

May 28, 2019

VIA EMAIL

Shirley Lowrance, Finance Director
City of Auburndale
Retirement Plan for General Employees
P. O. Box 186
Auburndale, FL 33823

Re: City of Auburndale Retirement Plan for General Employees
Section 112.664, Florida Statutes Compliance

Dear Shirley:

Please find enclosed the annual disclosures that satisfy the October 1, 2018 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.

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 #17-6595

PTD/lke
Enclosures

cc via email: Scott Christiansen, Board Attorney

CITY OF AUBURNDALE
RETIREMENT PLAN FOR GENERAL EMPLOYEES

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

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.

By: Patrick T. Donlan Date: 5/28/2019

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #17-6595



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, 2018 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, 2018

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>Total Pension Liability</u>			
Service Cost	185,667	304,494	118,755
Interest	1,892,510	1,737,782	1,971,298
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	304,208	458,802	203,151
Changes of Assumptions	-	-	-
Contributions - Buy Back	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,620,974)	(1,620,974)	(1,620,974)
Net Change in Total Pension Liability	761,411	880,104	672,230
Total Pension Liability - Beginning	25,858,289	32,102,036	21,442,236
Total Pension Liability - Ending (a)	<u>\$ 26,619,700</u>	<u>\$ 32,982,140</u>	<u>\$ 22,114,466</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,505,874	1,505,874	1,505,874
Contributions - Employee	45,600	45,600	45,600
Contributions - Buy Back	-	-	-
Net Investment Income	1,442,390	1,442,390	1,442,390
Benefit Payments, Including Refunds of Employee Contributions	(1,620,974)	(1,620,974)	(1,620,974)
Administrative Expenses	(38,279)	(38,279)	(38,279)
Net Change in Plan Fiduciary Net Position	1,334,611	1,334,611	1,334,611
Plan Fiduciary Net Position - Beginning	18,615,715	18,615,715	18,615,715
Plan Fiduciary Net Position - Ending (b)	<u>\$ 19,950,326</u>	<u>\$ 19,950,326</u>	<u>\$ 19,950,326</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 6,669,374</u>	<u>\$ 13,031,814</u>	<u>\$ 2,164,140</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% 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
2018	19,950,221	-	1,948,084	-	1,423,213	19,425,350
2019	19,425,350	-	1,984,766	-	1,382,473	18,823,057
2020	18,823,057	-	2,000,499	-	1,336,711	18,159,269
2021	18,159,269	-	2,023,640	-	1,286,059	17,421,688
2022	17,421,688	-	1,974,541	-	1,232,581	16,679,728
2023	16,679,728	-	2,037,067	-	1,174,590	15,817,251
2024	15,817,251	-	2,063,347	-	1,108,918	14,862,822
2025	14,862,822	-	2,054,404	-	1,037,672	13,846,090
2026	13,846,090	-	2,075,409	-	960,629	12,731,310
2027	12,731,310	-	2,028,817	-	878,768	11,581,261
2028	11,581,261	-	2,040,343	-	792,082	10,333,000
2029	10,333,000	-	2,037,410	-	698,572	8,994,162
2030	8,994,162	-	1,978,474	-	600,369	7,616,057
2031	7,616,057	-	1,990,913	-	496,545	6,121,689
2032	6,121,689	-	1,961,836	-	385,558	4,545,411
2033	4,545,411	-	1,922,327	-	268,819	2,891,903
2034	2,891,903	-	1,908,191	-	145,336	1,129,048
2035	1,129,048	-	1,867,820	-	-	-

Number of Years Expected Benefit Payments Sustained: 17.60

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: 5.50% 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
2018	19,950,221	-	1,948,084	-	1,043,690	19,045,827
2019	19,045,827	-	1,984,766	-	992,939	18,054,000
2020	18,054,000	-	2,000,499	-	937,956	16,991,457
2021	16,991,457	-	2,023,640	-	878,880	15,846,697
2022	15,846,697	-	1,974,541	-	817,268	14,689,424
2023	14,689,424	-	2,037,067	-	751,899	13,404,256
2024	13,404,256	-	2,063,347	-	680,492	12,021,401
2025	12,021,401	-	2,054,404	-	604,681	10,571,678
2026	10,571,678	-	2,075,409	-	524,369	9,020,638
2027	9,020,638	-	2,028,817	-	440,343	7,432,164
2028	7,432,164	-	2,040,343	-	352,660	5,744,481
2029	5,744,481	-	2,037,410	-	259,918	3,966,989
2030	3,966,989	-	1,978,474	-	163,776	2,152,291
2031	2,152,291	-	1,990,913	-	63,626	225,004
2032	225,004	-	1,961,836	-	-	-

Number of Years Expected Benefit Payments Sustained: 14.11

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: 9.50% 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
2018	19,950,221	-	1,948,084	-	1,802,737	19,804,874
2019	19,804,874	-	1,984,766	-	1,787,187	19,607,295
2020	19,607,295	-	2,000,499	-	1,767,669	19,374,465
2021	19,374,465	-	2,023,640	-	1,744,451	19,095,276
2022	19,095,276	-	1,974,541	-	1,720,261	18,840,996
2023	18,840,996	-	2,037,067	-	1,693,134	18,497,063
2024	18,497,063	-	2,063,347	-	1,659,212	18,092,928
2025	18,092,928	-	2,054,404	-	1,621,244	17,659,768
2026	17,659,768	-	2,075,409	-	1,579,096	17,163,455
2027	17,163,455	-	2,028,817	-	1,534,159	16,668,797
2028	16,668,797	-	2,040,343	-	1,486,619	16,115,073
2029	16,115,073	-	2,037,410	-	1,434,155	15,511,818
2030	15,511,818	-	1,978,474	-	1,379,645	14,912,989
2031	14,912,989	-	1,990,913	-	1,322,166	14,244,242
2032	14,244,242	-	1,961,836	-	1,260,016	13,542,422
2033	13,542,422	-	1,922,327	-	1,195,220	12,815,315
2034	12,815,315	-	1,908,191	-	1,126,816	12,033,940
2035	12,033,940	-	1,867,820	-	1,054,503	11,220,623
2036	11,220,623	-	1,840,171	-	978,551	10,359,003
2037	10,359,003	-	1,797,819	-	898,709	9,459,893
2038	9,459,893	-	1,744,332	-	815,834	8,531,395
2039	8,531,395	-	1,676,712	-	730,839	7,585,522
2040	7,585,522	-	1,632,193	-	643,095	6,596,424
2041	6,596,424	-	1,566,436	-	552,255	5,582,243
2042	5,582,243	-	1,517,469	-	458,233	4,523,007
2043	4,523,007	-	1,457,071	-	360,475	3,426,411
2044	3,426,411	-	1,392,293	-	259,375	2,293,493
2045	2,293,493	-	1,326,932	-	154,853	1,121,414
2046	1,121,414	-	1,261,086	-	-	-

Number of Years Expected Benefit Payments Sustained: 28.89

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, 2020

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
Minimum Required Contribution (Fixed \$)	\$1,365,771	\$1,825,445	\$943,523
Minimum Required Contribution (% of Payroll)	90.3%	120.7%	62.4%
Expected Member Contribution	30,241	30,241	30,241
Expected Sponsor Contribution (Fixed \$)	\$1,335,530	\$1,795,204	\$913,282
Expected Sponsor Contribution (% of Payroll)	88.3%	118.7%	60.4%

ASSETS

Actuarial Value	19,517,481	19,517,481	19,517,481
Market Value	19,950,221	19,950,221	19,950,221

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	12,691,718	16,292,215	10,256,586
Disability Benefits	334,327	436,981	263,931
Death Benefits	156,794	213,951	120,056
Vested Benefits	1,761,650	2,559,142	1,269,543
Refund of Contributions	0	0	0
Service Retirees	11,856,180	14,207,401	10,142,249
Beneficiaries	357,606	425,815	307,626
Disability Retirees	281,515	347,241	235,331
Terminated Vested	641,366	892,310	484,402
Total:	28,081,156	35,375,056	23,079,724
Present Value of Future Salaries	9,970,183	10,929,234	9,174,811
Present Value of Future Member Contributions	199,404	218,585	183,496
Total Normal Cost	173,956	284,198	111,250
Present Value of Future Normal Costs (Entry Age Normal)	954,112	1,772,860	542,933
Total Actuarial Accrued Liability	27,127,044	33,602,196	22,536,791
Unfunded Actuarial Accrued Liability (UAAL)	7,609,563	14,084,715	3,019,310

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

Valuation Date: 10/1/2018

	ACTUAL	HYPOTHETICAL	
	7.50% RP-2000 Generational	5.50% RP-2000 Generational	9.50% RP-2000 Generational
<u>PENSION COST</u>			
Normal Cost (with interest)	180,479	292,013	116,534
Administrative Expenses (with interest)	39,714	39,332	40,097
Payment Required To Amortize UAAL (with interest)	1,145,578	1,494,100	786,892
Minimum Required Contribution	\$1,365,771	\$1,825,445	\$943,523