

CITY OF PUNTA GORDA
POLICE OFFICERS' 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 Police Officers' 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.

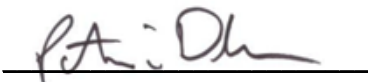
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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	
	7.00%	5.00%	9.00%
Discount Rate:	7.00%	5.00%	9.00%
<u>Total Pension Liability</u>			
Service Cost	613,854	931,451	420,466
Interest	1,643,327	1,495,527	1,715,272
Share Plan Allocation	20,453	20,453	20,453
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	459,601	700,470	337,735
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,153,559)	(1,153,559)	(1,153,559)
Net Change in Total Pension Liability	1,583,676	1,994,342	1,340,367
Total Pension Liability - Beginning	23,439,026	29,555,865	19,214,886
Total Pension Liability - Ending (a)	<u>\$ 25,022,702</u>	<u>\$ 31,550,207</u>	<u>\$ 20,555,253</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	516,213	516,213	516,213
Contributions - State	240,905	240,905	240,905
Contributions - Employee	200,691	200,691	200,691
Net Investment Income	(4,295,701)	(4,295,701)	(4,295,701)
Benefit Payments, Including Refunds of Employee Contributions	(1,153,559)	(1,153,559)	(1,153,559)
Administrative Expenses	(62,859)	(62,859)	(62,859)
Net Change in Plan Fiduciary Net Position	(4,554,310)	(4,554,310)	(4,554,310)
Plan Fiduciary Net Position - Beginning	24,114,919	24,114,919	24,114,919
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,560,609</u>	<u>\$ 19,560,609</u>	<u>\$ 19,560,609</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 5,462,093</u>	<u>\$ 11,989,598</u>	<u>\$ 994,644</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 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
2022	19,560,609	-	2,168,363	-	1,293,350	18,685,596
2023	18,685,596	-	1,613,764	-	1,251,510	18,323,342
2024	18,323,342	-	1,642,315	-	1,225,153	17,906,180
2025	17,906,180	-	1,643,851	-	1,195,898	17,458,227
2026	17,458,227	-	1,665,005	-	1,163,801	16,957,023
2027	16,957,023	-	1,719,329	-	1,126,815	16,364,509
2028	16,364,509	-	1,747,836	-	1,084,341	15,701,014
2029	15,701,014	-	1,753,076	-	1,037,713	14,985,651
2030	14,985,651	-	1,778,517	-	986,747	14,193,881
2031	14,193,881	-	1,784,884	-	931,101	13,340,098
2032	13,340,098	-	1,784,625	-	871,345	12,426,818
2033	12,426,818	-	1,803,321	-	806,761	11,430,258
2034	11,430,258	-	1,796,717	-	737,233	10,370,774
2035	10,370,774	-	1,789,114	-	663,335	9,244,995
2036	9,244,995	-	1,770,421	-	585,185	8,059,759
2037	8,059,759	-	1,764,263	-	502,434	6,797,930
2038	6,797,930	-	1,747,438	-	414,695	5,465,187
2039	5,465,187	-	1,723,921	-	322,226	4,063,492
2040	4,063,492	-	1,710,209	-	224,587	2,577,870
2041	2,577,870	-	1,681,221	-	121,608	1,018,257
2042	1,018,257	-	1,655,268	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 20.62

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: Discount Rate = 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
2022	19,560,609	-	2,168,363	-	923,821	18,316,067
2023	18,316,067	-	1,613,764	-	875,459	17,577,762
2024	17,577,762	-	1,642,315	-	837,830	16,773,277
2025	16,773,277	-	1,643,851	-	797,568	15,926,994
2026	15,926,994	-	1,665,005	-	754,725	15,016,714
2027	15,016,714	-	1,719,329	-	707,852	14,005,237
2028	14,005,237	-	1,747,836	-	656,566	12,913,967
2029	12,913,967	-	1,753,076	-	601,871	11,762,762
2030	11,762,762	-	1,778,517	-	543,675	10,527,920
2031	10,527,920	-	1,784,884	-	481,774	9,224,810
2032	9,224,810	-	1,784,625	-	416,625	7,856,810
2033	7,856,810	-	1,803,321	-	347,757	6,401,246
2034	6,401,246	-	1,796,717	-	275,144	4,879,673
2035	4,879,673	-	1,789,114	-	199,256	3,289,815
2036	3,289,815	-	1,770,421	-	120,230	1,639,624
2037	1,639,624	-	1,764,263	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 15.93

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: Discount Rate = 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
2022	19,560,609	-	2,168,363	-	1,662,878	19,055,124
2023	19,055,124	-	1,613,764	-	1,642,342	19,083,702
2024	19,083,702	-	1,642,315	-	1,643,629	19,085,016
2025	19,085,016	-	1,643,851	-	1,643,678	19,084,843
2026	19,084,843	-	1,665,005	-	1,642,711	19,062,549
2027	19,062,549	-	1,719,329	-	1,638,260	18,981,480
2028	18,981,480	-	1,747,836	-	1,629,681	18,863,325
2029	18,863,325	-	1,753,076	-	1,618,811	18,729,060
2030	18,729,060	-	1,778,517	-	1,605,582	18,556,125
2031	18,556,125	-	1,784,884	-	1,589,731	18,360,972
2032	18,360,972	-	1,784,625	-	1,572,179	18,148,526
2033	18,148,526	-	1,803,321	-	1,552,218	17,897,423
2034	17,897,423	-	1,796,717	-	1,529,916	17,630,622
2035	17,630,622	-	1,789,114	-	1,506,246	17,347,754
2036	17,347,754	-	1,770,421	-	1,481,629	17,058,962
2037	17,058,962	-	1,764,263	-	1,455,915	16,750,614
2038	16,750,614	-	1,747,438	-	1,428,921	16,432,097
2039	16,432,097	-	1,723,921	-	1,401,312	16,109,488
2040	16,109,488	-	1,710,209	-	1,372,895	15,772,174
2041	15,772,174	-	1,681,221	-	1,343,841	15,434,794
2042	15,434,794	-	1,655,268	-	1,314,644	15,094,170
2043	15,094,170	-	1,619,049	-	1,285,618	14,760,739
2044	14,760,739	-	1,583,484	-	1,257,210	14,434,465
2045	14,434,465	-	1,541,717	-	1,229,725	14,122,473
2046	14,122,473	-	1,497,644	-	1,203,629	13,828,458
2047	13,828,458	-	1,452,310	-	1,179,207	13,555,355
2048	13,555,355	-	1,406,093	-	1,156,708	13,305,970
2049	13,305,970	-	1,359,159	-	1,136,375	13,083,186
2050	13,083,186	-	1,310,881	-	1,118,497	12,890,802
2051	12,890,802	-	1,262,183	-	1,103,374	12,731,993
2052	12,731,993	-	1,212,686	-	1,091,309	12,610,616
2053	12,610,616	-	1,162,799	-	1,082,629	12,530,446
2054	12,530,446	-	1,112,282	-	1,077,687	12,495,851
2055	12,495,851	-	1,061,379	-	1,076,865	12,511,337
2056	12,511,337	-	1,010,195	-	1,080,562	12,581,704
2057	12,581,704	-	958,807	-	1,089,207	12,712,104
2058	12,712,104	-	907,428	-	1,103,255	12,907,931
2059	12,907,931	-	856,209	-	1,123,184	13,174,906
2060	13,174,906	-	805,307	-	1,149,503	13,519,102
2061	13,519,102	-	754,955	-	1,182,746	13,946,893
2062	13,946,893	-	705,430	-	1,223,476	14,464,939
2063	14,464,939	-	657,017	-	1,272,279	15,080,201
2064	15,080,201	-	610,011	-	1,329,768	15,799,958
2065	15,799,958	-	564,663	-	1,396,586	16,631,881
2066	16,631,881	-	521,164	-	1,473,417	17,584,134
2067	17,584,134	-	479,670	-	1,560,987	18,665,451
2068	18,665,451	-	440,285	-	1,660,078	19,885,244
2069	19,885,244	-	403,055	-	1,771,534	21,253,723
2070	21,253,723	-	368,032	-	1,896,274	22,781,965
2071	22,781,965	-	335,270	-	2,035,290	24,481,985
2072	24,481,985	-	304,794	-	2,189,663	26,366,854
2073	26,366,854	-	276,602	-	2,360,570	28,450,822

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 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
2074	28,450,822	-	250,607	-	2,549,297	30,749,512
2075	30,749,512	-	226,668	-	2,757,256	33,280,100
2076	33,280,100	-	204,635	-	2,986,000	36,061,465
2077	36,061,465	-	184,362	-	3,237,236	39,114,339
2078	39,114,339	-	165,686	-	3,512,835	42,461,488
2079	42,461,488	-	148,461	-	3,814,853	46,127,880
2080	46,127,880	-	132,579	-	4,145,543	50,140,844
2081	50,140,844	-	117,965	-	4,507,368	54,530,247
2082	54,530,247	-	104,557	-	4,903,017	59,328,707
2083	59,328,707	-	92,278	-	5,335,431	64,571,860
2084	64,571,860	-	81,031	-	5,807,821	70,298,650
2085	70,298,650	-	70,740	-	6,323,695	76,551,605
2086	76,551,605	-	61,367	-	6,886,883	83,377,121
2087	83,377,121	-	52,873	-	7,501,562	90,825,810
2088	90,825,810	-	45,226	-	8,172,288	98,952,872
2089	98,952,872	-	38,379	-	8,904,031	107,818,524
2090	107,818,524	-	32,286	-	9,702,214	117,488,452
2091	117,488,452	-	26,910	-	10,572,750	128,034,292
2092	128,034,292	-	22,202	-	11,522,087	139,534,177
2093	139,534,177	-	18,108	-	12,557,261	152,073,330
2094	152,073,330	-	14,582	-	13,685,944	165,744,692
2095	165,744,692	-	11,578	-	14,916,501	180,649,615
2096	180,649,615	-	9,057	-	16,258,058	196,898,616
2097	196,898,616	-	6,973	-	17,720,562	214,612,205
2098	214,612,205	-	5,272	-	19,314,861	233,921,794
2099	233,921,794	-	3,907	-	21,052,786	254,970,673
2100	254,970,673	-	2,835	-	22,947,233	277,915,071
2101	277,915,071	-	2,010	-	25,012,266	302,925,327
2102	302,925,327	-	1,389	-	27,263,217	330,187,155
2103	330,187,155	-	932	-	29,716,802	359,903,025
2104	359,903,025	-	608	-	32,391,245	392,293,662
2105	392,293,662	-	384	-	35,306,412	427,599,690
2106	427,599,690	-	234	-	38,483,962	466,083,418
2107	466,083,418	-	137	-	41,947,501	508,030,782
2108	508,030,782	-	78	-	45,722,767	553,753,471
2109	553,753,471	-	43	-	49,837,810	603,591,238
2110	603,591,238	-	23	-	54,323,210	657,914,425
2111	657,914,425	-	12	-	59,212,298	717,126,711
2112	717,126,711	-	6	-	64,541,404	781,668,109
2113	781,668,109	-	3	-	70,350,130	852,018,236
2114	852,018,236	-	1	-	76,681,641	928,699,876
2115	928,699,876	-	1	-	83,582,989	1,012,282,864
2116	1,012,282,864	-	-	-	91,105,458	1,103,388,322

*All DROP and Share 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 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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
Investment Rate of Return:			
Minimum Required Contribution (Fixed \$)	\$965,179	\$1,660,984	\$492,850
Minimum Required Contribution (% of Payroll)	36.6%	63.1%	18.7%
Expected Member Contribution	210,723	210,723	210,723
Expected State Money	220,452	220,452	220,452
Expected Sponsor Contribution (Fixed \$)	\$534,004	\$1,229,809	\$61,675
Expected Sponsor Contribution (% of Payroll)	19.7%	46.2%	1.8%

ASSETS

Actuarial Value ¹	22,800,846	22,800,846	22,800,846
Market Value ¹	19,560,609	19,560,609	19,560,609

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	10,721,992	15,960,563	7,615,830
Disability Benefits	238,583	325,535	182,163
Death Benefits	163,500	245,939	114,875
Vested Benefits	1,220,683	1,946,498	807,906
Refund of Contributions	36,912	37,777	36,102
Service Retirees	11,606,489	14,192,879	9,781,157
DROP Retirees ¹	3,378,629	4,139,945	2,865,306
Beneficiaries	283,022	338,767	241,761
Disability Retirees	1,662,646	2,060,721	1,390,706
Terminated Vested	873,269	1,214,153	657,731
Share Plan Balances ¹	44,210	44,210	44,210
Total:	30,229,935	40,506,987	23,737,747
Present Value of Future Salaries	21,510,924	24,185,519	19,351,107
Present Value of Future Member Contributions	1,720,874	1,934,842	1,548,089
Total Normal Cost	639,066	935,695	463,205
Present Value of Future Normal Costs (Entry Age Normal)	4,948,122	8,536,483	3,015,923
Total Actuarial Accrued Liability (EAN) ¹	25,281,813	31,970,504	20,721,824
Unfunded Actuarial Accrued Liability (UAAL)	1,876,142	8,564,833	(2,683,847)

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

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.00%	5.00%	9.00%
Investment Rate of Return:	7.00%	5.00%	9.00%
<u>PENSION COST</u>			
Normal Cost ²	679,966	995,579	492,850
Administrative Expenses ²	60,100	60,100	60,100
Payment Required To Amortize UAAL ²	225,113	605,305	(155,574)
Minimum Required Contribution	\$965,179	\$1,660,984	\$492,850 ³

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