

CITY OF TARPON SPRINGS  
POLICE OFFICERS' PENSION PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2022 VALUATION DATE



September 26, 2023

VIA E-MAIL

Ms. Alyssa Lemon, Plan Administrator  
City of Tarpon Springs  
Police Officers' Pension Plan  
444 S. Huey Ave.  
Tarpon Springs, FL 34689

Re: City of Tarpon Springs Police Officers' Pension Plan  
Section 112.664, Florida Statutes Compliance

Dear Alyssa

Please find enclosed the annual disclosures that satisfy the October 1, 2022 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:   
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Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #23-7778

Enclosures

cc via email: Adam Levinson, Board Attorney  
cc via email: Ron Haring, 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, 2022 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, 2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.25%	5.25%	9.25%
<u>Total Pension Liability</u>			
Service Cost	702,824	1,069,318	490,778
Interest	2,604,290	2,446,987	2,677,269
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	430,608	707,046	239,263
Changes of Assumptions	927,618	1,431,081	624,703
Benefit Payments, Including Refunds of Employee Contributions	(1,927,814)	(1,927,814)	(1,927,814)
Net Change in Total Pension Liability	2,737,526	3,726,618	2,104,199
Total Pension Liability - Beginning	34,984,948	44,385,258	28,654,907
Total Pension Liability - Ending (a)	<u>\$ 37,722,474</u>	<u>\$ 48,111,876</u>	<u>\$ 30,759,106</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	656,304	656,304	656,304
Contributions - State	305,168	305,168	305,168
Contributions - Employee	305,249	305,249	305,249
Net Investment Income	(4,684,210)	(4,684,210)	(4,684,210)
Benefit Payments, Including Refunds of Employee Contributions	(1,927,814)	(1,927,814)	(1,927,814)
Administrative Expenses	(67,273)	(67,273)	(67,273)
Net Change in Plan Fiduciary Net Position	(5,412,576)	(5,412,576)	(5,412,576)
Plan Fiduciary Net Position - Beginning	33,613,026	33,613,026	33,613,026
Plan Fiduciary Net Position - Ending (b)	<u>\$ 28,200,450</u>	<u>\$ 28,200,450</u>	<u>\$ 28,200,450</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 9,522,024</u>	<u>\$ 19,911,426</u>	<u>\$ 2,558,656</u>

## PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1  
Plan Assumptions: Discount Rate = 7.25%

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
2022	28,154,345	-	3,103,055	-	1,928,704	26,979,994
2023	26,979,994	-	2,280,868	-	1,873,368	26,572,494
2024	26,572,494	-	2,343,439	-	1,841,556	26,070,611
2025	26,070,611	-	2,441,085	-	1,801,630	25,431,156
2026	25,431,156	-	2,466,826	-	1,754,336	24,718,666
2027	24,718,666	-	2,488,332	-	1,701,901	23,932,235
2028	23,932,235	-	2,521,098	-	1,643,697	23,054,834
2029	23,054,834	-	2,540,555	-	1,579,380	22,093,659
2030	22,093,659	-	2,601,730	-	1,507,478	20,999,407
2031	20,999,407	-	2,622,785	-	1,427,381	19,804,003
2032	19,804,003	-	2,707,018	-	1,337,661	18,434,646
2033	18,434,646	-	2,736,959	-	1,237,297	16,934,984
2034	16,934,984	-	2,739,179	-	1,128,491	15,324,296
2035	15,324,296	-	2,746,485	-	1,011,451	13,589,262
2036	13,589,262	-	2,748,745	-	885,579	11,726,096
2037	11,726,096	-	2,769,437	-	749,750	9,706,409
2038	9,706,409	-	2,766,523	-	603,428	7,543,314
2039	7,543,314	-	2,747,662	-	447,288	5,242,940
2040	5,242,940	-	2,741,953	-	280,717	2,781,704
2041	2,781,704	-	2,720,873	-	103,042	163,873
2042	163,873	-	2,702,635	-	-	-

\*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 20.06

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.25% 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 = 5.25%

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
2022	28,154,345	-	3,103,055	-	1,396,648	26,447,938
2023	26,447,938	-	2,280,868	-	1,328,644	25,495,714
2024	25,495,714	-	2,343,439	-	1,277,010	24,429,285
2025	24,429,285	-	2,441,085	-	1,218,459	23,206,659
2026	23,206,659	-	2,466,826	-	1,153,595	21,893,428
2027	21,893,428	-	2,488,332	-	1,084,086	20,489,182
2028	20,489,182	-	2,521,098	-	1,009,503	18,977,587
2029	18,977,587	-	2,540,555	-	929,634	17,366,666
2030	17,366,666	-	2,601,730	-	843,455	15,608,391
2031	15,608,391	-	2,622,785	-	750,592	13,736,198
2032	13,736,198	-	2,707,018	-	650,091	11,679,271
2033	11,679,271	-	2,736,959	-	541,317	9,483,629
2034	9,483,629	-	2,739,179	-	425,987	7,170,437
2035	7,170,437	-	2,746,485	-	304,353	4,728,305
2036	4,728,305	-	2,748,745	-	176,081	2,155,641
2037	2,155,641	-	2,769,437	-	-	-

\*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 15.78

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.25% 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 3  
Hypothetical Assumptions: Discount Rate = 9.25%

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
2022	28,154,345	-	3,103,055	-	2,460,761	27,512,051
2023	27,512,051	-	2,280,868	-	2,439,375	27,670,558
2024	27,670,558	-	2,343,439	-	2,451,143	27,778,262
2025	27,778,262	-	2,441,085	-	2,456,589	27,793,766
2026	27,793,766	-	2,466,826	-	2,456,833	27,783,773
2027	27,783,773	-	2,488,332	-	2,454,914	27,750,355
2028	27,750,355	-	2,521,098	-	2,450,307	27,679,564
2029	27,679,564	-	2,540,555	-	2,442,859	27,581,868
2030	27,581,868	-	2,601,730	-	2,430,993	27,411,131
2031	27,411,131	-	2,622,785	-	2,414,226	27,202,572
2032	27,202,572	-	2,707,018	-	2,391,038	26,886,592
2033	26,886,592	-	2,736,959	-	2,360,425	26,510,058
2034	26,510,058	-	2,739,179	-	2,325,493	26,096,372
2035	26,096,372	-	2,746,485	-	2,286,889	25,636,776
2036	25,636,776	-	2,748,745	-	2,244,272	25,132,303
2037	25,132,303	-	2,769,437	-	2,196,652	24,559,518
2038	24,559,518	-	2,766,523	-	2,143,804	23,936,799
2039	23,936,799	-	2,747,662	-	2,087,075	23,276,212
2040	23,276,212	-	2,741,953	-	2,026,234	22,560,493
2041	22,560,493	-	2,720,873	-	1,961,005	21,800,625
2042	21,800,625	-	2,702,635	-	1,891,561	20,989,551
2043	20,989,551	-	2,670,037	-	1,818,044	20,137,558
2044	20,137,558	-	2,629,134	-	1,741,127	19,249,551
2045	19,249,551	-	2,584,192	-	1,661,065	18,326,424
2046	18,326,424	-	2,533,409	-	1,578,024	17,371,039
2047	17,371,039	-	2,482,472	-	1,492,007	16,380,574
2048	16,380,574	-	2,420,487	-	1,403,256	15,363,343
2049	15,363,343	-	2,352,476	-	1,312,307	14,323,174
2050	14,323,174	-	2,283,486	-	1,219,282	13,258,970
2051	13,258,970	-	2,209,814	-	1,124,251	12,173,407
2052	12,173,407	-	2,138,188	-	1,027,149	11,062,368
2053	11,062,368	-	2,058,566	-	928,060	9,931,862
2054	9,931,862	-	1,974,928	-	827,357	8,784,291
2055	8,784,291	-	1,891,578	-	725,061	7,617,774
2056	7,617,774	-	1,806,974	-	621,072	6,431,872
2057	6,431,872	-	1,725,062	-	515,164	5,221,974
2058	5,221,974	-	1,639,433	-	407,209	3,989,750
2059	3,989,750	-	1,552,334	-	297,256	2,734,672
2060	2,734,672	-	1,466,485	-	185,132	1,453,319
2061	1,453,319	-	1,382,436	-	70,494	141,377
2062	141,377	-	1,301,351	-	-	-

\*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 40.11

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 9.25% 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, 2024

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.25%	5.25%	9.25%
Minimum Required Contribution (Fixed \$)	\$1,505,454	\$2,570,130	\$659,634
Minimum Required Contribution (% of Payroll)	42.27%	72.17%	18.53%
Expected Member Contribution	284,926	284,926	284,926
Expected State Money	305,168	305,168	305,168
Expected Sponsor Contribution (Fixed \$)	\$915,360	\$1,980,036	\$69,540
Expected Sponsor Contribution (% of Payroll)	25.70%	55.60%	1.96%

**ASSETS**

Actuarial Value <sup>1</sup>	32,161,164	32,161,164	32,161,164
Market Value <sup>1</sup>	28,154,345	28,154,345	28,154,345

**LIABILITIES**

Present Value of Benefits

Actives

Retirement Benefits	15,680,529	23,750,947	11,025,653
Disability Benefits	810,656	1,193,960	584,874
Death Benefits	224,541	320,895	166,377
Vested Benefits	608,510	965,593	405,899
Refund of Contributions	263,050	275,457	251,864
Service Retirees	16,791,518	20,540,101	14,116,027
DROP Retirees <sup>1</sup>	6,519,440	8,036,133	5,490,875
Beneficiaries	1,616,754	1,967,636	1,369,246
Disability Retirees	345,330	417,467	293,570
Terminated Vested	284,975	392,269	219,879
Share Plan Balances <sup>1</sup>	0	0	0
<b>Total:</b>	<b>43,145,303</b>	<b>57,860,458</b>	<b>33,924,264</b>

Present Value of Future Salaries	24,889,459	27,603,773	22,668,381
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Present Value of Future

Member Contributions	1,991,157	2,208,302	1,813,470
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Total Normal Cost	792,889	1,237,918	537,324
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Present Value of Future

Normal Costs (Entry Age Normal)	5,090,354	9,077,730	3,054,069
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Total Actuarial Accrued Liability (EAN) <sup>1</sup>	38,054,949	48,782,728	30,870,195
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Unfunded Actuarial Accrued Liability (UAAL)	5,893,785	16,621,564	(1,290,969)
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ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.25%	5.25%	9.25%
<b><u>PENSION COST</u></b>			
Normal Cost (with interest)	792,889	1,237,918	537,324
Administrative Expenses (with interest)	57,652	57,652	57,652
Payment Required To Amortize UAAL (with interest)	<u>654,913</u>	<u>1,274,560</u>	<u>64,658</u>
Minimum Required Contribution	\$1,505,454	\$2,570,130	\$659,634

<sup>1</sup> The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022.