

CITY OF PALMETTO
POLICE OFFICERS' RETIREMENT PLAN

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 Police Officers' Retirement Plan
516 8th Avenue West
Palmetto, FL 34221

Re: City of Palmetto Police Officers' Retirement Plan
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	307,206	458,094
Interest	1,105,469	997,358
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(199,535)	(348,340)
Changes of Assumptions	348,580	581,382
Benefit Payments, Including Refunds of Employee Contributions	(860,659)	(860,659)
Net Change in Total Pension Liability	701,061	827,835
Total Pension Liability - Beginning	15,915,533	19,919,405
Total Pension Liability - Ending (a)	<u>\$ 16,616,594</u>	<u>\$ 20,747,240</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	351,060	351,060
Contributions - State	144,799	144,799
Contributions - Employee	82,768	82,768
Net Investment Income	2,610,556	2,610,556
Benefit Payments, Including Refunds of Employee Contributions	(860,659)	(860,659)
Administrative Expenses	(31,703)	(31,703)
Net Change in Plan Fiduciary Net Position	2,296,821	2,296,821
Plan Fiduciary Net Position - Beginning	14,631,105	14,631,105
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,927,926</u>	<u>\$ 16,927,926</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (311,332)</u>	<u>\$ 3,819,314</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	16,927,926	-	1,204,720	-	1,101,976	16,825,182
2022	16,825,182	-	1,036,446	-	1,100,720	16,889,456
2023	16,889,456	-	1,056,117	-	1,104,394	16,937,733
2024	16,937,733	-	1,088,633	-	1,106,556	16,955,656
2025	16,955,656	-	1,138,885	-	1,106,069	16,922,840
2026	16,922,840	-	1,170,784	-	1,102,778	16,854,834
2027	16,854,834	-	1,184,180	-	1,097,735	16,768,389
2028	16,768,389	-	1,201,944	-	1,091,301	16,657,746
2029	16,657,746	-	1,212,898	-	1,083,463	16,528,311
2030	16,528,311	-	1,215,272	-	1,074,646	16,387,685
2031	16,387,685	-	1,210,676	-	1,065,308	16,242,317
2032	16,242,317	-	1,197,587	-	1,055,938	16,100,668
2033	16,100,668	-	1,179,679	-	1,046,981	15,967,970
2034	15,967,970	-	1,168,692	-	1,038,395	15,837,673
2035	15,837,673	-	1,149,407	-	1,030,250	15,718,516
2036	15,718,516	-	1,148,486	-	1,022,238	15,592,268
2037	15,592,268	-	1,142,426	-	1,013,921	15,463,763
2038	15,463,763	-	1,124,546	-	1,005,851	15,345,068
2039	15,345,068	-	1,111,624	-	998,275	15,231,719
2040	15,231,719	-	1,102,958	-	990,916	15,119,677
2041	15,119,677	-	1,078,376	-	984,183	15,025,484
2042	15,025,484	-	1,047,824	-	978,856	14,956,516
2043	14,956,516	-	1,015,820	-	975,281	14,915,977
2044	14,915,977	-	982,210	-	973,679	14,907,446
2045	14,907,446	-	945,903	-	974,328	14,935,871
2046	14,935,871	-	906,318	-	977,583	15,007,136
2047	15,007,136	-	865,454	-	983,773	15,125,455
2048	15,125,455	-	824,163	-	993,153	15,294,445
2049	15,294,445	-	781,858	-	1,005,987	15,518,574
2050	15,518,574	-	738,195	-	1,022,590	15,802,969
2051	15,802,969	-	695,285	-	1,043,235	16,150,919
2052	16,150,919	-	652,958	-	1,068,150	16,566,111
2053	16,566,111	-	611,241	-	1,097,583	17,052,453
2054	17,052,453	-	570,375	-	1,131,790	17,613,868
2055	17,613,868	-	530,660	-	1,171,026	18,254,234
2056	18,254,234	-	492,257	-	1,215,547	18,977,524
2057	18,977,524	-	455,289	-	1,265,617	19,787,852
2058	19,787,852	-	419,890	-	1,321,509	20,689,471
2059	20,689,471	-	386,153	-	1,383,507	21,686,825
2060	21,686,825	-	354,168	-	1,451,908	22,784,565
2061	22,784,565	-	323,946	-	1,527,025	23,987,644
2062	23,987,644	-	295,488	-	1,609,193	25,301,349
2063	25,301,349	-	268,734	-	1,698,771	26,731,386
2064	26,731,386	-	243,586	-	1,796,148	28,283,948
2065	28,283,948	-	219,979	-	1,901,742	29,965,711
2066	29,965,711	-	197,882	-	2,016,007	31,783,836
2067	31,783,836	-	177,280	-	2,139,426	33,745,982
2068	33,745,982	-	158,149	-	2,272,516	35,860,349
2069	35,860,349	-	140,465	-	2,415,833	38,135,717
2070	38,135,717	-	124,205	-	2,569,969	40,581,481
2071	40,581,481	-	109,319	-	2,735,560	43,207,722
2072	43,207,722	-	95,762	-	2,913,289	46,025,249

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	46,025,249	-	83,480	-	3,103,887	49,045,656
2074	49,045,656	-	72,403	-	3,308,138	52,281,391
2075	52,281,391	-	62,461	-	3,526,886	55,745,816
2076	55,745,816	-	53,590	-	3,761,034	59,453,260
2077	59,453,260	-	45,724	-	4,011,552	63,419,088
2078	63,419,088	-	38,797	-	4,279,479	67,659,770
2079	67,659,770	-	32,741	-	4,565,929	72,192,958
2080	72,192,958	-	27,478	-	4,872,097	77,037,577
2081	77,037,577	-	22,926	-	5,199,263	82,213,914
2082	82,213,914	-	19,016	-	5,548,797	87,743,695
2083	87,743,695	-	15,680	-	5,922,170	93,650,185
2084	93,650,185	-	12,857	-	6,320,954	99,958,282
2085	99,958,282	-	10,483	-	6,746,830	106,694,629
2086	106,694,629	-	8,500	-	7,201,601	113,887,730
2087	113,887,730	-	6,852	-	7,687,191	121,568,069
2088	121,568,069	-	5,492	-	8,205,659	129,768,236
2089	129,768,236	-	4,378	-	8,759,208	138,523,066
2090	138,523,066	-	3,471	-	9,350,190	147,869,785
2091	147,869,785	-	2,736	-	9,981,118	157,848,167
2092	157,848,167	-	2,144	-	10,654,679	168,500,702
2093	168,500,702	-	1,670	-	11,373,741	179,872,773
2094	179,872,773	-	1,295	-	12,141,368	192,012,846
2095	192,012,846	-	998	-	12,960,833	204,972,681
2096	204,972,681	-	764	-	13,835,630	218,807,547
2097	218,807,547	-	580	-	14,769,490	233,576,457
2098	233,576,457	-	437	-	15,766,396	249,342,416
2099	249,342,416	-	325	-	16,830,602	266,172,693
2100	266,172,693	-	239	-	17,966,649	284,139,103
2101	284,139,103	-	173	-	19,179,384	303,318,314
2102	303,318,314	-	124	-	20,473,982	323,792,172
2103	323,792,172	-	87	-	21,855,969	345,648,054
2104	345,648,054	-	59	-	23,331,242	368,979,237
2105	368,979,237	-	40	-	24,906,097	393,885,294
2106	393,885,294	-	26	-	26,587,256	420,472,524
2107	420,472,524	-	16	-	28,381,895	448,854,403
2108	448,854,403	-	10	-	30,297,672	479,152,065
2109	479,152,065	-	6	-	32,342,764	511,494,823
2110	511,494,823	-	4	-	34,525,900	546,020,719
2111	546,020,719	-	2	-	36,856,398	582,877,115
2112	582,877,115	-	1	-	39,344,205	622,221,319
2113	622,221,319	-	1	-	41,999,939	664,221,257
2114	664,221,257	-	-	-	44,834,935	709,056,192

*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	16,927,926	-	1,204,720	-	775,464	16,498,670
2022	16,498,670	-	1,036,446	-	759,071	16,221,295
2023	16,221,295	-	1,056,117	-	745,429	15,910,607
2024	15,910,607	-	1,088,633	-	729,899	15,551,873
2025	15,551,873	-	1,138,885	-	711,665	15,124,653
2026	15,124,653	-	1,170,784	-	690,615	14,644,484
2027	14,644,484	-	1,184,180	-	667,489	14,127,793
2028	14,127,793	-	1,201,944	-	642,524	13,568,373
2029	13,568,373	-	1,212,898	-	615,691	12,971,166
2030	12,971,166	-	1,215,272	-	587,268	12,343,162
2031	12,343,162	-	1,210,676	-	557,547	11,690,033
2032	11,690,033	-	1,197,587	-	526,834	11,019,280
2033	11,019,280	-	1,179,679	-	495,398	10,334,999
2034	10,334,999	-	1,168,692	-	463,156	9,629,463
2035	9,629,463	-	1,149,407	-	430,101	8,910,157
2036	8,910,157	-	1,148,486	-	395,956	8,157,627
2037	8,157,627	-	1,142,426	-	360,355	7,375,556
2038	7,375,556	-	1,124,546	-	323,631	6,574,641
2039	6,574,641	-	1,111,624	-	285,894	5,748,911
2040	5,748,911	-	1,102,958	-	246,878	4,892,831
2041	4,892,831	-	1,078,376	-	206,798	4,021,253
2042	4,021,253	-	1,047,824	-	166,124	3,139,553
2043	3,139,553	-	1,015,820	-	125,003	2,248,736
2044	2,248,736	-	982,210	-	83,487	1,350,013
2045	1,350,013	-	945,903	-	41,660	445,770
2046	445,770	-	906,318	-	-	-

*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 25.49

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 \$)	\$470,050	\$888,770
Minimum Required Contribution (% of Payroll)	26.89%	50.84%
Expected Member Contribution	87,399	87,399
Expected State Money	144,799	144,799
Expected Sponsor Contribution (Fixed \$)	\$237,852	\$656,572
Expected Sponsor Contribution (% of Payroll)	13.61%	37.56%

ASSETS

Actuarial Value ¹	15,769,222	15,769,222
Market Value ¹	16,927,926	16,927,926

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	5,708,199	8,369,953
Disability Benefits	529,007	726,257
Death Benefits	67,330	98,610
Vested Benefits	254,892	429,114
Refund of Contributions	88,541	94,578
Service Retirees	8,056,540	9,775,835
DROP Retirees ¹	2,515,871	3,051,451
Beneficiaries	85,662	90,917
Disability Retirees	903,324	1,091,963
Terminated Vested	593,656	896,101
Share Plan Balances ¹	0	0
Total:	18,803,022	24,624,779
Present Value of Future Salaries	12,580,317	14,002,383
Present Value of Future Member Contributions	629,016	700,119
Total Normal Cost	317,914	482,724
Present Value of Future Normal Costs (Entry Age Normal)	2,186,971	3,746,607
Total Actuarial Accrued Liability (EAN) ¹	16,616,051	20,878,172
Unfunded Actuarial Accrued Liability (UAAL)	846,829	5,108,950

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)	328,644	494,189
Administrative Expenses (with interest)	32,198	31,887
Payment Required To Amortize UAAL (with interest)	109,208	362,694
Minimum Required Contribution	\$470,050	\$888,770

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