

CITY OF FORT MEADE
POLICE OFFICERS' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2019 VALUATION DATE



August 24, 2020

VIA E-MAIL

Laura Underhill
Senior Financial Analyst

Re: City of Fort Meade Police Officers' Retirement Plan
Section 112.664, Florida Statutes Compliance

Dear Laura:

Please find enclosed the annual disclosures that satisfy the October 1, 2019 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.

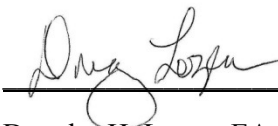
With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the 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: Breanna Smith, Finance Director

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, 2019 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, 2019

	ACTUAL	HYPOTHETICAL
	7.00% RP-2000 Generational	5.00% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	-	-
Interest	86,653	77,155
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	17,278	(16,520)
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(111,675)	(111,675)
Other	-	-
Net Change in Total Pension Liability	(7,744)	(51,040)
Total Pension Liability - Beginning	1,293,732	1,598,943
Total Pension Liability - Ending (a)	<u>\$ 1,285,988</u>	<u>\$ 1,547,903</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	32,551	32,551
Net Investment Income	59,166	59,166
Benefit Payments, Including Refunds of Employee Contributions	(111,675)	(111,675)
Administrative Expenses	(6,674)	(6,674)
Net Change in Plan Fiduciary Net Position	(26,632)	(26,632)
Plan Fiduciary Net Position - Beginning	1,232,251	1,232,251
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,205,619</u>	<u>\$ 1,205,619</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 80,369</u>	<u>\$ 342,284</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.00% and RP-2000 Generational Mortality

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
2019	1,205,619	-	110,555	-	80,524	1,175,588
2020	1,175,588	-	108,032	-	78,510	1,146,066
2021	1,146,066	-	105,338	-	76,538	1,117,266
2022	1,117,266	-	102,472	-	74,622	1,089,416
2023	1,089,416	-	107,249	-	72,505	1,054,672
2024	1,054,672	-	109,217	-	70,004	1,015,459
2025	1,015,459	-	130,165	-	66,526	951,820
2026	951,820	-	126,735	-	62,192	887,277
2027	887,277	-	122,215	-	57,832	822,894
2028	822,894	-	117,983	-	53,473	758,384
2029	758,384	-	114,018	-	49,096	693,462
2030	693,462	-	109,968	-	44,693	628,187
2031	628,187	-	105,860	-	40,268	562,595
2032	562,595	-	101,731	-	35,821	496,685
2033	496,685	-	97,094	-	31,370	430,961
2034	430,961	-	92,372	-	26,934	365,523
2035	365,523	-	85,533	-	22,593	302,583
2036	302,583	-	81,129	-	18,341	239,795
2037	239,795	-	76,762	-	14,099	177,132
2038	177,132	-	72,444	-	9,864	114,552
2039	114,552	-	68,229	-	5,631	51,954
2040	51,954	-	64,130	-	-	-

Number of Years Expected Benefit Payments Sustained: 21.81

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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: 5.00% and RP-2000 Generational Mortality

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
2019	1,205,619	-	110,555	-	57,517	1,152,581
2020	1,152,581	-	108,032	-	54,928	1,099,477
2021	1,099,477	-	105,338	-	52,340	1,046,479
2022	1,046,479	-	102,472	-	49,762	993,769
2023	993,769	-	107,249	-	47,007	933,527
2024	933,527	-	109,217	-	43,946	868,256
2025	868,256	-	130,165	-	40,159	778,250
2026	778,250	-	126,735	-	35,744	687,259
2027	687,259	-	122,215	-	31,308	596,352
2028	596,352	-	117,983	-	26,868	505,237
2029	505,237	-	114,018	-	22,411	413,630
2030	413,630	-	109,968	-	17,932	321,594
2031	321,594	-	105,860	-	13,433	229,167
2032	229,167	-	101,731	-	8,915	136,351
2033	136,351	-	97,094	-	4,390	43,647
2034	43,647	-	92,372	-	-	-

Number of Years Expected Benefit Payments Sustained: 15.47

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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, 2020**

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
	<u> </u>	<u> </u>
Minimum Required Contribution (Fixed \$)	\$26,973	\$42,561
<hr/>		
<u>ASSETS</u>		
Actuarial Value	1,194,781	1,194,781
Market Value	1,205,619	1,205,619
<u>LIABILITIES</u>		
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	869,828	1,013,846
Beneficiaries	130,364	150,119
Disability Retirees	0	0
Terminated Vested	304,429	408,223
Total:	<u>1,304,621</u>	<u>1,572,188</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	1,304,621	1,572,188
Unfunded Actuarial Accrued	109,840	377,407
Liability (UAAL)		

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2020

Valuation Date: 10/1/2019

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.00%	5.00%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost ¹	0	0
Administrative Expenses ¹	13,455	13,325
Payment Required To Amortize UAAL ¹	<u>13,518</u>	<u>29,236</u>
Minimum Required Contribution	\$26,973	\$42,561

¹ Contributions developed as of 10/1/2019 displayed above have been adjusted to account for an assumed interest component.