

CITY OF AUBURNDALE RETIREMENT PLAN FOR GENERAL EMPLOYEES

GASB 67/68 DISCLOSURE INFORMATION  
MEASUREMENT DATE: SEPTEMBER 30, 2023

GASB 68 REPORTING  
AS OF SEPTEMBER 30, 2024



**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS



November 27, 2023

Board of Trustees  
City of Auburndale Retirement Plan for General Employees

RE: GASB Statements No. 67 and No. 68 – City of Auburndale Retirement Plan for General Employees

Dear Board:

We are pleased to present this report of the GASB Statements No. 67 and No. 68 measured as of September 30, 2023 for the City of Auburndale Retirement Plan for General Employees.

The calculation of the liability associated with the benefits referenced in this report was performed to satisfy the requirements of GASB No. 67 and No. 68 and is not applicable for other purposes, such as determining the plan's funding requirements. Use of the results for other purposes may not be applicable and may produce significantly different results.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of October 1, 2022. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending September 30, 2023 using generally accepted actuarial principles. It is our opinion that the assumptions used for this purpose are internally consistent, reasonable, and comply with the requirements under GASB No. 67 and No. 68.

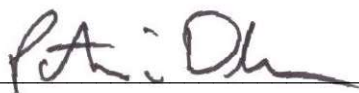
In conducting the valuation, we have relied on personnel and plan design information supplied by the City and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To the best of our knowledge, these statements are complete and accurate and are in accordance with generally recognized actuarial practices and methods. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at (293) 433-5500.

Respectfully submitted,  
Foster & Foster, Inc.



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

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## I. SUMMARY

Valuation Date	10/01/2022	10/01/2021
GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Date	09/30/2024	09/30/2023
Plan Membership:		
Inactives Currently Receiving Benefits	101	100
Inactives Not Yet Receiving Benefits	12	12
Active Plan Members	<u>22</u>	<u>25</u>
Total	135	137
Covered Payroll	\$ 1,297,742	\$ 1,439,547
Net Pension Liability		
Total Pension Liability	\$ 29,094,249	\$ 29,006,317
Plan Fiduciary Net Position	<u>23,399,799</u>	<u>21,581,297</u>
Net Pension Liability	\$ 5,694,450	\$ 7,425,020
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	80.43%	74.40%
Net Pension Liability		
As a Percentage of Covered Payroll	438.80%	515.79%
Total Pension Expense	\$ 893,677	\$ 1,669,473
Development of Single Discount Rate		
Single Discount Rate	7.25%	7.25%
Long-Term Expected Rate of Return	7.25%	7.25%
High-quality Municipal Bond Rate	4.87%	1.93%
Number of Years Future Benefit Payments Are Expected to be Paid	All Years	All Years

## II. FIDUCIARY NET POSITION

STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2023

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	260,526
Total Cash and Equivalents	260,526
Receivables:	
Member Contributions in Transit	1,126
City Contributions in Transit	311,727
Investment Income	27,041
Total Receivables	339,894
Investments:	
U. S. Bonds and Bills	1,242,595
Federal Agency Guaranteed Securities	2,201,604
Corporate Bonds	1,312,085
Mutual Funds:	
Equity	15,764,286
Pooled/Common/Commingled Funds:	
Real Estate	2,285,265
Total Investments	22,805,835
Total Assets	23,406,255
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	6,250
Administrative Expenses	206
Total Liabilities	6,456
 NET POSITION RESTRICTED FOR PENSIONS	 23,399,799

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023  
Market Value Basis

ADDITIONS

Contributions:

Member	25,955
City	1,246,906

Total Contributions 1,272,861

Investment Income:

Net Increase in Fair Value of Investments	1,996,430
Interest & Dividends	486,132
Less Investment Expense <sup>1</sup>	(76,752)

Net Investment Income 2,405,810

Total Additions 3,678,671

DEDUCTIONS

Distributions to Members:

Benefit Payments	1,797,261
Lump Sum DROP Distributions	0
Refunds of Member Contributions	0

Total Distributions 1,797,261

Administrative Expense 62,908

Total Deductions 1,860,169

Net Increase in Net Position 1,818,502

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 21,581,297

End of the Year 23,399,799

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<sup>1</sup> Investment related expenses include investment advisory, custodial and performance monitoring fees.



### III. GASB EXHIBITS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

GASB 67/68 Measurement Date	09/30/2023	09/30/2022	09/30/2021
GASB 68 Reporting Period Ending	09/30/2024	09/30/2023	09/30/2022
<b>Total Pension Liability</b>			
Service Cost	103,758	128,798	141,402
Interest	2,045,330	1,983,224	1,998,938
Changes in Benefit Terms	0	0	0
Experience Gains/Losses	(263,895)	563,430	(344,594)
Changes of Assumptions	0	0	649,657
Benefit Payments	<u>(1,797,261)</u>	<u>(1,790,307)</u>	<u>(1,670,665)</u>
Net Change in Total Pension Liability	87,932	885,145	774,738
Total Pension Liability – Beginning	<u>29,006,317</u>	<u>28,121,172</u>	<u>27,346,434</u>
Total Pension Liability – Ending (a)	\$ 29,094,249	\$ 29,006,317	\$ 28,121,172
<b>Plan Fiduciary Net Position</b>			
Contributions – Employer	1,246,906	1,226,881	1,347,267
Contributions – Employee	25,955	28,791	36,963
Net Investment Income	2,405,810	(3,881,843)	4,560,419
Benefit Payments	(1,797,261)	(1,790,307)	(1,670,665)
Administrative Expense	(62,908)	(60,611)	(79,650)
Other	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	1,818,502	(4,477,089)	4,194,334
Plan Fiduciary Net Position – Beginning	21,581,297	26,058,386	21,864,052
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	\$ 23,399,799	\$ 21,581,297	\$ 26,058,386
Net Pension Liability – Ending (a) – (b)	\$ 5,694,450	\$ 7,425,020	\$ 2,062,786
<b>Plan Fiduciary Net Position</b>			
As % of Total Pension Liability	80.43%	74.40%	92.66%
Covered Payroll	\$ 1,297,742	\$ 1,439,547	\$ 1,848,125
Net Pension Liability			
As % of Covered Payroll	438.80%	515.79%	111.62%

SENSITIVITY TO CHANGES IN DISCOUNT RATE

GASB 67/68 Measurement Date	09/30/2023	09/30/2022
GASB 68 Reporting Date	09/30/2024	09/30/2023
Discount Rate	7.25%	7.25%
+ 1% Discount Rate	8.25%	8.25%
- 1% Discount Rate	6.25%	6.25%
Sponsor's Net Pension Liability		
Current Discount Rate	\$ 5,694,450	\$ 7,425,020
1% Increase in Discount Rate	3,205,130	4,898,565
1% Decrease in Discount Rate	8,636,482	10,412,060

FINAL PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED  
INFLOWS OF RESOURCES RELATED TO PENSIONS  
YEAR-END SEPTEMBER 30, 2023

For the year ended September 30, 2023, the Sponsor will recognize a Pension Expense of \$1,669,473. On September 30, 2023, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	0	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	2,923,845	0
Employer contributions subsequent to the measurement date	<u>1,246,906</u>	<u>0</u>
Total	\$ 4,170,751	\$ 0

The outcome of the deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date has been recognized as a reduction of the Net Pension Liability in the year ended September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended September 30:

2024	\$ 687,377
2025	\$ 523,537
2026	\$ 563,031
2027	\$ 1,149,900
2028	\$ 0
Thereafter	\$ 0

PRELIMINARY PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND  
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS  
YEAR-END SEPTEMBER 30, 2024

For the year ended September 30, 2024, the Sponsor will recognize a Pension Expense of \$893,677. On September 30, 2024, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	0	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	1,546,504	0
Employer contributions subsequent to the measurement date	TBD	0
Total	\$ TBD	\$ 0

The outcome of the deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended September 30:

2025	\$	351,046
2026	\$	390,540
2027	\$	977,409
2028	\$	(172,491)
2029	\$	0
Thereafter	\$	0

#### IV. SUPPLEMENTARY GASB 68 EXPENSE DETAIL

FINAL COMPONENTS OF PENSION EXPENSE  
YEAR-END SEPTEMBER 30, 2023

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 2,062,786	\$ 1,879,390	\$ 2,648,306	
Employer Contributions made after September 30, 2022	0	1,246,906	0	0
Total Pension Liability Factors:				
Service Cost	128,798	0	0	128,798
Interest	1,983,224	0	0	1,983,224
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	563,430	563,430	0	0
Current Year Amortization	0	(563,430)	(172,297)	391,133
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	(324,829)	0	324,829
Benefit Payments	(1,790,307)	0	0	0
Net Change	<u>885,145</u>	<u>922,077</u>	<u>(172,297)</u>	<u>2,827,984</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,226,881	(1,226,881)	0	0
Contributions – Employee	28,791	0	0	(28,791)
Projected Net Investment Income	1,867,655	0	0	(1,867,655)
Difference in Projected and Actual Earnings	(5,749,498)	5,749,498	0	0
Current Year Amortization	0	(1,313,738)	(636,414)	677,324
Benefit Payments	(1,790,307)	0	0	0
Administrative Expenses	(60,611)	0	0	60,611
Other	0	0	0	0
Net Change	<u>(4,477,089)</u>	<u>3,208,879</u>	<u>(636,414)</u>	<u>(1,158,511)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 7,425,020	\$ 6,010,346	\$ 1,839,595	\$ 1,669,473

PRELIMINARY COMPONENTS OF PENSION EXPENSE  
YEAR-END SEPTEMBER 30, 2024

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 7,425,020	\$ 6,010,346	\$ 1,839,595	
Employer Contributions made after September 30, 2023 <sup>1</sup>	0	TBD	0	0
Total Pension Liability Factors:				
Service Cost	103,758	0	0	103,758
Interest	2,045,330	0	0	2,045,330
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	(263,895)	0	263,895	0
Current Year Amortization	0	0	(263,895)	(263,895)
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	0	0	0
Benefit Payments	(1,797,261)	0	0	0
Net Change	<u>87,932</u>	<u>0</u>	<u>0</u>	<u>1,885,193</u>
Plan Fiduciary Net Position:				
Contributions - Employer	1,246,906	(1,246,906)	0	0
Contributions – Employee	25,955	0	0	(25,955)
Projected Net Investment Income	1,543,354	0	0	(1,543,354)
Difference in Projected and Actual Earnings	862,456	0	862,456	0
Current Year Amortization	0	(1,313,740)	(798,855)	514,885
Benefit Payments	(1,797,261)	0	0	0
Administrative Expenses	(62,908)	0	0	62,908
Other	0	0	0	0
Net Change	<u>1,818,502</u>	<u>(2,560,646)</u>	<u>63,601</u>	<u>(991,516)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 5,694,450	\$ TBD	\$ 1,903,196	\$ 893,677

<sup>1</sup> Employer contributions made subsequent to the September 30, 2023 measurement date, but made on or before September 30, 2024 need to be added.



AMORTIZATION SCHEDULE – EXPERIENCE

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (263,895)	1	\$ 0	\$ (263,895)	\$ 0	\$ 0	\$ 0	0
2022	563,430	1	563,430	0	0	0	0	0
2021	(344,594)	2	(172,297)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 391,133	\$ (263,895)	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2021	\$ 649,657	2	\$ 324,829	\$ 0	\$ 0	\$ 0	\$ 0	0
Net Increase (Decrease) in Pension Expense			\$ 324,829	\$ 0	\$ 0	\$ 0	\$ 0	0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (862,456)	5	\$ 0	\$ (172,492)	\$ (172,491)	\$ (172,491)	\$ (172,491)	\$ (172,491)
2022	5,749,498	5	1,149,898	1,149,900	1,149,900	1,149,900	1,149,900	0
2021	(2,934,343)	5	(586,869)	(586,869)	(586,869)	(586,869)	0	0
2020	(197,471)	5	(39,494)	(39,494)	(39,494)	0	0	0
2019	819,199	5	163,840	163,840	0	0	0	0
2018	(50,253)	5	(10,051)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 677,324	\$ 514,885	\$ 351,046	\$ 390,540	\$ 977,409	\$ (172,491)

## V. ADDITIONAL INFORMATION

## SCHEDULE OF CONTRIBUTIONS

Plan Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contrib. as % of Covered Payroll
09/30/2023	\$ 1,246,906	\$ 1,246,906	\$ 0	\$ 1,297,742	96.08%
09/30/2022	\$ 1,226,881	\$ 1,226,881	\$ 0	\$ 1,439,547	85.23%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending September 30, 2023:

Calculation Timing	The Actuarially Determined Contribution is calculated using a October 1, 2021 valuation date.
Interest Rate	7.25%
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2021 Actuarial Valuation Report for the City of Auburndale Retirement Plan for General Employees prepared by Foster & Foster Actuaries and Consultants.

## INVESTMENT DISCLOSURES

### *Schedule of Investment Returns*

For the year ended September 30, 2023, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was 11.36 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
09/30/2023	11.36%
09/30/2022	-15.15%

### *Support for Long-Term Expected Rate of Return*

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of September 30, 2023, as provided by AndCo Consulting, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45.00%	7.50%
International Equity	15.00%	8.50%
		2.50%
Fixed Income (Core)	15.00%	2.50%
Fixed Income (Non-Core)	10.00%	2.50%
Real Estate	10.00%	4.50%
Alternative	5.00%	6.03%
Total	100.00%	

Inflation rate of investment advisor 2.50%

### *Concentrations*

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

## ASSUMPTIONS

Valuation Date	10/01/2022
GASB 67/68 Measurement Date	09/30/2023
GASB 68 Reporting Date	09/30/2024
Discount Rate	7.25%
Long-Term Rate of Return	7.25%
Mortality	
<i>Healthy Active Lives:</i>	Female: PubG.H-2010 for Employees. Male: PubG.H-2010 for Employees, set back one year.
<i>Healthy Retiree Lives:</i>	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
<i>Beneficiary Lives:</i>	Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.
<i>Disabled Lives:</i>	PubG.H-2010 for Disabled Retirees, set forward three years.
	All rates are projected generationally with Mortality Improvement Scale MP-2018.
	The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.
Salary Scale	3.50% - 5.00%
Inflation	2.50%
Latest Experience Study Date	August 20, 2014

A summary of other assumptions reflected in the valuation can be found in the October 1, 2022 Actuarial Valuation Report for the City of Auburndale Retirement Plan for General Employees prepared by Foster & Foster Actuaries and Consultants.

### *Changes in Assumptions*

Total Pension Liability and Preliminary GASB 68 Pension Expense measured as of September 30, 2023 reflect no assumption changes.

### *Development of the Discount Rate*

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate.

Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (7.25 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.87 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index.

The single equivalent Discount Rate was 7.25 percent.



## SUMMARY OF CURRENT PLAN

### Plan Description

The Restated Defined Benefit Retirement Income Plan for Employees of City of Auburndale, Florida is a single-employer defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of 7 Trustees, 3 of whom shall be legal residents of the City who are appointed by the City Commission, 3 of whom are Members of the plan who are elected by a majority of the General Employees who are Members of the plan and a seventh Trustee who is chosen by a majority of the first 6 Trustees. Each Trustee serves a two year term.

Eligible are full-time employees (excluding sworn police officers, or certified firefighters). The plan is closed for new participants as of October 1, 2006.

### Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

A summary of the benefit provisions can be found in the Actuarial Valuation as of October 1, 2022 for the City of Auburndale Retirement Plan for General Employees prepared by Foster & Foster Actuaries and Consultants.

### Benefit Changes

No benefit changes have been reflected since the prior year.

### Deferred Retirement Option Program

Eligibility:	Satisfaction of Normal Retirement requirements.
Participation:	Must end at age 62.
Rate of return:	3.0% per annum, credited monthly, or the actual plan investment return (net of fees).
DROP balance:	The DROP balance as of September 30, 2023 is \$603,696.