

CITY OF ST. PETE BEACH
POLICE OFFICERS' RETIREMENT SYSTEM

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



June 20, 2022

VIA E-MAIL

Kim Kilgore, Plan Administrator
2503 Del Pardo Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of St. Pete Beach Police Officers' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Kim:

Please find enclosed the annual disclosures that satisfy the October 1, 2021 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 #20-6595

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, 2021 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	6.20%	4.20%
<u>Total Pension Liability</u>		
Service Cost	-	-
Interest	1,170,536	999,844
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	242,803	272,330
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,339,241)	(1,339,241)
Net Change in Total Pension Liability	74,098	(67,067)
Total Pension Liability - Beginning	19,549,229	24,475,436
Total Pension Liability - Ending (a)	<u>\$ 19,623,327</u>	<u>\$ 24,408,369</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	96,468	96,468
Contributions - State	103,178	103,178
Net Investment Income	(3,398,253)	(3,398,253)
Benefit Payments, Including Refunds of Employee Contributions	(1,339,241)	(1,339,241)
Administrative Expenses	(40,047)	(40,047)
Net Change in Plan Fiduciary Net Position	(4,577,895)	(4,577,895)
Plan Fiduciary Net Position - Beginning	19,724,014	19,724,014
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,146,119</u>	<u>\$ 15,146,119</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,477,208</u>	<u>\$ 9,262,250</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 6.20%

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	15,141,661	-	1,352,305	-	896,862	14,686,218
2023	14,686,218	-	1,368,113	-	868,134	14,186,239
2024	14,186,239	-	1,382,888	-	836,677	13,640,028
2025	13,640,028	-	1,397,915	-	802,346	13,044,459
2026	13,044,459	-	1,411,496	-	765,000	12,397,963
2027	12,397,963	-	1,424,682	-	724,509	11,697,790
2028	11,697,790	-	1,450,359	-	680,302	10,927,733
2029	10,927,733	-	1,465,424	-	632,091	10,094,400
2030	10,094,400	-	1,472,487	-	580,206	9,202,119
2031	9,202,119	-	1,477,437	-	524,731	8,249,413
2032	8,249,413	-	1,475,910	-	465,710	7,239,213
2033	7,239,213	-	1,473,896	-	403,140	6,168,457
2034	6,168,457	-	1,468,273	-	336,928	5,037,112
2035	5,037,112	-	1,458,757	-	267,079	3,845,434
2036	3,845,434	-	1,445,089	-	193,619	2,593,964
2037	2,593,964	-	1,427,072	-	116,587	1,283,479
2038	1,283,479	-	1,403,986	-	-	-

Number of Years Expected Benefit Payments Sustained: 16.91

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 6.20% 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 = 4.20%

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	15,141,661	-	1,352,305	-	607,551	14,396,907
2023	14,396,907	-	1,368,113	-	575,940	13,604,734
2024	13,604,734	-	1,382,888	-	542,358	12,764,204
2025	12,764,204	-	1,397,915	-	506,740	11,873,029
2026	11,873,029	-	1,411,496	-	469,026	10,930,559
2027	10,930,559	-	1,424,682	-	429,165	9,935,042
2028	9,935,042	-	1,450,359	-	386,814	8,871,497
2029	8,871,497	-	1,465,424	-	341,829	7,747,902
2030	7,747,902	-	1,472,487	-	294,490	6,569,905
2031	6,569,905	-	1,477,437	-	244,910	5,337,378
2032	5,337,378	-	1,475,910	-	193,176	4,054,644
2033	4,054,644	-	1,473,896	-	139,343	2,720,091
2034	2,720,091	-	1,468,273	-	83,410	1,335,228
2035	1,335,228	-	1,458,757	-	-	-

Number of Years Expected Benefit Payments Sustained: 13.92

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 4.20% 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, 2023

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	6.20%	4.20%
Minimum Required Contribution (Fixed \$)	\$226,400	\$483,267
Expected Member Contribution	0	0
Expected State Money	103,178	103,178
Expected Sponsor Contribution (Fixed \$)	\$123,222	\$380,089

ASSETS

Actuarial Value ¹	17,728,607	17,728,607
Market Value ¹	15,141,661	15,141,661

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	0	0
Disability Benefits	0	0
Death Benefits	0	0
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	19,317,882	24,047,122
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	256,673	341,567
Share Plan Balances ¹	0	0
Total:	<u>19,574,555</u>	<u>24,388,689</u>
Present Value of Future Salaries	0	0
Present Value of Future Member Contributions	0	0
Total Normal Cost	0	0
Present Value of Future Normal Costs (Entry Age Normal)	0	0
Total Actuarial Accrued Liability (EAN) ¹	19,574,555	24,388,689
Unfunded Actuarial Accrued Liability (UAAL)	1,845,948	6,660,082

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2023

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	6.20%	4.20%
<u>PENSION COST</u>		
Normal Cost ²	0	0
Administrative Expenses ²	43,543	43,121
Payment Required To Amortize UAAL ²	<u>182,857</u>	<u>440,146</u>
Minimum Required Contribution	\$226,400	\$483,267

¹ The asset values and liabilities include accumulated 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.