

**CITY OF NEPTUNE BEACH
POLICE OFFICERS' RETIREMENT SYSTEM**

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



June 6, 2022

VIA E-MAIL

Ms. Kim Kilgore, Plan Administrator
City of Neptune Beach
Police Officers' Retirement System
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Neptune 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: 
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #20-7778

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, 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

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.50%	5.50%
<u>Total Pension Liability</u>		
Service Cost	256,002	383,809
Interest	873,513	813,258
Changes of Benefit Terms	-	-
Differences Between Expected and Actual		
Experience	66,998	107,314
Changes of Assumptions	454,161	631,005
Contributions - Buy Back	14,829	14,829
Benefit Payments, Including Refunds of		
Employee Contributions	(552,519)	(552,519)
Net Change in Total Pension Liability	1,112,984	1,397,696
Total Pension Liability - Beginning	11,291,390	14,036,066
Total Pension Liability - Ending (a)	<u>\$ 12,404,374</u>	<u>\$ 15,433,762</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	547,372	547,372
Contributions - State	-	-
Contributions - Employee	132,869	132,869
Contributions - Buy Back	14,829	14,829
Net Investment Income	1,729,363	1,729,363
Benefit Payments, Including Refunds of		
Employee Contributions	(552,519)	(552,519)
Administrative Expenses	(52,468)	(52,468)
Net Change in Plan Fiduciary Net Position	1,819,446	1,819,446
Plan Fiduciary Net Position - Beginning	10,907,168	10,907,168
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,726,614</u>	<u>\$ 12,726,614</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (322,240)</u>	<u>\$ 2,707,148</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.50%

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	12,036,095	-	1,124,804	-	860,527	11,771,818
2022	11,771,818	-	806,455	-	852,644	11,818,007
2023	11,818,007	-	798,407	-	856,410	11,876,010
2024	11,876,010	-	795,999	-	860,851	11,940,862
2025	11,940,862	-	861,919	-	863,243	11,942,186
2026	11,942,186	-	856,960	-	863,528	11,948,754
2027	11,948,754	-	876,776	-	863,277	11,935,255
2028	11,935,255	-	895,439	-	861,565	11,901,381
2029	11,901,381	-	883,921	-	859,457	11,876,917
2030	11,876,917	-	919,110	-	856,302	11,814,109
2031	11,814,109	-	900,568	-	852,287	11,765,828
2032	11,765,828	-	921,918	-	847,865	11,691,775
2033	11,691,775	-	907,843	-	842,839	11,626,771
2034	11,626,771	-	893,184	-	838,513	11,572,100
2035	11,572,100	-	899,172	-	834,189	11,507,117
2036	11,507,117	-	882,137	-	829,954	11,454,934
2037	11,454,934	-	862,409	-	826,780	11,419,305
2038	11,419,305	-	849,223	-	824,602	11,394,684
2039	11,394,684	-	850,254	-	822,717	11,367,147
2040	11,367,147	-	841,154	-	820,993	11,346,986
2041	11,346,986	-	822,754	-	820,171	11,344,403
2042	11,344,403	-	800,603	-	820,808	11,364,608
2043	11,364,608	-	782,762	-	822,992	11,404,838
2044	11,404,838	-	762,365	-	826,774	11,469,247
2045	11,469,247	-	740,604	-	832,421	11,561,064
2046	11,561,064	-	718,785	-	840,125	11,682,404
2047	11,682,404	-	695,578	-	850,096	11,836,922
2048	11,836,922	-	670,968	-	862,608	12,028,562
2049	12,028,562	-	644,473	-	877,974	12,262,063
2050	12,262,063	-	617,565	-	896,496	12,540,994
2051	12,540,994	-	590,090	-	918,446	12,869,350
2052	12,869,350	-	561,638	-	944,140	13,251,852
2053	13,251,852	-	532,185	-	973,932	13,693,599
2054	13,693,599	-	502,075	-	1,008,192	14,199,716
2055	14,199,716	-	471,384	-	1,047,302	14,775,634
2056	14,775,634	-	440,355	-	1,091,659	15,426,938
2057	15,426,938	-	409,250	-	1,141,673	16,159,361
2058	16,159,361	-	378,319	-	1,197,765	16,978,807
2059	16,978,807	-	347,842	-	1,260,366	17,891,331
2060	17,891,331	-	318,094	-	1,329,921	18,903,158
2061	18,903,158	-	289,296	-	1,406,888	20,020,750
2062	20,020,750	-	261,653	-	1,491,744	21,250,841
2063	21,250,841	-	235,342	-	1,584,988	22,600,487
2064	22,600,487	-	210,523	-	1,687,142	24,077,106
2065	24,077,106	-	187,350	-	1,798,757	25,688,513
2066	25,688,513	-	165,928	-	1,920,416	27,443,001
2067	27,443,001	-	146,315	-	2,052,738	29,349,424
2068	29,349,424	-	128,495	-	2,196,388	31,417,317
2069	31,417,317	-	112,386	-	2,352,084	33,657,015
2070	33,657,015	-	97,880	-	2,520,606	36,079,741

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.50%

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
2071	36,079,741	-	84,868	-	2,702,798	38,697,671
2072	38,697,671	-	73,256	-	2,899,578	41,523,993
2073	41,523,993	-	62,951	-	3,111,939	44,572,981
2074	44,572,981	-	53,856	-	3,340,954	47,860,079
2075	47,860,079	-	45,877	-	3,587,786	51,401,988
2076	51,401,988	-	38,908	-	3,853,690	55,216,770
2077	55,216,770	-	32,856	-	4,140,026	59,323,940
2078	59,323,940	-	27,616	-	4,448,260	63,744,584
2079	63,744,584	-	23,089	-	4,779,978	68,501,473
2080	68,501,473	-	19,191	-	5,136,891	73,619,173
2081	73,619,173	-	15,849	-	5,520,844	79,124,168
2082	79,124,168	-	12,997	-	5,933,825	85,044,996
2083	85,044,996	-	10,581	-	6,377,978	91,412,393
2084	91,412,393	-	8,552	-	6,855,609	98,259,450
2085	98,259,450	-	6,861	-	7,369,201	105,621,790
2086	105,621,790	-	5,462	-	7,921,429	113,537,757
2087	113,537,757	-	4,311	-	8,515,170	122,048,616
2088	122,048,616	-	3,373	-	9,153,520	131,198,763
2089	131,198,763	-	2,615	-	9,839,809	141,035,957
2090	141,035,957	-	2,008	-	10,577,621	151,611,570
2091	151,611,570	-	1,527	-	11,370,810	162,980,853
2092	162,980,853	-	1,147	-	12,223,521	175,203,227
2093	175,203,227	-	850	-	13,140,210	188,342,587
2094	188,342,587	-	620	-	14,125,671	202,467,638
2095	202,467,638	-	445	-	15,185,056	217,652,249
2096	217,652,249	-	313	-	16,323,907	233,975,843
2097	233,975,843	-	215	-	17,548,180	251,523,808
2098	251,523,808	-	145	-	18,864,280	270,387,943
2099	270,387,943	-	95	-	20,279,092	290,666,940
2100	290,666,940	-	60	-	21,800,018	312,466,898
2101	312,466,898	-	38	-	23,435,016	335,901,876
2102	335,901,876	-	23	-	25,192,640	361,094,493
2103	361,094,493	-	14	-	27,082,086	388,176,565
2104	388,176,565	-	8	-	29,113,242	417,289,799
2105	417,289,799	-	5	-	31,296,735	448,586,529
2106	448,586,529	-	3	-	33,643,990	482,230,516
2107	482,230,516	-	1	-	36,167,289	518,397,804
2108	518,397,804	-	1	-	38,879,835	557,277,638
2109	557,277,638	-	-	-	41,795,823	599,073,461

*All DROP and Share 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 7.50% 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 = 5.50%

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	12,036,095	-	1,124,804	-	631,053	11,542,344
2022	11,542,344	-	806,455	-	612,651	11,348,540
2023	11,348,540	-	798,407	-	602,214	11,152,347
2024	11,152,347	-	795,999	-	591,489	10,947,837
2025	10,947,837	-	861,919	-	578,428	10,664,346
2026	10,664,346	-	856,960	-	562,973	10,370,359
2027	10,370,359	-	876,776	-	546,258	10,039,841
2028	10,039,841	-	895,439	-	527,567	9,671,969
2029	9,671,969	-	883,921	-	507,650	9,295,698
2030	9,295,698	-	919,110	-	485,988	8,862,576
2031	8,862,576	-	900,568	-	462,676	8,424,684
2032	8,424,684	-	921,918	-	438,005	7,940,771
2033	7,940,771	-	907,843	-	411,777	7,444,705
2034	7,444,705	-	893,184	-	384,896	6,936,417
2035	6,936,417	-	899,172	-	356,776	6,394,021
2036	6,394,021	-	882,137	-	327,412	5,839,296
2037	5,839,296	-	862,409	-	297,445	5,274,332
2038	5,274,332	-	849,223	-	266,735	4,691,844
2039	4,691,844	-	850,254	-	234,669	4,076,259
2040	4,076,259	-	841,154	-	201,063	3,436,168
2041	3,436,168	-	822,754	-	166,364	2,779,778
2042	2,779,778	-	800,603	-	130,871	2,110,046
2043	2,110,046	-	782,762	-	94,527	1,421,811
2044	1,421,811	-	762,365	-	57,235	716,681
2045	716,681	-	740,604	-	-	-

*All DROP and Share Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 24.97

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% 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:	7.50%	5.50%
Minimum Required Contribution (Fixed \$)	\$507,479	\$847,725
Minimum Required Contribution (% of Payroll)	29.28%	48.91%
Expected Member Contribution	138,657	138,657
Expected State Money	57,664	57,664
Expected Sponsor Contribution (Fixed \$)	\$311,158	\$651,404
Expected Sponsor Contribution (% of Payroll)	17.95%	37.58%

ASSETS

Actuarial Value ¹	11,148,035	11,148,035
Market Value ¹	12,036,095	12,036,095

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	5,755,243	8,587,803
Disability Benefits	95,105	130,671
Death Benefits	29,929	39,064
Vested Benefits	264,777	410,775
Refund of Contributions	171,615	181,925
Service Retirees	5,375,070	6,432,037
DROP Retirees ¹	825,136	960,289
Beneficiaries	169,948	208,700
Disability Retirees	119,867	134,723
Terminated Vested	1,715,566	2,155,988
Share Plan Balances ¹	181,953	181,953
Total:	14,704,209	19,423,928
Present Value of Future Salaries	14,044,371	15,722,717
Present Value of Future		
Member Contributions	1,123,550	1,257,817
Total Normal Cost	275,661	422,688
Present Value of Future		
Normal Costs (Entry Age Normal)	2,153,795	3,755,302
Total Actuarial Accrued Liability (EAN) ¹	12,550,414	15,668,626
Unfunded Actuarial Accrued	1,402,379	4,520,591
Liability (UAAL)		

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

Valuation Date: 10/1/2021

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.50%	5.50%
<u>PENSION COST</u>		
Normal Cost (with interest)	285,998	434,312
Administrative Expenses (with interest)	54,583	54,057
Payment Required To Amortize UAAL (with interest)	<u>166,898</u>	<u>359,356</u>
Minimum Required Contribution	\$507,479	\$847,725

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