

CITY OF AUBURNDALE
RETIREMENT PLAN FOR GENERAL EMPLOYEES

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



June 23, 2023

VIA E-MAIL

Susy Pita, Plan Administrator
City of Auburndale
Retirement Plan for General Employees
233 Seaside Landings Dr. S.
Flagler Beach, FL 32136

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

Dear Susy:

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: 

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #23-6595

Enclosures

cc via email: Scott Christiansen, Board Attorney
cc via email: Christopher Reeder, 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

	ACTUAL	HYPOTHETICAL	
	7.25%	5.25%	9.25%
Discount Rate:	7.25%	5.25%	9.25%
<u>Total Pension Liability</u>			
Service Cost	128,798	217,464	79,788
Interest	1,983,224	1,776,803	2,103,142
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	563,430	830,722	380,551
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,790,307)	(1,790,307)	(1,790,307)
Net Change in Total Pension Liability	885,145	1,034,682	773,174
Total Pension Liability - Beginning	28,121,172	34,521,555	23,552,036
Total Pension Liability - Ending (a)	<u>\$ 29,006,317</u>	<u>\$ 35,556,237</u>	<u>\$ 24,325,210</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	1,226,881	1,226,881	1,226,881
Contributions - Employee	28,791	28,791	28,791
Net Investment Income	(3,881,843)	(3,881,843)	(3,881,843)
Benefit Payments, Including Refunds of Employee Contributions	(1,790,307)	(1,790,307)	(1,790,307)
Administrative Expenses	(60,611)	(60,611)	(60,611)
Net Change in Plan Fiduciary Net Position	(4,477,089)	(4,477,089)	(4,477,089)
Plan Fiduciary Net Position - Beginning	26,058,386	26,058,386	26,058,386
Plan Fiduciary Net Position - Ending (b)	<u>\$ 21,581,297</u>	<u>\$ 21,581,297</u>	<u>\$ 21,581,297</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,425,020</u>	<u>\$ 13,974,940</u>	<u>\$ 2,743,913</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	21,581,297	-	2,433,268	-	1,476,438	20,624,467
2023	20,624,467	-	2,104,097	-	1,419,000	19,939,370
2024	19,939,370	-	2,155,436	-	1,367,470	19,151,404
2025	19,151,404	-	2,195,975	-	1,308,873	18,264,302
2026	18,264,302	-	2,206,317	-	1,244,183	17,302,168
2027	17,302,168	-	2,166,879	-	1,175,858	16,311,147
2028	16,311,147	-	2,181,391	-	1,103,483	15,233,239
2029	15,233,239	-	2,192,650	-	1,024,926	14,065,515
2030	14,065,515	-	2,151,783	-	941,748	12,855,480
2031	12,855,480	-	2,179,478	-	853,016	11,529,018
2032	11,529,018	-	2,162,628	-	757,459	10,123,849
2033	10,123,849	-	2,146,078	-	656,184	8,633,955
2034	8,633,955	-	2,135,043	-	548,566	7,047,478
2035	7,047,478	-	2,075,741	-	435,697	5,407,434
2036	5,407,434	-	2,056,290	-	317,498	3,668,642
2037	3,668,642	-	2,034,744	-	192,217	1,826,115
2038	1,826,115	-	1,982,689	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 16.92

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	21,581,297	-	2,433,268	-	1,069,145	20,217,174
2023	20,217,174	-	2,104,097	-	1,006,169	19,119,246
2024	19,119,246	-	2,155,436	-	947,180	17,910,990
2025	17,910,990	-	2,195,975	-	882,683	16,597,698
2026	16,597,698	-	2,206,317	-	813,463	15,204,844
2027	15,204,844	-	2,166,879	-	741,374	13,779,339
2028	13,779,339	-	2,181,391	-	666,154	12,264,102
2029	12,264,102	-	2,192,650	-	586,308	10,657,760
2030	10,657,760	-	2,151,783	-	503,048	9,009,025
2031	9,009,025	-	2,179,478	-	415,763	7,245,310
2032	7,245,310	-	2,162,628	-	323,610	5,406,292
2033	5,406,292	-	2,146,078	-	227,496	3,487,710
2034	3,487,710	-	2,135,043	-	127,060	1,479,727
2035	1,479,727	-	2,075,741	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 13.71

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	21,581,297	-	2,433,268	-	1,883,731	21,031,760
2023	21,031,760	-	2,104,097	-	1,848,123	20,775,786
2024	20,775,786	-	2,155,436	-	1,822,071	20,442,421
2025	20,442,421	-	2,195,975	-	1,789,360	20,035,806
2026	20,035,806	-	2,206,317	-	1,751,270	19,580,759
2027	19,580,759	-	2,166,879	-	1,711,002	19,124,882
2028	19,124,882	-	2,181,391	-	1,668,162	18,611,653
2029	18,611,653	-	2,192,650	-	1,620,168	18,039,171
2030	18,039,171	-	2,151,783	-	1,569,103	17,456,491
2031	17,456,491	-	2,179,478	-	1,513,925	16,790,938
2032	16,790,938	-	2,162,628	-	1,453,140	16,081,450
2033	16,081,450	-	2,146,078	-	1,388,278	15,323,650
2034	15,323,650	-	2,135,043	-	1,318,692	14,507,299
2035	14,507,299	-	2,075,741	-	1,245,922	13,677,480
2036	13,677,480	-	2,056,290	-	1,170,063	12,791,253
2037	12,791,253	-	2,034,744	-	1,089,084	11,845,593
2038	11,845,593	-	1,982,689	-	1,004,018	10,866,922
2039	10,866,922	-	1,901,399	-	917,251	9,882,774
2040	9,882,774	-	1,864,602	-	827,919	8,846,091
2041	8,846,091	-	1,803,648	-	734,845	7,777,288
2042	7,777,288	-	1,740,020	-	638,923	6,676,191
2043	6,676,191	-	1,682,787	-	539,719	5,533,123
2044	5,533,123	-	1,614,464	-	437,145	4,355,804
2045	4,355,804	-	1,544,640	-	331,472	3,142,636
2046	3,142,636	-	1,473,587	-	222,540	1,891,589
2047	1,891,589	-	1,401,582	-	110,149	600,156
2048	600,156	-	1,328,896	-	-	-

*All DROP Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 26.45

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

	ACTUAL	HYPOTHETICAL	
	7.25%	5.25%	9.25%
Investment Rate of Return:	7.25%	5.25%	9.25%
Minimum Required Contribution (Fixed \$)	\$1,260,124	\$1,718,141	\$802,104
Minimum Required Contribution (% of Payroll)	122.2%	166.6%	77.8%
Expected Member Contribution	22,914	22,276	23,558
Expected Sponsor Contribution (Fixed \$)	\$1,237,210	\$1,695,865	\$778,546
Expected Sponsor Contribution (% of Payroll)	120.2%	164.6%	75.8%

ASSETS

Actuarial Value ¹	24,376,876	24,376,876	24,376,876
Market Value ¹	21,581,297	21,581,297	21,581,297

LIABILITIES

Present Value of Benefits			
Active Members			
Retirement Benefits	8,648,870	11,115,709	6,987,100
Disability Benefits	245,205	326,166	190,830
Death Benefits	12,384	16,959	9,455
Vested Benefits	1,205,716	1,743,692	869,649
Refund of Contributions	0	0	0
Service Retirees	17,337,236	20,839,734	14,788,851
Beneficiaries	868,893	997,718	768,818
Disability Retirees	277,518	338,466	233,702
Terminated Vested	750,402	1,084,175	542,634
Total:	29,346,224	36,462,619	24,391,039
Present Value of Future Salaries	6,304,849	6,903,257	5,805,300
Present Value of Future Member Contributions	126,097	138,065	116,106
Total Normal Cost	97,242	169,744	57,792
Present Value of Future Normal Costs (Entry Age Normal)	521,088	1,019,893	279,215
Total Actuarial Accrued Liability (EAN) ¹	28,825,136	35,442,726	24,111,824
Unfunded Actuarial Accrued Liability (UAAL)	4,448,260	11,065,850	(265,052)

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2024

Valuation Date: 10/1/2022

	ACTUAL	HYPOTHETICAL	
	7.25%	5.25%	9.25%
Investment Rate of Return:	7.25%	5.25%	9.25%
<u>PENSION COST</u>			
Normal Cost ²	108,007	183,290	65,993
Administrative Expenses ²	77,895	75,727	80,083
Payment Required To Amortize UAAL ²	1,074,222	1,459,124	656,028
Minimum Required Contribution	\$1,260,124	\$1,718,141	\$802,104

¹ The asset values and liabilities include accumulated DROP Balances as of 9/30/2022.

² Contributions developed as of 10/1/2022 displayed above have been adjusted to account for assumed salary increase and interest components.