

CITY OF ST. PETE BEACH
FIREFIGHTERS' RETIREMENT SYSTEM

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2021 VALUATION DATE

July 7, 2023

VIA EMAIL

Ms. Chrissy Stoker, Plan Administrator
Foster & Foster, Inc.
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of St. Pete Beach Firefighters' 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: Bonni Jensen, Board Attorney

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	
	7.40%	5.40%	9.40%
Discount Rate:	7.40%	5.40%	9.40%
<u>Total Pension Liability</u>			
Service Cost	517,903	836,165	332,128
Interest	1,827,119	1,748,396	1,840,644
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	43,221	(77,632)	112,248
Changes of Assumptions	479,381	729,348	331,212
Benefit Payments, Including Refunds of Employee Contributions	(1,337,813)	(1,337,813)	(1,337,813)
Net Change in Total Pension Liability	1,529,811	1,898,464	1,278,419
Total Pension Liability - Beginning	24,512,586	31,621,759	19,711,977
Total Pension Liability - Ending (a)	<u>\$ 26,042,397</u>	<u>\$ 33,520,223</u>	<u>\$ 20,990,396</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	926,368	926,368	926,368
Contributions - State	197,869	197,869	197,869
Contributions - Employee	251,262	251,262	251,262
Net Investment Income	(2,948,102)	(2,948,102)	(2,948,102)
Benefit Payments, Including Refunds of Employee Contributions	(1,337,813)	(1,337,813)	(1,337,813)
Administrative Expenses	(62,862)	(62,862)	(62,862)
Net Change in Plan Fiduciary Net Position	(2,973,278)	(2,973,278)	(2,973,278)
Plan Fiduciary Net Position - Beginning	19,206,165	19,206,165	19,206,165
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,232,887</u>	<u>\$ 16,232,887</u>	<u>\$ 16,232,887</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,809,510</u>	<u>\$ 17,287,336</u>	<u>\$ 4,757,509</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
2022	16,206,924	-	1,776,063	-	1,133,598	15,564,459
2023	15,564,459	-	1,506,176	-	1,096,041	15,154,324
2024	15,154,324	-	1,530,066	-	1,064,808	14,689,066
2025	14,689,066	-	1,554,098	-	1,029,489	14,164,457
2026	14,164,457	-	1,599,895	-	988,974	13,553,536
2027	13,553,536	-	1,717,768	-	939,404	12,775,172
2028	12,775,172	-	1,774,218	-	879,717	11,880,671
2029	11,880,671	-	1,796,606	-	812,695	10,896,760
2030	10,896,760	-	1,819,188	-	739,050	9,816,622
2031	9,816,622	-	1,858,539	-	657,664	8,615,747
2032	8,615,747	-	1,885,336	-	567,808	7,298,219
2033	7,298,219	-	1,900,764	-	469,740	5,867,195
2034	5,867,195	-	1,918,268	-	363,197	4,312,124
2035	4,312,124	-	1,959,867	-	246,582	2,598,839
2036	2,598,839	-	1,974,336	-	119,264	743,767
2037	743,767	-	2,010,701	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 15.37

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
2022	16,206,924	-	1,776,063	-	827,220	15,258,081
2023	15,258,081	-	1,506,176	-	783,270	14,535,175
2024	14,535,175	-	1,530,066	-	743,588	13,748,697
2025	13,748,697	-	1,554,098	-	700,469	12,895,068
2026	12,895,068	-	1,599,895	-	653,137	11,948,310
2027	11,948,310	-	1,717,768	-	598,829	10,829,371
2028	10,829,371	-	1,774,218	-	536,882	9,592,035
2029	9,592,035	-	1,796,606	-	469,462	8,264,891
2030	8,264,891	-	1,819,188	-	397,186	6,842,889
2031	6,842,889	-	1,858,539	-	319,335	5,303,685
2032	5,303,685	-	1,885,336	-	235,495	3,653,844
2033	3,653,844	-	1,900,764	-	145,987	1,899,067
2034	1,899,067	-	1,918,268	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 12.99

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
2022	16,206,924	-	1,776,063	-	1,439,976	15,870,837
2023	15,870,837	-	1,506,176	-	1,421,068	15,785,729
2024	15,785,729	-	1,530,066	-	1,411,945	15,667,608
2025	15,667,608	-	1,554,098	-	1,399,713	15,513,223
2026	15,513,223	-	1,599,895	-	1,383,048	15,296,376
2027	15,296,376	-	1,717,768	-	1,357,124	14,935,732
2028	14,935,732	-	1,774,218	-	1,320,571	14,482,085
2029	14,482,085	-	1,796,606	-	1,276,876	13,962,355
2030	13,962,355	-	1,819,188	-	1,226,960	13,370,127
2031	13,370,127	-	1,858,539	-	1,169,441	12,681,029
2032	12,681,029	-	1,885,336	-	1,103,406	11,899,099
2033	11,899,099	-	1,900,764	-	1,029,179	11,027,514
2034	11,027,514	-	1,918,268	-	946,428	10,055,674
2035	10,055,674	-	1,959,867	-	853,120	8,948,927
2036	8,948,927	-	1,974,336	-	748,405	7,722,996
2037	7,722,996	-	2,010,701	-	631,459	6,343,754
2038	6,343,754	-	2,042,937	-	500,295	4,801,112
2039	4,801,112	-	2,051,565	-	354,881	3,104,428
2040	3,104,428	-	2,065,147	-	194,754	1,234,035
2041	1,234,035	-	2,060,286	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 19.60

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, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.40%	5.40%	9.40%
Investment Rate of Return:	7.40%	5.40%	9.40%
Minimum Required Contribution (Fixed \$)	\$1,325,864	\$1,902,743	\$876,293
Minimum Required Contribution (% of Payroll)	58.2%	83.5%	38.4%
Expected Member Contribution	259,738	307,584	255,181
Expected State Money	197,870	197,870	197,870
Expected Sponsor Contribution (Fixed \$)	\$868,256	\$1,397,289	\$423,242
Expected Sponsor Contribution (% of Payroll)	38.1%	61.3%	18.5%

ASSETS

Actuarial Value ¹	18,646,518	18,646,518	18,646,518
Market Value ¹	16,206,924	16,206,924	16,206,924

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	10,256,534	16,055,086	6,975,251
Disability Benefits	270,546	383,397	199,908
Death Benefits	50,775	69,056	38,541
Vested Benefits	453,401	759,214	283,076
Refund of Contributions	172,445	310,111	109,966
Service Retirees	16,331,026	20,493,784	13,457,298
DROP Retirees ¹	561,308	685,277	476,327
Beneficiaries	1,210,230	1,409,074	1,056,914
Disability Retirees	453,663	541,885	389,334
Terminated Vested	208,766	208,766	208,766
Share Plan Balances ¹	0	0	0
Total:	29,968,694	40,915,650	23,195,381
Present Value of Future Salaries	18,821,855	21,201,718	16,917,113
Present Value of Future Member Contributions	2,145,691	2,862,232	1,894,717
Total Normal Cost	458,525	765,647	285,827
Present Value of Future Normal Costs (Entry Age Normal)	3,713,457	7,061,167	2,060,950
Total Actuarial Accrued Liability (EAN) ¹	26,255,237	33,854,483	21,134,431
Unfunded Actuarial Accrued Liability (UAAL)	7,608,719	15,207,965	2,487,913

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

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
Investment Rate of Return:	7.40%	5.40%	9.40%
<u>PENSION COST</u>			
Normal Cost (with interest)	475,490	786,319	299,261
Administrative Expenses (with interest)	61,749	61,154	62,345
Payment Required To Amortize UAAL (with interest)	788,625	1,055,270	514,687
Minimum Required Contribution	\$1,325,864	\$1,902,743	\$876,293

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