

CITY OF PUNTA GORDA
GENERAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2022 VALUATION DATE



April 19, 2023

VIA E-MAIL

Ms. Chrissy Stoker
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 Chrissy:

Please find enclosed the annual disclosures that satisfy the October 1, 2022 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 #23-6595

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, 2022 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, 2022

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Discount Rate:			
<u>Total Pension Liability</u>			
Service Cost	583,803	934,734	376,330
Interest	3,849,201	3,359,298	4,130,503
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(293,250)	(189,298)	(342,362)
Changes of Assumptions	512,928	628,300	425,817
Benefit Payments, Including Refunds of Employee Contributions	(4,881,894)	(4,881,894)	(4,881,894)
Net Change in Total Pension Liability	(229,212)	(148,860)	(291,606)
Total Pension Liability - Beginning	58,882,351	72,228,283	49,270,371
Total Pension Liability - Ending (a)	<u>\$ 58,653,139</u>	<u>\$ 72,079,423</u>	<u>\$ 48,978,765</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,831,700	1,831,700	1,831,700
Contributions - Employee	243,914	243,914	243,914
Net Investment Income	(7,337,215)	(7,337,215)	(7,337,215)
Benefit Payments, Including Refunds of Employee Contributions	(4,881,894)	(4,881,894)	(4,881,894)
Administrative Expenses	(63,618)	(63,618)	(63,618)
Net Change in Plan Fiduciary Net Position	(10,207,113)	(10,207,113)	(10,207,113)
Plan Fiduciary Net Position - Beginning	58,196,141	58,196,141	58,196,141
Plan Fiduciary Net Position - Ending (b)	<u>\$ 47,989,028</u>	<u>\$ 47,989,028</u>	<u>\$ 47,989,028</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 10,664,111</u>	<u>\$ 24,090,395</u>	<u>\$ 989,737</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 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
2022	47,989,028	-	5,067,277	-	3,068,239	45,989,990
2023	45,989,990	-	3,706,897	-	2,868,875	45,151,968
2024	45,151,968	-	3,786,788	-	2,811,807	44,176,987
2025	44,176,987	-	3,879,582	-	2,745,418	43,042,823
2026	43,042,823	-	4,017,124	-	2,667,227	41,692,926
2027	41,692,926	-	4,090,424	-	2,577,101	40,179,603
2028	40,179,603	-	4,203,379	-	2,475,064	38,451,288
2029	38,451,288	-	4,306,305	-	2,359,379	36,504,362
2030	36,504,362	-	4,307,432	-	2,232,792	34,429,722
2031	34,429,722	-	4,311,931	-	2,097,794	32,215,585
2032	32,215,585	-	4,267,896	-	1,955,306	29,902,995
2033	29,902,995	-	4,229,208	-	1,806,245	27,480,032
2034	27,480,032	-	4,233,786	-	1,648,604	24,894,850
2035	24,894,850	-	4,161,082	-	1,482,930	22,216,698
2036	22,216,698	-	4,063,377	-	1,312,026	19,465,347
2037	19,465,347	-	3,963,971	-	1,136,418	16,637,794
2038	16,637,794	-	3,852,201	-	956,260	13,741,853
2039	13,741,853	-	3,755,925	-	771,153	10,757,081
2040	10,757,081	-	3,631,319	-	581,192	7,706,954
2041	7,706,954	-	3,506,110	-	387,003	4,587,847
2042	4,587,847	-	3,371,514	-	188,636	1,404,969
2043	1,404,969	-	3,227,091	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 21.44

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.75% 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: Discount Rate = 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
2022	47,989,028	-	5,067,277	-	2,159,131	45,080,882
2023	45,080,882	-	3,706,897	-	1,945,235	43,319,220
2024	43,319,220	-	3,786,788	-	1,864,162	41,396,594
2025	41,396,594	-	3,879,582	-	1,775,556	39,292,568
2026	39,292,568	-	4,017,124	-	1,677,780	36,953,224
2027	36,953,224	-	4,090,424	-	1,570,861	34,433,661
2028	34,433,661	-	4,203,379	-	1,454,939	31,685,221
2029	31,685,221	-	4,306,305	-	1,328,943	28,707,859
2030	28,707,859	-	4,307,432	-	1,194,936	25,595,363
2031	25,595,363	-	4,311,931	-	1,054,773	22,338,205
2032	22,338,205	-	4,267,896	-	909,192	18,979,501
2033	18,979,501	-	4,229,208	-	758,920	15,509,213
2034	15,509,213	-	4,233,786	-	602,654	11,878,081
2035	11,878,081	-	4,161,082	-	440,889	8,157,888
2036	8,157,888	-	4,063,377	-	275,679	4,370,190
2037	4,370,190	-	3,963,971	-	107,469	513,688
2038	513,688	-	3,852,201	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 16.13

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.75% 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: Discount Rate = 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
2022	47,989,028	-	5,067,277	-	3,977,347	46,899,098
2023	46,899,098	-	3,706,897	-	3,828,880	47,021,081
2024	47,021,081	-	3,786,788	-	3,835,853	47,070,146
2025	47,070,146	-	3,879,582	-	3,836,080	47,026,644
2026	47,026,644	-	4,017,124	-	3,826,537	46,836,057
2027	46,836,057	-	4,090,424	-	3,807,222	46,552,855
2028	46,552,855	-	4,203,379	-	3,778,349	46,127,825
2029	46,127,825	-	4,306,305	-	3,737,847	45,559,367
2030	45,559,367	-	4,307,432	-	3,689,480	44,941,415
2031	44,941,415	-	4,311,931	-	3,636,763	44,266,247
2032	44,266,247	-	4,267,896	-	3,581,245	43,579,596
2033	43,579,596	-	4,229,208	-	3,524,524	42,874,912
2034	42,874,912	-	4,233,786	-	3,464,432	42,105,558
2035	42,105,558	-	4,161,082	-	3,402,126	41,346,602
2036	41,346,602	-	4,063,377	-	3,341,768	40,624,993
2037	40,624,993	-	3,963,971	-	3,284,656	39,945,678
2038	39,945,678	-	3,852,201	-	3,231,664	39,325,141
2039	39,325,141	-	3,755,925	-	3,183,010	38,752,226
2040	38,752,226	-	3,631,319	-	3,139,608	38,260,515
2041	38,260,515	-	3,506,110	-	3,103,134	37,857,539
2042	37,857,539	-	3,371,514	-	3,074,601	37,560,626
2043	37,560,626	-	3,227,091	-	3,055,502	37,389,037
2044	37,389,037	-	3,080,807	-	3,047,134	37,355,364
2045	37,355,364	-	2,940,904	-	3,050,218	37,464,678
2046	37,464,678	-	2,809,575	-	3,065,091	37,720,194
2047	37,720,194	-	2,661,655	-	3,093,096	38,151,635
2048	38,151,635	-	2,504,027	-	3,136,468	38,784,076
2049	38,784,076	-	2,344,796	-	3,196,993	39,636,273
2050	39,636,273	-	2,188,137	-	3,276,087	40,724,223
2051	40,724,223	-	2,032,694	-	3,375,169	42,066,698
2052	42,066,698	-	1,880,447	-	3,495,750	43,682,001
2053	43,682,001	-	1,732,153	-	3,639,354	45,589,202
2054	45,589,202	-	1,587,972	-	3,807,593	47,808,823
2055	47,808,823	-	1,448,547	-	4,002,187	50,362,463
2056	50,362,463	-	1,313,917	-	4,224,968	53,273,514
2057	53,273,514	-	1,186,802	-	4,477,810	56,564,522
2058	56,564,522	-	1,067,390	-	4,762,620	60,259,752
2059	60,259,752	-	955,449	-	5,081,472	64,385,775
2060	64,385,775	-	851,393	-	5,436,607	68,970,989
2061	68,970,989	-	755,400	-	5,830,430	74,046,019
2062	74,046,019	-	667,482	-	6,265,544	79,644,081
2063	79,644,081	-	587,507	-	6,744,778	85,801,352
2064	85,801,352	-	515,210	-	7,271,218	92,557,360
2065	92,557,360	-	450,212	-	7,848,242	99,955,390
2066	99,955,390	-	392,093	-	8,479,544	108,042,841
2067	108,042,841	-	340,413	-	9,169,174	116,871,602
2068	116,871,602	-	294,701	-	9,921,561	126,498,462
2069	126,498,462	-	254,466	-	10,741,554	136,985,550
2070	136,985,550	-	219,162	-	11,634,457	148,400,845
2071	148,400,845	-	188,268	-	12,606,070	160,818,647

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 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
2072	160,818,647	-	161,318	-	13,662,729	174,320,058
2073	174,320,058	-	137,870	-	14,811,345	188,993,533
2074	188,993,533	-	117,517	-	16,059,456	204,935,472
2075	204,935,472	-	99,858	-	17,415,271	222,250,885
2076	222,250,885	-	84,527	-	18,887,733	241,054,091
2077	241,054,091	-	71,222	-	20,486,571	261,469,440
2078	261,469,440	-	59,683	-	22,222,366	283,632,123
2079	283,632,123	-	49,699	-	24,106,618	307,689,042
2080	307,689,042	-	41,080	-	26,151,823	333,799,785
2081	333,799,785	-	33,664	-	28,371,551	362,137,672
2082	362,137,672	-	27,314	-	30,780,541	392,890,899
2083	392,890,899	-	21,911	-	33,394,795	426,263,783
2084	426,263,783	-	17,355	-	36,231,684	462,478,112
2085	462,478,112	-	13,557	-	39,310,063	501,774,618
2086	501,774,618	-	10,430	-	42,650,399	544,414,587
2087	544,414,587	-	7,892	-	46,274,904	590,681,599
2088	590,681,599	-	5,864	-	50,207,687	640,883,422
2089	640,883,422	-	4,273	-	54,474,909	695,354,058
2090	695,354,058	-	3,050	-	59,104,965	754,455,973
2091	754,455,973	-	2,129	-	64,128,667	818,582,511
2092	818,582,511	-	1,452	-	69,579,452	888,160,511
2093	888,160,511	-	966	-	75,493,602	963,653,147
2094	963,653,147	-	625	-	81,910,491	1,045,563,013
2095	1,045,563,013	-	394	-	88,872,839	1,134,435,458
2096	1,134,435,458	-	241	-	96,427,004	1,230,862,221
2097	1,230,862,221	-	143	-	104,623,283	1,335,485,361
2098	1,335,485,361	-	82	-	113,516,252	1,449,001,531
2099	1,449,001,531	-	46	-	123,165,128	1,572,166,613
2100	1,572,166,613	-	25	-	133,634,161	1,705,800,749
2101	1,705,800,749	-	13	-	144,993,063	1,850,793,799
2102	1,850,793,799	-	7	-	157,317,473	2,008,111,265
2103	2,008,111,265	-	3	-	170,689,457	2,178,800,719
2104	2,178,800,719	-	2	-	185,198,061	2,363,998,778
2105	2,363,998,778	-	1	-	200,939,896	2,564,938,673
2106	2,564,938,673	-	-	-	218,019,787	2,782,958,460

*All DROP Balances paid in 2022.

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.

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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Investment Rate of Return:	6.75%	4.75%	8.75%
Minimum Required Contribution (Fixed \$)	\$989,478	\$2,060,046	\$285,262
Minimum Required Contribution (% of Payroll)	33.8%	70.4%	9.7%
Expected Member Contribution	237,000	237,000	237,000
Expected State Money	0	0	0
Expected Sponsor Contribution (Fixed \$)	\$752,478	\$1,823,046	\$48,262
Expected Sponsor Contribution (% of Payroll)	25.7%	62.3%	1.6%

ASSETS

Actuarial Value ¹	53,894,589	53,894,589	53,894,589
Market Value ¹	47,989,028	47,989,028	47,989,028

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	18,076,695	25,237,706	13,466,362
Disability Benefits	1,530,668	2,015,637	1,201,928
Death Benefits	152,195	187,274	125,687
Vested Benefits	978,269	1,438,982	696,436
Refund of Contributions	0	0	0
Service Retirees	29,048,278	34,530,531	24,967,176
DROP Retirees ¹	9,054,732	10,748,902	7,839,057
Beneficiaries	1,585,022	1,901,879	1,355,917
Disability Retirees	0	0	0
Terminated Vested	1,706,630	2,514,574	1,208,789
Total:	62,132,489	78,575,485	50,861,352
Present Value of Future Salaries	19,340,479	21,222,876	17,782,843
Present Value of Future Member Contributions	1,566,579	1,719,053	1,440,410
Total Normal Cost	465,707	778,555	285,262
Present Value of Future Normal Costs (Entry Age Normal)	2,844,818	5,349,935	1,564,274
Total Actuarial Accrued Liability (EAN) ¹	59,287,671	73,225,550	49,297,078
Unfunded Actuarial Accrued Liability (UAAL)	5,393,082	19,330,961	(4,597,511)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	6.75%	4.75%	8.75%
Investment Rate of Return:	6.75%	4.75%	8.75%
<u>PENSION COST</u>			
Normal Cost ²	465,707	778,555	285,262
Administrative Expenses ²	63,201	63,201	63,201
Payment Required To Amortize UAAL ²	460,570	1,218,290	(332,269)
Minimum Required Contribution	\$989,478	\$2,060,046	\$285,262 ³

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2022.

² Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.

³ Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.