

**CITY OF DAYTONA BEACH
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT SYSTEM**

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

July 22, 2022

VIA EMAIL

Ms. Ferrell Jenne, Plan Administrator
City of Daytona Beach
Police Officers' and Firefighters' Retirement System
2503 Del Prado Blvd. S., Suite 502
Cape Coral, FL 33904

Re: City of Daytona Beach Police Officers' and Firefighters' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Ferrell:

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.

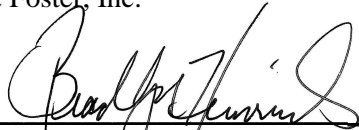
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should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

Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #20-6901

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	
	7.50%	5.50%	9.50%
Discount Rate:	7.50%	5.50%	9.50%
<u>Total Pension Liability</u>			
Service Cost	3,349,165	5,364,091	2,178,979
Interest	19,483,277	18,021,566	20,214,903
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	5,353,133	6,497,621	4,464,515
Changes of Assumptions	-	-	-
Contributions - Buy Back	30,883	30,883	30,883
Benefit Payments, Including Refunds of Employee Contributions	(19,341,470)	(19,341,470)	(19,341,470)
Net Change in Total Pension Liability	8,874,988	10,572,691	7,547,810
Total Pension Liability - Beginning	266,098,596	331,971,482	220,280,209
Total Pension Liability - Ending (a)	<u>\$ 274,973,584</u>	<u>\$ 342,544,173</u>	<u>\$ 227,828,019</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	8,661,431	8,661,431	8,661,431
Contributions - State	1,081,810	1,081,810	1,081,810
Contributions - Employee	1,913,053	1,913,053	1,913,053
Contributions - Buy Back	30,883	30,883	30,883
Net Investment Income	43,882,251	43,882,251	43,882,251
Benefit Payments, Including Refunds of Employee Contributions	(19,341,470)	(19,341,470)	(19,341,470)
Administrative Expenses	(282,420)	(282,420)	(282,420)
Net Change in Plan Fiduciary Net Position	35,945,538	35,945,538	35,945,538
Plan Fiduciary Net Position - Beginning	203,672,067	203,672,067	203,672,067
Plan Fiduciary Net Position - Ending (b)	<u>\$ 239,617,605</u>	<u>\$ 239,617,605</u>	<u>\$ 239,617,605</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 35,355,979</u>	<u>\$ 102,926,568</u>	<u>\$ (11,789,586)</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	239,585,390	-	19,849,413	-	17,224,551	236,960,528
2022	236,960,528	-	19,160,842	-	17,053,508	234,853,194
2023	234,853,194	-	19,736,947	-	16,873,854	231,990,101
2024	231,990,101	-	20,229,943	-	16,640,635	228,400,793
2025	228,400,793	-	20,643,842	-	16,355,915	224,112,866
2026	224,112,866	-	21,029,997	-	16,019,840	219,102,709
2027	219,102,709	-	21,313,260	-	15,633,456	213,422,905
2028	213,422,905	-	21,577,608	-	15,197,558	207,042,855
2029	207,042,855	-	21,754,444	-	14,712,422	200,000,833
2030	200,000,833	-	21,852,542	-	14,180,592	192,328,883
2031	192,328,883	-	21,866,729	-	13,604,664	184,066,818
2032	184,066,818	-	21,811,108	-	12,987,095	175,242,805
2033	175,242,805	-	21,706,829	-	12,329,204	165,865,180
2034	165,865,180	-	21,559,774	-	11,631,397	155,936,803
2035	155,936,803	-	21,339,085	-	10,895,045	145,492,763
2036	145,492,763	-	21,076,548	-	10,121,587	134,537,802
2037	134,537,802	-	20,797,729	-	9,310,420	123,050,493
2038	123,050,493	-	20,469,220	-	8,461,191	111,042,464
2039	111,042,464	-	20,132,291	-	7,573,224	98,483,397
2040	98,483,397	-	19,766,250	-	6,645,020	85,362,167
2041	85,362,167	-	19,378,026	-	5,675,487	71,659,628
2042	71,659,628	-	18,964,624	-	4,663,299	57,358,303
2043	57,358,303	-	18,539,425	-	3,606,644	42,425,522
2044	42,425,522	-	18,091,643	-	2,503,478	26,837,357
2045	26,837,357	-	17,618,163	-	1,352,121	10,571,315
2046	10,571,315	-	17,127,025	-	-	-

*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 25.62

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	239,585,390	-	19,849,413	-	12,631,338	232,367,315
2022	232,367,315	-	19,160,842	-	12,253,279	225,459,752
2023	225,459,752	-	19,736,947	-	11,857,520	217,580,325
2024	217,580,325	-	20,229,943	-	11,410,594	208,760,976
2025	208,760,976	-	20,643,842	-	10,914,148	199,031,282
2026	199,031,282	-	21,029,997	-	10,368,396	188,369,681
2027	188,369,681	-	21,313,260	-	9,774,218	176,830,639
2028	176,830,639	-	21,577,608	-	9,132,301	164,385,332
2029	164,385,332	-	21,754,444	-	8,442,946	151,073,834
2030	151,073,834	-	21,852,542	-	7,708,116	136,929,408
2031	136,929,408	-	21,866,729	-	6,929,782	121,992,461
2032	121,992,461	-	21,811,108	-	6,109,780	106,291,133
2033	106,291,133	-	21,706,829	-	5,249,075	89,833,379
2034	89,833,379	-	21,559,774	-	4,347,942	72,621,547
2035	72,621,547	-	21,339,085	-	3,407,360	54,689,822
2036	54,689,822	-	21,076,548	-	2,428,335	36,041,609
2037	36,041,609	-	20,797,729	-	1,410,351	16,654,231
2038	16,654,231	-	20,469,220	-	-	-

*All DROP Balances paid in 2021.

Number of Years Expected Benefit Payments Sustained: 17.81

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.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.50%

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	239,585,390	-	19,849,413	-	21,817,765	241,553,742
2022	241,553,742	-	19,160,842	-	22,037,465	244,430,365
2023	244,430,365	-	19,736,947	-	22,283,380	246,976,798
2024	246,976,798	-	20,229,943	-	22,501,874	249,248,729
2025	249,248,729	-	20,643,842	-	22,698,047	251,302,934
2026	251,302,934	-	21,029,997	-	22,874,854	253,147,791
2027	253,147,791	-	21,313,260	-	23,036,660	254,871,191
2028	254,871,191	-	21,577,608	-	23,187,827	256,481,410
2029	256,481,410	-	21,754,444	-	23,332,398	258,059,364
2030	258,059,364	-	21,852,542	-	23,477,644	259,684,466
2031	259,684,466	-	21,866,729	-	23,631,355	261,449,092
2032	261,449,092	-	21,811,108	-	23,801,636	263,439,620
2033	263,439,620	-	21,706,829	-	23,995,690	265,728,481
2034	265,728,481	-	21,559,774	-	24,220,116	268,388,823
2035	268,388,823	-	21,339,085	-	24,483,332	271,533,070
2036	271,533,070	-	21,076,548	-	24,794,506	275,251,028
2037	275,251,028	-	20,797,729	-	25,160,956	279,614,255
2038	279,614,255	-	20,469,220	-	25,591,066	284,736,101
2039	284,736,101	-	20,132,291	-	26,093,646	290,697,456
2040	290,697,456	-	19,766,250	-	26,677,361	297,608,567
2041	297,608,567	-	19,378,026	-	27,352,358	305,582,899
2042	305,582,899	-	18,964,624	-	28,129,556	314,747,831
2043	314,747,831	-	18,539,425	-	29,020,421	325,228,827
2044	325,228,827	-	18,091,643	-	30,037,386	337,174,570
2045	337,174,570	-	17,618,163	-	31,194,721	350,751,128
2046	350,751,128	-	17,127,025	-	32,507,823	366,131,926
2047	366,131,926	-	16,606,447	-	33,993,727	383,519,206
2048	383,519,206	-	16,065,281	-	35,671,224	403,125,149
2049	403,125,149	-	15,502,516	-	37,560,520	425,183,153
2050	425,183,153	-	14,924,296	-	39,683,495	449,942,352
2051	449,942,352	-	14,334,350	-	42,063,642	477,671,644
2052	477,671,644	-	13,737,170	-	44,726,291	508,660,765
2053	508,660,765	-	13,135,783	-	47,698,823	543,223,805
2054	543,223,805	-	12,531,460	-	51,011,017	581,703,362
2055	581,703,362	-	11,925,905	-	54,695,339	624,472,796
2056	624,472,796	-	11,320,725	-	58,787,181	671,939,252
2057	671,939,252	-	10,718,727	-	63,325,089	724,545,614
2058	724,545,614	-	10,121,989	-	68,351,039	782,774,664
2059	782,774,664	-	9,532,494	-	73,910,800	847,152,970
2060	847,152,970	-	8,950,994	-	80,054,360	918,256,336
2061	918,256,336	-	8,379,735	-	86,836,315	996,712,916
2062	996,712,916	-	7,820,658	-	94,316,246	1,083,208,504
2063	1,083,208,504	-	7,275,890	-	102,559,203	1,178,491,817
2064	1,178,491,817	-	6,746,777	-	111,636,251	1,283,381,291
2065	1,283,381,291	-	6,234,933	-	121,625,063	1,398,771,421
2066	1,398,771,421	-	5,742,074	-	132,610,536	1,525,639,883
2067	1,525,639,883	-	5,269,631	-	144,685,481	1,665,055,733
2068	1,665,055,733	-	4,819,002	-	157,951,392	1,818,188,123
2069	1,818,188,123	-	4,391,299	-	172,519,285	1,986,316,109

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.50%

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
2070	1,986,316,109	-	3,987,200	-	188,510,638	2,170,839,547
2071	2,170,839,547	-	3,607,328	-	206,058,409	2,373,290,628
2072	2,373,290,628	-	3,251,765	-	225,308,151	2,595,347,014
2073	2,595,347,014	-	2,920,055	-	246,419,264	2,838,846,223
2074	2,838,846,223	-	2,611,783	-	269,566,331	3,105,800,771
2075	3,105,800,771	-	2,326,788	-	294,940,551	3,398,414,534
2076	3,398,414,534	-	2,064,531	-	322,751,316	3,719,101,319
2077	3,719,101,319	-	1,824,403	-	353,227,966	4,070,504,882
2078	4,070,504,882	-	1,605,612	-	386,621,697	4,455,520,967
2079	4,455,520,967	-	1,407,247	-	423,207,648	4,877,321,368
2080	4,877,321,368	-	1,228,305	-	463,287,185	5,339,380,248
2081	5,339,380,248	-	1,067,659	-	507,190,410	5,845,502,999
2082	5,845,502,999	-	923,934	-	555,278,898	6,399,857,963
2083	6,399,857,963	-	795,962	-	607,948,698	7,007,010,699
2084	7,007,010,699	-	682,514	-	665,633,597	7,671,961,782
2085	7,671,961,782	-	582,406	-	728,808,705	8,400,188,081
2086	8,400,188,081	-	494,530	-	797,994,378	9,197,687,929
2087	9,197,687,929	-	417,843	-	873,760,506	10,071,030,592
2088	10,071,030,592	-	351,287	-	956,731,220	11,027,410,525
2089	11,027,410,525	-	293,804	-	1,047,590,044	12,074,706,765
2090	12,074,706,765	-	244,387	-	1,147,085,534	13,221,547,912
2091	13,221,547,912	-	202,096	-	1,256,037,452	14,477,383,268
2092	14,477,383,268	-	166,016	-	1,375,343,525	15,852,560,777
2093	15,852,560,777	-	135,338	-	1,505,986,845	17,358,412,284
2094	17,358,412,284	-	109,362	-	1,649,043,972	19,007,346,894
2095	19,007,346,894	-	87,480	-	1,805,693,800	20,812,953,214
2096	20,812,953,214	-	69,172	-	1,977,227,270	22,790,111,312
2097	22,790,111,312	-	53,989	-	2,165,058,010	24,955,115,333
2098	24,955,115,333	-	41,524	-	2,370,733,984	27,325,807,793
2099	27,325,807,793	-	31,416	-	2,595,950,248	29,921,726,625
2100	29,921,726,625	-	23,349	-	2,842,562,920	32,764,266,196
2101	32,764,266,196	-	17,023	-	3,112,604,480	35,876,853,653
2102	35,876,853,653	-	12,156	-	3,408,300,520	39,285,142,017
2103	39,285,142,017	-	8,489	-	3,732,088,088	43,017,221,616
2104	43,017,221,616	-	5,795	-	4,086,635,778	47,103,851,599
2105	47,103,851,599	-	3,866	-	4,474,865,718	51,578,713,451
2106	51,578,713,451	-	2,517	-	4,899,977,658	56,478,688,592
2107	56,478,688,592	-	1,598	-	5,365,475,340	61,844,162,334
2108	61,844,162,334	-	992	-	5,875,195,375	67,719,356,717
2109	67,719,356,717	-	602	-	6,433,338,860	74,152,694,975
2110	74,152,694,975	-	357	-	7,044,506,006	81,197,200,624
2111	81,197,200,624	-	206	-	7,713,734,049	88,910,934,467
2112	88,910,934,467	-	116	-	8,446,538,769	97,357,473,120
2113	97,357,473,120	-	63	-	9,248,959,943	106,606,433,000
2114	106,606,433,000	-	34	-	10,127,611,133	116,734,044,099
2115	116,734,044,099	-	18	-	11,089,734,189	127,823,778,270
2116	127,823,778,270	-	9	-	12,143,258,935	139,967,037,196
2117	139,967,037,196	-	4	-	13,296,868,533	153,263,905,725
2118	153,263,905,725	-	2	-	14,560,071,044	167,823,976,767

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 3
Hypothetical Assumptions: Discount Rate = 9.50%

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
2119	167,823,976,767	-	1	-	15,943,277,793	183,767,254,559
2120	183,767,254,559	-	-	-	17,457,889,183	201,225,143,742

*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 9.50% 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	
	7.50%	5.50%	9.50%
Investment Rate of Return:	7.50%	5.50%	9.50%
Minimum Required Contribution (Fixed \$)	\$11,488,546	\$17,415,021	\$6,503,446
Minimum Required Contribution (% of Payroll)	57.4%	86.9%	32.5%
Expected Member Contribution	1,972,062	1,953,054	1,991,069
Expected State Money	1,081,810	1,081,810	1,081,810
Expected Sponsor Contribution (Fixed \$)	\$8,434,674	\$14,380,157	\$3,430,567
Expected Sponsor Contribution (% of Payroll)	42.3%	71.8%	17.4%

ASSETS

Actuarial Value ¹	212,149,292	212,149,292	212,149,292
Market Value ¹	239,585,390	239,585,390	239,585,390

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	75,401,499	111,739,662	53,875,433
Disability Benefits	4,668,045	6,973,114	3,316,182
Death Benefits	894,844	1,339,224	636,704
Vested Benefits	3,529,215	6,195,842	2,127,086
Refund of Contributions	1,035,860	1,096,016	981,761
Service Retirees	175,068,052	213,049,120	147,969,853
DROP Retirees ¹	9,580,241	11,929,799	7,999,815
Beneficiaries	6,222,695	7,375,308	5,376,152
Disability Retirees	20,842,321	25,664,034	17,486,729
Terminated Vested	2,087,596	2,780,374	1,653,390
Share Plan Balances ¹	0	0	0
COLA Fund Reserve	1,556,968	1,556,968	1,556,968
Total:	300,887,336	389,699,461	242,980,073
Present Value of Future Salaries	156,099,537	177,631,884	139,269,580
Present Value of Future Member Contributions	14,813,846	16,857,266	13,216,683
Total Normal Cost	3,280,050	5,251,652	2,134,905
Present Value of Future Normal Costs (Entry Age Normal)	24,617,467	44,985,533	14,237,904
Total Actuarial Accrued Liability (EAN) ¹	276,269,869	344,713,928	228,742,169
Unfunded Actuarial Accrued Liability (UAAL)	64,120,577	132,564,636	16,592,877

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%	9.50%
<u>PENSION COST</u>			
Normal Cost ²	3,419,780	5,475,372	2,225,852
Administrative Expenses ²	300,128	300,128	300,128
Payment Required To Amortize UAAL ²	7,768,638	11,639,521	3,977,466
Minimum Required Contribution	\$11,488,546	\$17,415,021	\$6,503,446

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

² Contributions developed as of 10/1/2021 displayed above have been adjusted to account for assumed salary increase and interest components.