

CITY OF EDGEWATER
POLICE RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



May 24, 2024

VIA E-MAIL

Mr. Troy Jenne, Plan Administrator Foster
& Foster, Inc.
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Edgewater Police Retirement Plan
Section 112.664, Florida Statutes Compliance

Dear Troy:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

Enclosures

cc via email: Pedro Herrera, Board Attorney
cc via email: Jessica A. De la Torre Vila, Legal Assistant

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, 2023 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, 2023

	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Discount Rate:	7.40%	5.40%	9.40%
<u>Total Pension Liability</u>			
Service Cost	409,709	616,763	284,571
Interest	1,249,017	1,142,783	1,310,934
Change in Excess State Money	-	-	-
Change in Funding Standard Account	-	-	-
Share Plan Allocation	229,206	229,206	229,206
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(85,948)	(35,491)	(133,850)
Changes of Assumptions	-	-	-
Contributions - Buy Back	59,573	59,573	59,573
Benefit Payments, Including Refunds of Employee Contributions	(1,238,397)	(1,238,397)	(1,238,397)
Net Change in Total Pension Liability	623,160	774,437	512,037
Total Pension Liability - Beginning	17,088,102	21,165,081	14,280,734
Total Pension Liability - Ending (a)	<u>\$ 17,711,262</u>	<u>\$ 21,939,518</u>	<u>\$ 14,792,771</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,045,108	1,045,108	1,045,108
Contributions - State	229,206	229,206	229,206
Contributions - Employee	129,827	129,827	129,827
Contributions - Buy Back	59,573	59,573	59,573
Net Investment Income	1,340,654	1,340,654	1,340,654
Benefit Payments, Including Refunds of Employee Contributions	(1,238,397)	(1,238,397)	(1,238,397)
Administrative Expenses	(63,974)	(63,974)	(63,974)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	1,501,997	1,501,997	1,501,997
Plan Fiduciary Net Position - Beginning	12,427,210	12,427,210	12,427,210
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,929,207</u>	<u>\$ 13,929,207</u>	<u>\$ 13,929,207</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,782,055</u>	<u>\$ 8,010,311</u>	<u>\$ 863,564</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.40%

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
2023	13,929,207	-	2,423,590	-	941,088	12,446,705
2024	12,446,705	-	1,160,500	-	878,118	12,164,323
2025	12,164,323	-	1,173,094	-	856,755	11,847,984
2026	11,847,984	-	1,171,651	-	833,400	11,509,733
2027	11,509,733	-	1,187,358	-	807,788	11,130,163
2028	11,130,163	-	1,216,911	-	778,606	10,691,858
2029	10,691,858	-	1,246,855	-	745,064	10,190,067
2030	10,190,067	-	1,259,898	-	707,449	9,637,618
2031	9,637,618	-	1,272,578	-	666,098	9,031,138
2032	9,031,138	-	1,279,043	-	620,980	8,373,075
2033	8,373,075	-	1,272,954	-	572,508	7,672,629
2034	7,672,629	-	1,273,612	-	520,651	6,919,668
2035	6,919,668	-	1,279,057	-	464,730	6,105,341
2036	6,105,341	-	1,281,903	-	404,365	5,227,803
2037	5,227,803	-	1,275,465	-	339,665	4,292,003
2038	4,292,003	-	1,269,040	-	270,654	3,293,617
2039	3,293,617	-	1,247,266	-	197,579	2,243,930
2040	2,243,930	-	1,229,585	-	120,556	1,134,901
2041	1,134,901	-	1,221,173	-	-	-

*All Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 18.93

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.40% 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 = 5.40%

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
2023	13,929,207	-	2,423,590	-	686,740	12,192,357
2024	12,192,357	-	1,160,500	-	627,054	11,658,911
2025	11,658,911	-	1,173,094	-	597,908	11,083,725
2026	11,083,725	-	1,171,651	-	566,887	10,478,961
2027	10,478,961	-	1,187,358	-	533,805	9,825,408
2028	9,825,408	-	1,216,911	-	497,715	9,106,212
2029	9,106,212	-	1,246,855	-	458,070	8,317,427
2030	8,317,427	-	1,259,898	-	415,124	7,472,653
2031	7,472,653	-	1,272,578	-	369,164	6,569,239
2032	6,569,239	-	1,279,043	-	320,205	5,610,401
2033	5,610,401	-	1,272,954	-	268,592	4,606,039
2034	4,606,039	-	1,273,612	-	214,339	3,546,766
2035	3,546,766	-	1,279,057	-	156,991	2,424,700
2036	2,424,700	-	1,281,903	-	96,322	1,239,119
2037	1,239,119	-	1,275,465	-	-	-

*All Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 14.97

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.40% 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 = 9.40%

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
2023	13,929,207	-	2,423,590	-	1,195,437	12,701,054
2024	12,701,054	-	1,160,500	-	1,139,356	12,679,910
2025	12,679,910	-	1,173,094	-	1,136,776	12,643,592
2026	12,643,592	-	1,171,651	-	1,133,430	12,605,371
2027	12,605,371	-	1,187,358	-	1,129,099	12,547,112
2028	12,547,112	-	1,216,911	-	1,122,234	12,452,435
2029	12,452,435	-	1,246,855	-	1,111,927	12,317,507
2030	12,317,507	-	1,259,898	-	1,098,630	12,156,239
2031	12,156,239	-	1,272,578	-	1,082,875	11,966,536
2032	11,966,536	-	1,279,043	-	1,064,739	11,752,232
2033	11,752,232	-	1,272,954	-	1,044,881	11,524,159
2034	11,524,159	-	1,273,612	-	1,023,411	11,273,958
2035	11,273,958	-	1,279,057	-	999,636	10,994,537
2036	10,994,537	-	1,281,903	-	973,237	10,685,871
2037	10,685,871	-	1,275,465	-	944,525	10,354,931
2038	10,354,931	-	1,269,040	-	913,719	9,999,610
2039	9,999,610	-	1,247,266	-	881,342	9,633,686
2040	9,633,686	-	1,229,585	-	847,776	9,251,877
2041	9,251,877	-	1,221,173	-	812,281	8,842,985
2042	8,842,985	-	1,206,914	-	774,516	8,410,587
2043	8,410,587	-	1,187,632	-	734,776	7,957,731
2044	7,957,731	-	1,168,150	-	693,124	7,482,705
2045	7,482,705	-	1,142,255	-	649,688	6,990,138
2046	6,990,138	-	1,111,678	-	604,824	6,483,284
2047	6,483,284	-	1,081,081	-	558,618	5,960,821
2048	5,960,821	-	1,048,707	-	511,028	5,423,142
2049	5,423,142	-	1,016,221	-	462,013	4,868,934
2050	4,868,934	-	983,141	-	411,472	4,297,265
2051	4,297,265	-	948,708	-	359,354	3,707,911
2052	3,707,911	-	913,832	-	305,594	3,099,673
2053	3,099,673	-	878,549	-	250,077	2,471,201
2054	2,471,201	-	842,708	-	192,686	1,821,179
2055	1,821,179	-	806,674	-	133,277	1,147,782
2056	1,147,782	-	770,520	-	71,677	448,939
2057	448,939	-	734,228	-	-	-

*All Share Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 34.61

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.40% 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, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL	HYPOTHETICAL
Investment Rate of Return:	7.40%	5.40%	9.40%
Minimum Required Contribution (Fixed \$)	\$1,139,280	\$1,629,217	\$739,541
Minimum Required Contribution (% of Payroll)	52.5%	75.1%	34.2%
Expected Member Contribution	130,136	130,136	130,136
Expected Sponsor Contribution (Fixed \$)	\$1,009,144	\$1,499,081	\$609,405
Expected Sponsor Contribution (% of Payroll)	46.5%	69.1%	28.2%

ASSETS

Actuarial Value ¹	14,969,230	14,969,230	14,969,230
Market Value ¹	13,929,207	13,929,207	13,929,207

LIABILITIES

Present Value of Benefits			
Actives			
Retirement Benefits	6,719,638	9,967,837	4,773,827
Disability Benefits	1,442,684	1,992,176	1,086,924
Death Benefits	9,583	14,237	6,818
Vested Benefits	362,404	630,182	218,945
Refund of Contributions	32,896	34,046	31,824
Accumulated Leave	235,187	235,187	235,187
Beneficiaries	380,392	453,141	326,727
Disability Retirees	1,716,889	2,137,866	1,427,873
Terminated Vested	536,944	704,082	427,426
Share Plan Balances ¹	1,231,431	1,231,431	1,231,431
Total:	21,904,906	28,585,264	17,609,799
Present Value of Future Salaries	16,068,744	17,745,963	14,675,462
Present Value of Future Member Contributions	964,125	1,064,758	880,528
Total Normal Cost	454,127	685,357	313,864
Present Value of Future Normal Costs (Entry Age Normal)	3,513,711	5,747,721	2,287,202
Total Actuarial Accrued Liability (EAN) ¹	18,391,195	22,837,543	15,322,597
Unfunded Actuarial Accrued Liability (UAAL)	3,421,965	7,868,313	353,367

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.40%	5.40%	9.40%
<u>PENSION COST</u>			
Normal Cost (with interest)	470,930	703,862	328,616
Administrative Expenses (with interest)	61,791	61,195	62,387
Payment Required To Amortize UAAL (with interest)	<u>606,559</u>	<u>864,160</u>	<u>348,538</u>
Minimum Required Contribution	\$1,139,280	\$1,629,217	\$739,541

¹ The asset values and liabilities include accumulated Share Plan Balances as of 9/30/2023.