

CITY OF PALATKA
POLICE OFFICERS' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE
DETERMINED AS OF THE
OCTOBER 1, 2023 VALUATION DATE



June 11, 2024

VIA E-MAIL

Ms. Jill Keiser, Administrator
City of Palatka
Police Officers' Retirement Plan
201 North 2nd Street
Palatka, FL 32177

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

Dear Jill:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 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.

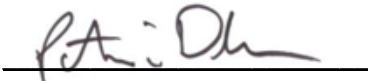
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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 #23-6595

Enclosures

cc via email: Anna Klausner Parish, 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, 2023 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, 2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.50%	5.50%
<u>Total Pension Liability</u>		
Service Cost	189,421	306,628
Interest	1,080,335	1,017,552
Changes of Benefit Terms	(506,377)	(635,177)
Differences Between Expected and Actual Experience	225,283	257,176
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(921,652)	(921,652)
Net Change in Total Pension Liability	67,010	24,527
Total Pension Liability - Beginning	14,675,877	18,655,145
Total Pension Liability - Ending (a)	<u>\$ 14,742,887</u>	<u>\$ 18,679,672</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	382,666	382,666
Contributions - State	99,811	99,811
Contributions - Employee	96,243	96,243
Net Investment Income	894,968	894,968
Benefit Payments, Including Refunds of Employee Contributions	(921,652)	(921,652)
Administrative Expenses	(42,387)	(42,387)
Net Change in Plan Fiduciary Net Position	509,649	509,649
Plan Fiduciary Net Position - Beginning	11,089,398	11,089,398
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,599,047</u>	<u>\$ 11,599,047</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,143,840</u>	<u>\$ 7,080,625</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
2023	11,583,349	-	994,916	-	831,442	11,419,875
2024	11,419,875	-	968,706	-	820,164	11,271,333
2025	11,271,333	-	1,051,791	-	805,908	11,025,450
2026	11,025,450	-	1,071,809	-	786,716	10,740,357
2027	10,740,357	-	1,080,904	-	764,993	10,424,446
2028	10,424,446	-	1,102,229	-	740,500	10,062,717
2029	10,062,717	-	1,099,184	-	713,484	9,677,017
2030	9,677,017	-	1,138,568	-	683,080	9,221,529
2031	9,221,529	-	1,127,053	-	649,350	8,743,826
2032	8,743,826	-	1,128,641	-	613,463	8,228,648
2033	8,228,648	-	1,131,950	-	574,700	7,671,398
2034	7,671,398	-	1,117,743	-	533,439	7,087,094
2035	7,087,094	-	1,113,924	-	489,760	6,462,930
2036	6,462,930	-	1,100,830	-	443,439	5,805,539
2037	5,805,539	-	1,098,424	-	394,225	5,101,340
2038	5,101,340	-	1,079,298	-	342,127	4,364,169
2039	4,364,169	-	1,061,648	-	287,501	3,590,022
2040	3,590,022	-	1,057,086	-	229,611	2,762,547
2041	2,762,547	-	1,038,777	-	168,237	1,892,007
2042	1,892,007	-	1,016,670	-	103,775	979,112
2043	979,112	-	993,808	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 20.99

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
2023	11,583,349	-	994,916	-	609,724	11,198,157
2024	11,198,157	-	968,706	-	589,259	10,818,710
2025	10,818,710	-	1,051,791	-	566,105	10,333,024
2026	10,333,024	-	1,071,809	-	538,842	9,800,057
2027	9,800,057	-	1,080,904	-	509,278	9,228,431
2028	9,228,431	-	1,102,229	-	477,252	8,603,454
2029	8,603,454	-	1,099,184	-	442,962	7,947,232
2030	7,947,232	-	1,138,568	-	405,787	7,214,451
2031	7,214,451	-	1,127,053	-	365,801	6,453,199
2032	6,453,199	-	1,128,641	-	323,888	5,648,446
2033	5,648,446	-	1,131,950	-	279,536	4,796,032
2034	4,796,032	-	1,117,743	-	233,044	3,911,333
2035	3,911,333	-	1,113,924	-	184,490	2,981,899
2036	2,981,899	-	1,100,830	-	133,732	2,014,801
2037	2,014,801	-	1,098,424	-	80,607	996,984
2038	996,984	-	1,079,298	-	-	-

*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 15.92

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, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.50%	5.50%
Minimum Required Contribution (Fixed \$)	\$566,106	\$960,085
Minimum Required Contribution (% of Payroll)	30.9%	52.5%
Expected Member Contribution	109,832	109,832
Expected State Money	99,811	99,811
Expected Sponsor Contribution (Fixed \$)	\$356,463	\$750,442
Expected Sponsor Contribution (% of Payroll)	19.4%	41.0%

ASSETS

Actuarial Value ¹	12,898,974	12,898,974
Market Value ¹	11,583,349	11,583,349

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	4,949,217	7,014,062
Disability Benefits	135,331	191,563
Death Benefits	27,904	42,282
Vested Benefits	1,088,034	1,815,986
Refund of Contributions	76,052	79,430
Service Retirees	7,349,922	8,936,945
DROP Retirees ¹	420,086	513,713
Beneficiaries	1,116,820	1,312,721
Disability Retirees	345,923	398,584
Terminated Vested	745,579	1,001,606
Share Plan Balances ¹	0	0
Total:	<u>16,254,868</u>	<u>21,306,892</u>
Present Value of Future Salaries	9,722,314	10,662,088
Present Value of Future Member Contributions	583,339	639,725
Total Normal Cost	224,779	369,950
Present Value of Future Normal Costs (Entry Age Normal)	1,157,824	2,121,506
Total Actuarial Accrued Liability (EAN) ¹	15,097,044	19,185,386
Unfunded Actuarial Accrued Liability (UAAL)	2,198,070	6,286,412

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.50%	5.50%
<u>PENSION COST</u>		
Normal Cost (with interest)	233,208	380,124
Administrative Expenses (with interest)	45,982	45,539
Payment Required To Amortize UAAL (with interest)	286,916	534,422
Minimum Required Contribution	\$566,106	\$960,085

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023.