

CITY OF PALMETTO
GENERAL EMPLOYEES' RETIREMENT SYSTEM

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



June 8, 2022

VIA E-MAIL

Ms. Cassi Bailey
City of Palmetto General Employees' Retirement System
516 8th Avenue West
Palmetto, FL 34221

Re: City of Palmetto General Employees' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Cassi:

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: 

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #20-7778

Enclosures

cc via email: Scott R. Christiansen, 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, 2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	6.75%	4.75%
<u>Total Pension Liability</u>		
Service Cost	364,577	554,119
Interest	1,129,819	1,016,874
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(255,942)	(354,719)
Changes of Assumptions	184,458	340,223
Benefit Payments, Including Refunds of Employee Contributions	(984,909)	(984,909)
Net Change in Total Pension Liability	438,003	571,588
Total Pension Liability - Beginning	16,268,154	20,275,812
Total Pension Liability - Ending (a)	<u>\$ 16,706,157</u>	<u>\$ 20,847,400</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	496,359	496,359
Contributions - Employee	164,885	164,885
Net Investment Income	2,928,973	2,928,973
Benefit Payments, Including Refunds of Employee Contributions	(984,909)	(984,909)
Administrative Expenses	(42,439)	(42,439)
Net Change in Plan Fiduciary Net Position	2,562,869	2,562,869
Plan Fiduciary Net Position - Beginning	16,045,522	16,045,522
Plan Fiduciary Net Position - Ending (b)	<u>\$ 18,608,391</u>	<u>\$ 18,608,391</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (1,902,234)</u>	<u>\$ 2,239,009</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
2021	18,608,391	-	1,444,191	-	1,207,325	18,371,525
2022	18,371,525	-	1,147,220	-	1,201,359	18,425,664
2023	18,425,664	-	1,173,785	-	1,204,117	18,455,996
2024	18,455,996	-	1,183,326	-	1,205,842	18,478,512
2025	18,478,512	-	1,189,265	-	1,207,162	18,496,409
2026	18,496,409	-	1,197,620	-	1,208,088	18,506,877
2027	18,506,877	-	1,202,339	-	1,208,635	18,513,173
2028	18,513,173	-	1,211,186	-	1,208,762	18,510,749
2029	18,510,749	-	1,212,765	-	1,208,545	18,506,529
2030	18,506,529	-	1,209,219	-	1,208,380	18,505,690
2031	18,505,690	-	1,183,836	-	1,209,180	18,531,034
2032	18,531,034	-	1,169,578	-	1,211,372	18,572,828
2033	18,572,828	-	1,147,954	-	1,214,922	18,639,796
2034	18,639,796	-	1,121,773	-	1,220,326	18,738,349
2035	18,738,349	-	1,101,385	-	1,227,667	18,864,631
2036	18,864,631	-	1,077,274	-	1,237,005	19,024,362
2037	19,024,362	-	1,058,908	-	1,248,406	19,213,860
2038	19,213,860	-	1,031,762	-	1,262,114	19,444,212
2039	19,444,212	-	1,008,269	-	1,278,455	19,714,398
2040	19,714,398	-	975,378	-	1,297,803	20,036,823
2041	20,036,823	-	938,475	-	1,320,812	20,419,160
2042	20,419,160	-	899,119	-	1,347,948	20,867,989
2043	20,867,989	-	861,668	-	1,379,508	21,385,829
2044	21,385,829	-	828,836	-	1,415,570	21,972,563
2045	21,972,563	-	791,259	-	1,456,443	22,637,747
2046	22,637,747	-	753,656	-	1,502,612	23,386,703
2047	23,386,703	-	714,033	-	1,554,504	24,227,174
2048	24,227,174	-	674,747	-	1,612,562	25,164,989
2049	25,164,989	-	635,708	-	1,677,182	26,206,463
2050	26,206,463	-	596,692	-	1,748,798	27,358,569
2051	27,358,569	-	557,851	-	1,827,876	28,628,594
2052	28,628,594	-	519,802	-	1,914,887	30,023,679
2053	30,023,679	-	482,659	-	2,010,309	31,551,329
2054	31,551,329	-	446,626	-	2,114,641	33,219,344
2055	33,219,344	-	411,929	-	2,228,403	35,035,818
2056	35,035,818	-	378,728	-	2,352,136	37,009,226
2057	37,009,226	-	347,162	-	2,486,406	39,148,470
2058	39,148,470	-	317,322	-	2,631,812	41,462,960
2059	41,462,960	-	289,282	-	2,788,987	43,962,665
2060	43,962,665	-	263,087	-	2,958,601	46,658,179
2061	46,658,179	-	238,736	-	3,141,370	49,560,813
2062	49,560,813	-	216,206	-	3,338,058	52,682,665
2063	52,682,665	-	195,456	-	3,549,483	56,036,692
2064	56,036,692	-	176,428	-	3,776,522	59,636,786
2065	59,636,786	-	159,065	-	4,020,115	63,497,836
2066	63,497,836	-	143,288	-	4,281,268	67,635,816
2067	67,635,816	-	129,000	-	4,561,064	72,067,880
2068	72,067,880	-	116,101	-	4,860,663	76,812,442
2069	76,812,442	-	104,490	-	5,181,313	81,889,265
2070	81,889,265	-	94,056	-	5,524,351	87,319,560
2071	87,319,560	-	84,680	-	5,891,212	93,126,092
2072	93,126,092	-	76,236	-	6,283,438	99,333,294

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
2073	99,333,294	-	68,615	-	6,702,682	105,967,361
2074	105,967,361	-	61,721	-	7,150,714	113,056,354
2075	113,056,354	-	55,475	-	7,629,432	120,630,311
2076	120,630,311	-	49,800	-	8,140,865	128,721,376
2077	128,721,376	-	44,628	-	8,687,187	137,363,935
2078	137,363,935	-	39,903	-	9,270,719	146,594,751
2079	146,594,751	-	35,585	-	9,893,945	156,453,111
2080	156,453,111	-	31,642	-	10,559,517	166,980,986
2081	166,980,986	-	28,044	-	11,270,270	178,223,212
2082	178,223,212	-	24,768	-	12,029,231	190,227,675
2083	190,227,675	-	21,787	-	12,839,633	203,045,521
2084	203,045,521	-	19,080	-	13,704,929	216,731,370
2085	216,731,370	-	16,630	-	14,628,806	231,343,546
2086	231,343,546	-	14,418	-	15,615,203	246,944,331
2087	246,944,331	-	12,432	-	16,668,323	263,600,222
2088	263,600,222	-	10,654	-	17,792,655	281,382,223
2089	281,382,223	-	9,068	-	18,992,994	300,366,149
2090	300,366,149	-	7,657	-	20,274,457	320,632,949
2091	320,632,949	-	6,405	-	21,642,508	342,269,052
2092	342,269,052	-	5,302	-	23,102,982	365,366,732
2093	365,366,732	-	4,336	-	24,662,108	390,024,504
2094	390,024,504	-	3,499	-	26,326,536	416,347,541
2095	416,347,541	-	2,780	-	28,103,365	444,448,126
2096	444,448,126	-	2,172	-	30,000,175	474,446,129
2097	474,446,129	-	1,666	-	32,025,057	506,469,520
2098	506,469,520	-	1,253	-	34,186,650	540,654,917
2099	540,654,917	-	923	-	36,494,176	577,148,170
2100	577,148,170	-	664	-	38,957,479	616,104,985
2101	616,104,985	-	466	-	41,587,071	657,691,590
2102	657,691,590	-	319	-	44,394,172	702,085,443
2103	702,085,443	-	213	-	47,390,760	749,475,990
2104	749,475,990	-	138	-	50,589,625	800,065,477
2105	800,065,477	-	87	-	54,004,417	854,069,807
2106	854,069,807	-	53	-	57,649,710	911,719,464
2107	911,719,464	-	32	-	61,541,063	973,260,495
2108	973,260,495	-	18	-	65,695,083	1,038,955,560
2109	1,038,955,560	-	10	-	70,129,500	1,109,085,050
2110	1,109,085,050	-	6	-	74,863,241	1,183,948,285
2111	1,183,948,285	-	3	-	79,916,509	1,263,864,791
2112	1,263,864,791	-	2	-	85,310,873	1,349,175,662
2113	1,349,175,662	-	1	-	91,069,357	1,440,245,018
2114	1,440,245,018	-	-	-	97,216,539	1,537,461,557

*All DROP Balances paid in 2021.

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 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
2021	18,608,391	-	1,444,191	-	849,599	18,013,799
2022	18,013,799	-	1,147,220	-	828,409	17,694,988
2023	17,694,988	-	1,173,785	-	812,635	17,333,838
2024	17,333,838	-	1,183,326	-	795,253	16,945,765
2025	16,945,765	-	1,189,265	-	776,679	16,533,179
2026	16,533,179	-	1,197,620	-	756,883	16,092,442
2027	16,092,442	-	1,202,339	-	735,835	15,625,938
2028	15,625,938	-	1,211,186	-	713,466	15,128,218
2029	15,128,218	-	1,212,765	-	689,787	14,605,240
2030	14,605,240	-	1,209,219	-	665,030	14,061,051
2031	14,061,051	-	1,183,836	-	639,784	13,516,999
2032	13,516,999	-	1,169,578	-	614,280	12,961,701
2033	12,961,701	-	1,147,954	-	588,417	12,402,164
2034	12,402,164	-	1,121,773	-	562,461	11,842,852
2035	11,842,852	-	1,101,385	-	536,378	11,277,845
2036	11,277,845	-	1,077,274	-	510,112	10,710,683
2037	10,710,683	-	1,058,908	-	483,608	10,135,383
2038	10,135,383	-	1,031,762	-	456,926	9,560,547
2039	9,560,547	-	1,008,269	-	430,180	8,982,458
2040	8,982,458	-	975,378	-	403,502	8,410,582
2041	8,410,582	-	938,475	-	377,214	7,849,321
2042	7,849,321	-	899,119	-	351,489	7,301,691
2043	7,301,691	-	861,668	-	326,366	6,766,389
2044	6,766,389	-	828,836	-	301,719	6,239,272
2045	6,239,272	-	791,259	-	277,573	5,725,586
2046	5,725,586	-	753,656	-	254,066	5,225,996
2047	5,225,996	-	714,033	-	231,277	4,743,240
2048	4,743,240	-	674,747	-	209,279	4,277,772
2049	4,277,772	-	635,708	-	188,096	3,830,160
2050	3,830,160	-	596,692	-	167,761	3,401,229
2051	3,401,229	-	557,851	-	148,309	2,991,687
2052	2,991,687	-	519,802	-	129,760	2,601,645
2053	2,601,645	-	482,659	-	112,115	2,231,101
2054	2,231,101	-	446,626	-	95,370	1,879,845
2055	1,879,845	-	411,929	-	79,509	1,547,425
2056	1,547,425	-	378,728	-	64,508	1,233,205
2057	1,233,205	-	347,162	-	50,332	936,375
2058	936,375	-	317,322	-	36,941	655,994
2059	655,994	-	289,282	-	24,289	391,001
2060	391,001	-	263,087	-	12,324	140,238
2061	140,238	-	238,736	-	-	-

*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 40.59

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.

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

Valuation Date: 10/1/2021

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.75%	4.75%
Minimum Required Contribution (Fixed \$)	\$352,667	\$785,712
Minimum Required Contribution (% of Payroll)	11.71%	26.10%
Expected Member Contribution	150,531	150,531
Expected Sponsor Contribution (Fixed \$)	\$202,136	\$635,181
Expected Sponsor Contribution (% of Payroll)	6.71%	21.10%

ASSETS

Actuarial Value ¹	17,394,535	17,394,535
Market Value ¹	18,608,391	18,608,391

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	7,190,540	10,379,617
Disability Benefits	301,868	420,094
Death Benefits	59,412	74,436
Vested Benefits	609,593	1,004,207
Refund of Contributions	238,844	252,826
Service Retirees	7,226,983	8,492,015
DROP Retirees ¹	1,473,723	1,754,707
Beneficiaries	1,186,714	1,402,854
Disability Retirees	367,893	445,989
Terminated Vested	443,364	580,475
Total:	19,098,934	24,807,220
Present Value of Future Salaries	19,506,625	21,608,427
Present Value of Future		
Member Contributions	975,331	1,080,421
Total Normal Cost	305,025	474,524
Present Value of Future		
Normal Costs (Entry Age Normal)	1,755,449	3,112,701
Total Actuarial Accrued Liability (EAN) ¹	17,343,485	21,694,519
Unfunded Actuarial Accrued		
Liability (UAAL)	(51,050)	4,299,984

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

	Valuation Date: 10/1/2021	
	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	6.75%	4.75%
<u>PENSION COST</u>		
Normal Cost (with interest)	315,320	485,794
Administrative Expenses (with interest)	37,347	36,986
Payment Required To Amortize UAAL (with interest)	(6,434)	262,932
Minimum Required Contribution	\$352,667 ²	\$785,712

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2021.

² Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.