u>1,930,249</u>
(B) 09/30/2021 Actuarial Assets::	22,062,228
Actuarial Assets Rate of Return = 2I/(A+B-I):	9.53%
Market Value of Assets Rate of Return:	19.48%
10/01/2021 Limited Actuarial Assets:	22,062,228
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	513,173

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2021
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	200,602.98	
City	562,748.00	
State	223,437.50	
 Total Contributions		 986,788.48
Earnings from Investments:		
Interest & Dividends	389,585.94	
Net Realized Gain (Loss)	139,688.78	
Unrealized Gain (Loss)	3,499,796.92	
Change in Actuarial Value	(2,052,691.00)	
 Total Earnings and Investment Gains		 1,976,380.64

EXPENDITURES

Distributions to Members:		
Benefit Payments	1,135,795.30	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	0.00	
Refunds of Member Contributions	24,805.07	
 Total Distributions		 1,160,600.37
Expenses:		
Investment related ¹	46,131.77	
Administrative	50,110.98	
 Total Expenses		 96,242.75
 Change in Net Assets for the Year		 1,706,326.00
 Net Assets Beginning of the Year		 20,355,902.12
 Net Assets End of the Year ²		 22,062,228.12

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2020 to September 30, 2021

Beginning of the Year Balance	45,969.25
Plus Additions	202,156.19
Investment Return Earned	9,636.15
Less Distributions	0.00
End of the Year Balance	257,761.59

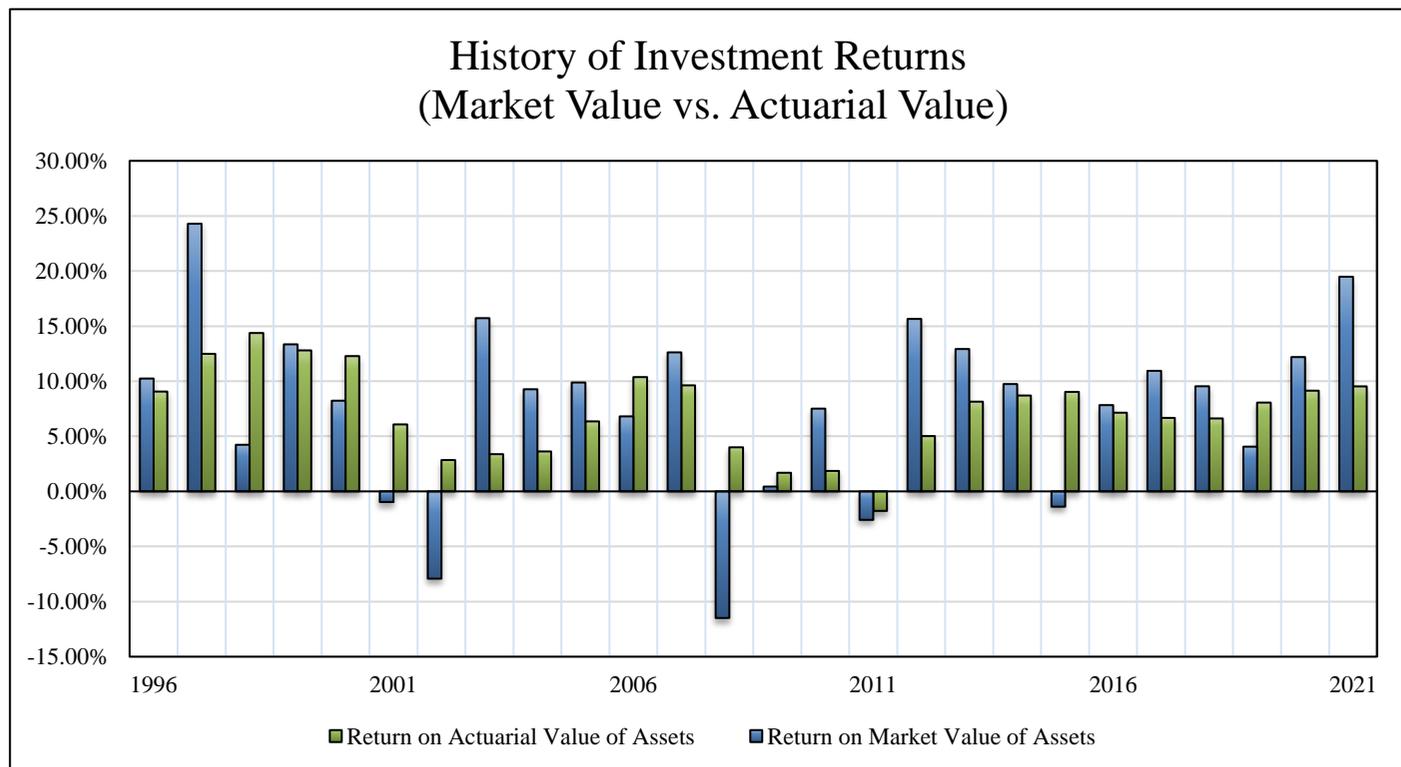
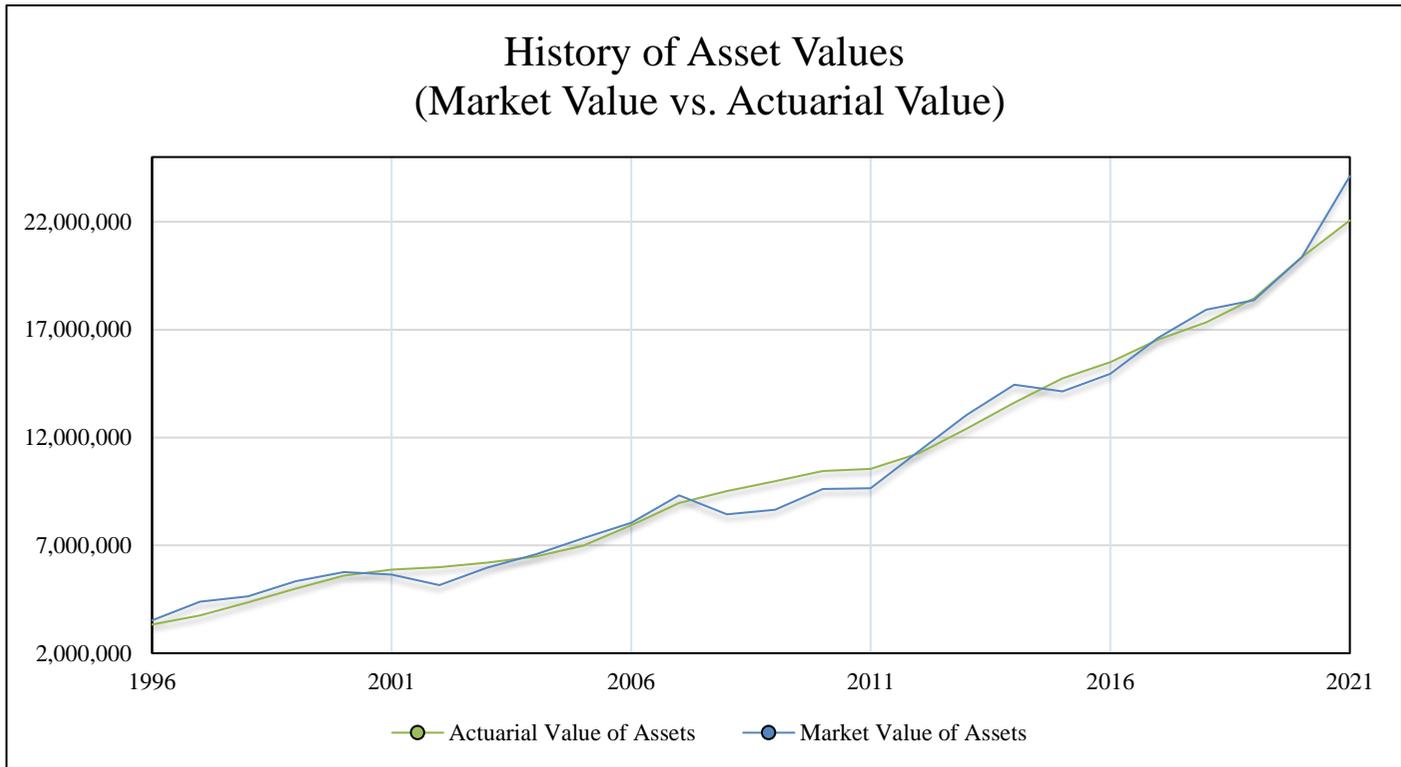
SUPPLEMENTAL CHAPTER 185 SHARE PLAN ACTIVITY
October 1, 2020 through September 30, 2021

9/30/2020 Balance	14,607.31
Prior Year Adjustment	9.80
Plus Additions	11,718.75
Investment Return Earned (Est.)	2,847.41
Administrative Fees	0.00
Less Distributions	0.00
9/30/2021 Balance (Est.)	29,183.27

CITY CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2021

(1) Required City and State Contributions	\$763,378.00
(2) Less Allowable State Contribution	<u>(211,718.75)</u>
(3) Required City Contribution for Fiscal 2021	551,659.25
(4) Less 2020 Prepaid Contribution	0.00
(5) Less Actual City Contributions	<u>(562,748.00)</u>
(6) City Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2021	(\$11,088.75)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2018</u>	<u>10/1/2019</u>	<u>10/1/2020</u>	<u>10/1/2021</u>
<u>Actives</u>				
Number	36	36	35	33
Average Current Age	41.5	39.8	40.3	40.5
Average Age at Employment	34.7	33.0	33.6	33.5
Average Past Service	6.8	6.8	6.7	7.0
Average Annual Salary	\$68,532	\$73,002	\$75,172	\$77,367
<u>Service Retirees</u>				
Number	26	28	29	29
Average Current Age	61.1	62.1	62.5	63.5
Average Annual Benefit	\$33,954	\$34,321	\$33,956	\$33,956
<u>DROP Retirees</u>				
Number	0	0	2	4
Average Current Age	N/A	N/A	53.3	56.5
Average Annual Benefit	N/A	N/A	\$58,417	\$54,295
<u>Beneficiaries</u>				
Number	2	2	2	1
Average Current Age	63.1	64.1	65.1	64.9
Average Annual Benefit	\$10,268	\$10,268	\$10,268	\$7,938
<u>Disability Retirees</u>				
Number	4	5	5	6
Average Current Age	62.6	60.3	61.3	57.4
Average Annual Benefit	\$17,635	\$21,543	\$21,543	\$23,637
<u>Terminated Vested</u>				
Number	9	10	10	9
Average Current Age ¹	43.6	41.9	41.9	42.9
Average Annual Benefit ¹	\$24,377	\$17,857	\$16,646	\$16,832

¹ The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24												0
25 - 29			3	1	3	1						8
30 - 34		2				2						4
35 - 39		1		2		3	2					8
40 - 44						1	1					2
45 - 49	1								1			2
50 - 54	1			2			2	1				6
55 - 59				1								1
60 - 64				1								1
65+							1					1
Total	2	3	3	7	3	7	6	1	1	0	0	33

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2020	35
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	(1)
iii. Refund of member contributions or full lump sum distribution received	(2)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	(2)
g. Continuing participants	30
h. New entrants	<u>3</u>
i. Total active life participants in valuation	<u>33</u>

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	29	2	2	5	5	5	48
Retired	0	0	0	0	0	0	0
DROP	0	2	0	0	0	0	2
Vested (Deferred Annuity)	0	0	0	0	0	0	0
Vested (Due Refund)	0	0	0	0	0	1	1
Hired/Terminated in Same Year	0	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0	0
Death, No Survivor	0	0	(1)	0	0	0	(1)
Disabled	0	0	0	1	0	(1)	0
Refund of Contributions	0	0	0	0	0	0	0
Rehires	0	0	0	0	0	(1)	(1)
Expired Annuities	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	0
b. Number current valuation	29	4	1	6	5	4	49

SUMMARY OF CURRENT PLAN
(Through Ordinance 1945-2020)

ORIGINAL EFFECTIVE DATE	November 19, 1957.
LATEST AMENDMENT	July 8, 2020.
CREDITED SERVICE	Years and fractional parts of years of service with the City as a Police Officer.
AVERAGE FINAL COMPENSATION (AFC)	1/12 th of the average total cash compensation, plus tax deferred, tax sheltered, and tax exempt items of income paid during the three (3) highest years of the last ten (10) years of Credited Service. Effective October 2, 2013, Salary shall not include more than 300 hours of overtime per fiscal year and health insurance premiums, clothing/cleaning allowance, education allowance or stipend and special detail pay will no longer be included as pensionable Salary. Salary will include the lesser of the amount of sick and vacation leave time for which the retiree receives payment at the time of retirement and the accrued time as of October 2, 2013.
NORMAL RETIREMENT	
Eligibility	Members Hired before December 18, 2013: Earlier of age 45 and the completion of 20 years of Credited Service, or age 55. Members Hired on & after December 18, 2013: Earlier of age 55 and the completion of 10 years of Credited Service or 25 years of Credited Service regardless of age.
Benefit Amount	Members Hired before December 18, 2013: 3.50% of Average Final Compensation times Credited Service. Members Hired on & after December 18, 2013: 3.00% of Average Final Compensation times Credited Service.
Form of Benefit	10 year certain and life thereafter (options available).

EARLY RETIREMENT

Eligibility	Age 45 and 10 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 3.00% per year early.

VESTING (TERMINATION)

Less than 5 years	Refund of Member Contributions.
5 years or more	Accrued benefit payable at age 45 or later, on a reduced basis if to commence prior to Normal Retirement Date or refund of Member Contributions.

DISABILITY

Eligibility	a) 10 years of service for non-service related; coverage from date of hire for service-incurred. b) Total and permanent disability prior to Normal Retirement Date.
Benefit Amount	Members Hired before December 18, 2013: 3.50% of Average Final Compensation times Credited Service, but not less than 60% of AFC for service incurred disabilities; Members Hired on & after December 18, 2013: 3.00% of Average Final Compensation times Credited Service, but not less than 60% of AFC for service incurred disabilities.

DEATH

Pre-Retirement	
Service-Incurred With Spouse / or Dependent Child	<u>To Spouse:</u> 60% of Member's Average Final Compensation. <u>To each Child (if no spouse):</u> 15% of Member's AFC. Overall maximum benefit to children is 60% of AFC.
Non-Service-Incurred or No Spouse or Children	Value of accrued pension benefit paid to designated beneficiary.

CONTRIBUTIONS

Employee	8.00% of total pay.
Premium Tax	0.85% tax on premiums for casualty insurance policies.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes.

BOARD OF TRUSTEES

- a) Two City Council appointees,
- b) Two Members of the System elected by a majority of the other covered Police Officers, and
- c) A fifth Member elected by the other four Members.

DEFERRED RETIREMENT OPTION PLAN

Eligibility	Satisfaction of Normal Retirement requirements (earlier of Age 55, or Age 45 with 20 years of Credited Service).
Participation	Not to exceed 60 months.
Rate of Return	At Member's election: <ol style="list-style-type: none">a) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, orb) 6.50% per annum compounded monthly. Members may elect to change form of return one time during the period of DROP participation.
Form of Distribution	Cash lump sum (options available) at termination of employment.

CHAPTER 185 SHARE PLAN

Each year, 50% of State Monies received in excess of \$200,000 is allocated to the Share Plan.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	635,527
Total Cash and Equivalents	635,527
Receivables:	
Investment Income	27,163
Total Receivable	27,163
Investments:	
U. S. Bonds and Bills	2,667,611
Federal Agency Guaranteed Securities	2,088,949
Corporate Bonds	1,566,718
Mutual Funds:	
Fixed Income	412,488
Equity	16,739,591
Total Investments	23,475,357
Total Assets	24,138,047
<u>LIABILITIES</u>	
Payables:	
Refunds of Member Contributions	9,136
Investment Expenses	8,775
Administrative Expenses	5,217
Total Liabilities	23,128
NET POSITION RESTRICTED FOR PENSIONS	24,114,919

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021
Market Value Basis

ADDITIONS

Contributions:

Member	200,603
City	562,748
State	223,437

Total Contributions	986,788
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Investment Income:

Net Increase in Fair Value of Investments	3,639,486
Interest & Dividends	389,586
Less Investment Expense ¹	(46,132)

Net Investment Income	3,982,940
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Total Additions	4,969,728
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DEDUCTIONS

Distributions to Members:

Benefit Payments	1,135,795
Lump Sum DROP Distributions	0
Lump Sum Share Distributions	0
Refunds of Member Contributions	24,805

Total Distributions	1,160,600
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Administrative Expense	50,111
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Total Deductions	1,210,711
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Net Increase in Net Position	3,759,017
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	20,355,902
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End of the Year	24,114,919
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2021)

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a) Two City Council appointees,
- b) Two Members of the System elected by a majority of the other covered Police Officers, and a
- c) Fifth Member elected by the other four Members.

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	38
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	35
	83

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Punta Gorda Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

Contributions

Employee: 8.00% of total pay.

Premium Tax: 0.85% tax on premiums for casualty insurance policies.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2021:

Asset Class	Target Allocation
Domestic Equity	45.00%
International Equity	15.00%
Domestic Fixed Income	35.00%
Real Estate	5.00%
Total	100.00%

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2021, the annual money-weighted rate of return on Pension Plan investments, net of Pension Plan investment expense, was 19.48 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements (earlier of Age 55, or Age 45 with 20 years of Credited Service).

Participation: Not to exceed 60 months.

Rate of Return: At Member's election:

(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or

(2) 6.50% per annum compounded monthly.

Members may elect to change form of return one time during the period of DROP participation.

The DROP balance as September 30, 2021 is \$257,762.

NET PENSION LIABILITY OF THE SPONSOR

The components of the Net Pension Liability of the Sponsor on September 30, 2021 were as follows:

Total Pension Liability	\$ 23,439,026
Plan Fiduciary Net Position	<u>\$ (24,114,919)</u>
Sponsor's Net Pension Liability	<u>\$ (675,893)</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	102.88%

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The above described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman’s July 1, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

75% of active Member deaths are assumed to be service related.

The most recent actuarial experience study used to review the other significant assumptions was dated June 19, 2019.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2021 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

GASB 67

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return¹</u>
Domestic Equity	7.50%
International Equity	8.50%
Domestic Fixed Income	2.50%
Real Estate	4.50%

¹ Source: AndCo Consulting

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 2,085,931	\$ (675,893)	\$ (2,967,874)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 2 Fiscal Years

	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	617,383	622,313
Interest	1,547,149	1,482,295
Share Plan Allocation	11,719	11,385
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	358,336	103,601
Changes of assumptions	-	(143,341)
Benefit Payments, including Refunds of Employee Contributions	(1,160,600)	(1,129,089)
Net Change in Total Pension Liability	1,373,987	947,164
Total Pension Liability - Beginning	22,065,039	21,117,875
Total Pension Liability - Ending (a)	<u>\$ 23,439,026</u>	<u>\$ 22,065,039</u>
Plan Fiduciary Net Position		
Contributions - Employer	562,748	499,503
Contributions - State	223,437	222,769
Contributions - Employee	200,603	207,668
Net Investment Income	3,982,940	2,242,636
Benefit Payments, including Refunds of Employee Contributions	(1,160,600)	(1,129,089)
Administrative Expense	(50,111)	(60,292)
Net Change in Plan Fiduciary Net Position	3,759,017	1,983,195
Plan Fiduciary Net Position - Beginning	20,355,902	18,372,707
Plan Fiduciary Net Position - Ending (b)	<u>\$ 24,114,919</u>	<u>\$ 20,355,902</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (675,893)</u>	<u>\$ 1,709,137</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	102.88%	92.25%
Covered Payroll	\$ 2,507,538	\$ 2,595,853
Net Pension Liability as a percentage of Covered Payroll	-26.95%	65.84%

Notes to Schedule:*Changes of Assumptions:*

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2021	\$ 763,378	\$ 774,467	\$ (11,089)	\$ 2,507,538	30.89%
09/30/2020	\$ 701,658	\$ 710,887	\$ (9,229)	\$ 2,595,853	27.39%

Notes to Schedule

Valuation Date: 10/01/2019
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2019 Actuarial Valuation for the City of Punta Gorda Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS
Last 2 Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2021	19.48%
09/30/2020	12.19%

NOTES TO THE FINANCIAL STATEMENTS
(For the Year Ended September 30, 2021)

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a) Two City Council appointees,
- b) Two Members of the System elected by a majority of the other covered Police Officers, and a
- c) Fifth Member elected by the other four Members.

Each person employed by the City Police Department or City as a full-time Police Officer becomes a Member of the Plan as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	38
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	35
	83
	83

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the October 1, 2020 Actuarial Valuation Report for the City of Punta Gorda Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

Contributions

Employee: 8.00% of total pay.

Premium Tax: 0.85% tax on premiums for casualty insurance policies.

City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2021.

The measurement period for the pension expense was October 1, 2020 to September 30, 2021.

The reporting period is October 1, 2020 through September 30, 2021.

The Sponsor's Net Pension Liability was measured as of September 30, 2021.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions:

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions:

Inflation	2.50%	
Salary Increases	Service based	
Discount Rate	7.00%	
Investment Rate of Return	7.00%	

GASB 68

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The above described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

75% of active Member deaths are assumed to be service related.

The most recent actuarial experience study used to review the other significant assumptions was dated June 19, 2019.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

For 2021 the inflation rate assumption of the investment advisor was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return ¹
Domestic Equity	45.00%	7.50%
International Equity	15.00%	8.50%
Domestic Fixed Income	35.00%	2.50%
Real Estate	5.00%	4.50%
Total	100.00%	

¹ Source: AndCo Consulting

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.00 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of September 30, 2020	\$ 22,065,039	\$ 20,355,902	\$ 1,709,137
Changes for a Year:			
Service Cost	617,383	-	617,383
Interest	1,547,149	-	1,547,149
Share Plan Allocation	11,719	-	11,719
Differences between Expected and Actual Experience	358,336	-	358,336
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - Employer	-	562,748	(562,748)
Contributions - State	-	223,437	(223,437)
Contributions - Employee	-	200,603	(200,603)
Net Investment Income	-	3,982,940	(3,982,940)
Benefit Payments, including Refunds of Employee Contributions	(1,160,600)	(1,160,600)	-
Administrative Expense	-	(50,111)	50,111
Net Changes	1,373,987	3,759,017	(2,385,030)
Balances as of September 30, 2021	\$ 23,439,026	\$ 24,114,919	\$ (675,893)

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 2,085,931	\$ (675,893)	\$ (2,967,874)

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS
OF RESOURCES RELATED TO PENSIONS
FISCAL YEAR SEPTEMBER 30, 2021

For the year ended September 30, 2021, the Sponsor will recognize a Pension Expense of \$142,111.

On September 30, 2021, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	320,552	57,691
Changes of assumptions	247,653	71,670
Net difference between Projected and Actual Earnings on Pension Plan investments	-	2,434,529
Total	568,205	\$ 2,563,890

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year ended September 30:		
2022	\$	(369,190)
2023	\$	(496,608)
2024	\$	(616,714)
2025	\$	(513,173)
2026	\$	-
Thereafter	\$	-

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 2 Fiscal Years

	09/30/2021	09/30/2020
Total Pension Liability		
Service Cost	617,383	622,313
Interest	1,547,149	1,482,295
Share Plan Allocation	11,719	11,385
Changes of benefit terms	-	-
Differences between Expected and Actual Experience	358,336	103,601
Changes of assumptions	-	(143,341)
Benefit Payments, including Refunds of Employee Contributions	(1,160,600)	(1,129,089)
Net Change in Total Pension Liability	1,373,987	947,164
Total Pension Liability - Beginning	22,065,039	21,117,875
Total Pension Liability - Ending (a)	<u>\$ 23,439,026</u>	<u>\$ 22,065,039</u>
Plan Fiduciary Net Position		
Contributions - Employer	562,748	499,503
Contributions - State	223,437	222,769
Contributions - Employee	200,603	207,668
Net Investment Income	3,982,940	2,242,636
Benefit Payments, including Refunds of Employee Contributions	(1,160,600)	(1,129,089)
Administrative Expense	(50,111)	(60,292)
Net Change in Plan Fiduciary Net Position	3,759,017	1,983,195
Plan Fiduciary Net Position - Beginning	20,355,902	18,372,707
Plan Fiduciary Net Position - Ending (b)	<u>\$ 24,114,919</u>	<u>\$ 20,355,902</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (675,893)</u>	<u>\$ 1,709,137</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	102.88%	92.25%
Covered Payroll	\$ 2,507,538	\$ 2,595,853
Net Pension Liability as a percentage of Covered Payroll	-26.95%	65.84%

Notes to Schedule:*Changes of Assumptions:*

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees.

SCHEDULE OF CONTRIBUTIONS
Last 2 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
09/30/2021	\$ 763,378	\$ 774,467	\$ (11,089)	\$ 2,507,538	30.89%
09/30/2020	\$ 701,658	\$ 710,887	\$ (9,229)	\$ 2,595,853	27.39%

Notes to Schedule

Valuation Date: 10/01/2019

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates can be found in the October 1, 2019 Actuarial Valuation for the City of Punta Gorda Police Officers' Retirement System prepared by Foster & Foster Actuaries and Consultants.

EXPENSE DEVELOPMENT AND AMORTIZATION SCHEDULES

The following information is not required to be disclosed but is provided for informational purposes.

COMPONENTS OF PENSION EXPENSE
FISCAL YEAR SEPTEMBER 30, 2021

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 1,709,137	\$ 1,217,858	\$ 963,129	\$ -
Total Pension Liability Factors:				
Service Cost	617,383	-	-	617,383
Interest	1,547,149	-	-	1,547,149
Share Plan Allocation	11,719	-	-	11,719
Changes in benefit terms	-	-	-	-
Differences between Expected and Actual Experience with regard to economic or demographic assumptions	358,336	-	358,336	-
Current year amortization of experience difference	-	(57,691)	(115,484)	57,793
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	(35,835)	(247,653)	211,818
Benefit Payments, including Refunds of Employee Contributions	(1,160,600)	-	-	-
Net change	<u>1,373,987</u>	<u>(93,526)</u>	<u>(4,801)</u>	<u>2,445,862</u>
Plan Fiduciary Net Position:				
Contributions - Employer	562,748	-	-	-
Contributions - State	223,437	-	-	-
Contributions - Employee	200,603	-	-	(200,603)
Projected Net Investment Income	1,417,076	-	-	(1,417,076)
Difference between projected and actual earnings on Pension Plan investments	2,565,864	2,565,864	-	-
Current year amortization	-	(866,224)	(130,041)	(736,183)
Benefit Payments, including Refunds of Employee Contributions	(1,160,600)	-	-	-
Administrative Expenses	(50,111)	-	-	50,111
Net change	<u>3,759,017</u>	<u>1,699,640</u>	<u>(130,041)</u>	<u>(2,303,751)</u>
Ending Balance	<u>\$ (675,893)</u>	<u>\$ 2,823,972</u>	<u>\$ 828,287</u>	<u>\$ 142,111</u>

AMORTIZATION SCHEDULE - INVESTMENTS

Increase (Decrease) in Pension Expense Arising from the Recognition of the of Differences Between Projected and Actual Earnings on Pension Plan Investments

Plan Year Ending	Differences Between Projected and Actual Earnings	Recognition Period (Years)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	\$ (2,565,864)	5	\$ (513,172)	\$ (513,173)	\$ (513,173)	\$ (513,173)	\$ (513,173)	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ (965,627)	5	\$ (193,125)	\$ (193,125)	\$ (193,125)	\$ (193,125)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 650,207	5	\$ 130,041	\$ 130,041	\$ 130,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ (312,719)	5	\$ (62,544)	\$ (62,544)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ (486,914)	5	\$ (97,383)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ (736,183)	\$ (638,801)	\$ (576,257)	\$ (706,298)	\$ (513,173)	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - CHANGES OF ASSUMPTIONS

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions

Plan Year Ending	Changes of Assumptions	Recognition Period (Years)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2020	\$ (143,341)	4	\$ (35,835)	\$ (35,835)	\$ (35,835)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 990,613	4	\$ 247,653	\$ 247,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 211,818	\$ 211,818	\$ (35,835)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

AMORTIZATION SCHEDULE - EXPERIENCE

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience

Plan Year Ending	Differences Between Expected and Actual Experience	Recognition Period (Years)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
2021	\$ 358,336	4	\$ 89,584	\$ 89,584	\$ 89,584	\$ 89,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ 103,601	4	\$ 25,900	\$ 25,900	\$ 25,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ (230,763)	4	\$ (57,691)	\$ (57,691)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Pension Expense			\$ 57,793	\$ 57,793	\$ 115,484	\$ 89,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -