

CITY OF AUBURNDALE MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND

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

GASB 68 REPORTING
AS OF SEPTEMBER 30, 2024



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS



November 14, 2023

Board of Trustees
City of Auburndale Municipal Police Officers' Pension Trust Fund

RE: GASB Statements No. 67 and No. 68 – City of Auburndale Municipal Police Officers' Pension Trust Fund

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 Municipal Police Officers' Pension Trust Fund.

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.

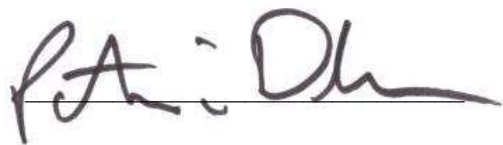
In conducting the valuation, we have relied on personnel and plan design information supplied by the City and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this 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.

A handwritten signature in black ink, appearing to read "P. T. Donlan". The signature is written in a cursive style with a horizontal line underneath the letters.

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

TABLE OF CONTENTS

Section	Title	Page
I	Summary	5
II	GASB Exhibits	
	a. Schedule of Changes in Net Pension Liability and Related Ratios	7
	b. Sensitivity to Changes in Discount Rate	8
	c. Pension Expense and Deferred Flows	9
III	Supplementary GASB 68 Expense Detail	12
IV	Additional Information	
	a. Schedule of Contributions	18
	b. Investment Disclosures	19
	c. Assumptions	20
	d. Summary of Current Plan	22
	e. Statement of Fiduciary Net Position	Appendix

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	27	28
Inactives Not Yet Receiving Benefits	26	26
Active Plan Members	<u>37</u>	<u>33</u>
Total	90	87
Covered Payroll	\$ 2,555,611	\$ 2,197,631
Net Pension Liability		
Total Pension Liability	\$ 18,765,434	\$ 18,140,835
Plan Fiduciary Net Position	<u>15,491,760</u>	<u>14,244,220</u>
Net Pension Liability	\$ 3,273,674	\$ 3,896,615
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	82.55%	78.52%
Net Pension Liability		
As a Percentage of Covered Payroll	128.10%	177.31%
Total Pension Expense	\$ 1,085,713	\$ 825,940
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. 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
Total Pension Liability			
Service Cost	426,220	429,198	473,059
Interest	1,312,333	1,285,733	1,222,003
Changes in Benefit Terms	0	0	0
Experience Gains/Losses	(182,130)	(158,915)	10,579
Changes of Assumptions	0	261,338	0
Benefit Payments	<u>(931,824)</u>	<u>(780,865)</u>	<u>(843,225)</u>
Net Change in Total Pension Liability	624,599	1,036,489	862,416
Total Pension Liability – Beginning	<u>18,140,835</u>	<u>17,104,346</u>	<u>16,241,930</u>
Total Pension Liability – Ending (a)	\$ 18,765,434	\$ 18,140,835	\$ 17,104,346
Plan Fiduciary Net Position			
Contributions – Employer	500,432	447,614	485,913
Contributions – State	230,737	198,534	176,628
Contributions – Employee	143,114	123,067	120,009
Net Investment Income	1,362,825	(2,953,049)	2,835,406
Benefit Payments	(931,824)	(780,865)	(843,225)
Administrative Expense	(57,744)	(61,953)	(50,064)
Other	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	1,247,540	(3,026,652)	2,724,667
Plan Fiduciary Net Position – Beginning	14,244,220	17,270,872	14,546,205
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	\$ 15,491,760	\$ 14,244,220	\$ 17,270,872
Net Pension Liability – Ending (a) – (b)	\$ 3,273,674	\$ 3,896,615	\$ (166,526)
Plan Fiduciary Net Position			
As % of Total Pension Liability	82.55%	78.52%	100.97%
Covered Payroll	\$ 2,555,611	\$ 2,197,631	\$ 2,143,026
Net Pension Liability			
As % of Covered Payroll	128.10%	177.31%	-7.77%

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	\$ 3,273,674	\$ 3,896,615
1% Increase in Discount Rate	1,336,533	2,013,391
1% Decrease in Discount Rate	5,629,335	6,186,398

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 \$825,940. 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	18,571	105,944
Changes of assumptions	174,226	2,837
Net difference between projected and actual earnings on pension plan investments	2,313,332	0
Employer and State contributions subsequent to the measurement date	<u>731,169</u>	<u>0</u>
Total	\$ 3,237,298	\$ 108,781

The outcome of the deferred outflows of resources related to pensions resulting from Employer and State 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	\$	573,446
2025	\$	475,379
2026	\$	499,402
2027	\$	849,121
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 \$1,085,713. 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	2,645	189,571
Changes of assumptions	87,113	0
Net difference between projected and actual earnings on pension plan investments	1,519,676	0
Employer and State contributions subsequent to the measurement date	TBD	0
Total	\$ TBD	\$ 189,571

The outcome of the deferred outflows of resources related to pensions resulting from Employer and State 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	\$	362,986
2026	\$	387,009
2027	\$	736,728
2028	\$	(66,860)
2029	\$	0
Thereafter	\$	0

III. 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	\$ (166,526)	\$ 855,891	\$ 1,695,744	
Employer and State Contributions made after September 30, 2022	0	731,169	0	0
Total Pension Liability Factors:				
Service Cost	429,198	0	0	429,198
Interest	1,285,733	0	0	1,285,733
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	(158,915)	0	158,915	0
Current Year Amortization	0	(15,926)	(149,498)	(133,572)
Changes of Assumptions	261,338	261,338	0	0
Current Year Amortization	0	(87,112)	(2,837)	84,275
Benefit Payments	(780,865)	0	0	0
Net Change	<u>1,036,489</u>	<u>889,469</u>	<u>6,580</u>	<u>1,665,634</u>
Plan Fiduciary Net Position:				
Contributions - Employer	447,614	(447,614)	0	0
Contributions – State	198,534	(198,534)	0	0
Contributions – Employee	123,067	0	0	(123,067)
Projected Net Investment Income	1,292,555	0	0	(1,292,555)
Difference in Projected and Actual Earnings	(4,245,604)	4,245,604	0	0
Current Year Amortization	0	(936,743)	(422,768)	513,975
Benefit Payments	(780,865)	0	0	0
Administrative Expenses	(61,953)	0	0	61,953
Other	0	0	0	0
Net Change	<u>(3,026,652)</u>	<u>2,662,713</u>	<u>(422,768)</u>	<u>(839,694)</u>
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	\$ 3,896,615	\$ 4,408,073	\$ 1,279,556	\$ 825,940

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

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 3,896,615	\$ 4,408,073	\$ 1,279,556	
Employer and State Contributions made after September 30, 2023 ¹	0	TBD	0	0
Total Pension Liability Factors:				
Service Cost	426,220	0	0	426,220
Interest	1,312,333	0	0	1,312,333
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	(182,130)	0	182,130	0
Current Year Amortization	0	(15,926)	(98,503)	(82,577)
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	(87,113)	(2,837)	84,276
Benefit Payments	(931,824)	0	0	0
Net Change	624,599	(103,039)	80,790	1,740,252
Plan Fiduciary Net Position:				
Contributions - Employer	500,432	(500,432)	0	0
Contributions – State	230,737	(230,737)	0	0
Contributions – Employee	143,114	0	0	(143,114)
Projected Net Investment Income	1,028,527	0	0	(1,028,527)
Difference in Projected and Actual Earnings	334,298	0	334,298	0
Current Year Amortization	0	(936,744)	(477,386)	459,358
Benefit Payments	(931,824)	0	0	0
Administrative Expenses	(57,744)	0	0	57,744
Other	0	0	0	0
Net Change	1,247,540	(1,667,913)	(143,088)	(654,539)
Adjustment to beginning of year	0	0	0	0
Ending Balance	\$ 3,273,674	TBD	\$ 1,217,258	\$ 1,085,713

¹ Employer and State 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	\$ (182,130)	4	\$ 0	\$ (45,531)	\$ (45,533)	\$ (45,533)	\$ (45,533)	0
2022	(158,915)	3	(52,971)	(52,972)	(52,972)	0	0	0
2021	10,579	4	2,645	2,645	2,645	0	0	0
2020	53,125	4	13,281	13,281	0	0	0	0
2019	(386,108)	4	(96,527)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ (133,572)	\$ (82,577)	\$ (95,860)	\$ (45,533)	\$ (45,533)	0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2022	\$ 261,338	3	\$ 87,112	\$ 87,113	\$ 87,113	\$ 0	\$ 0	\$ 0
2020	(11,347)	4	(2,837)	(2,837)	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 84,275	\$ 84,276	\$ 87,113	\$ 0	\$ 0	\$ 0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (334,298)	5	\$ 0	\$ (66,858)	\$ (66,860)	\$ (66,860)	\$ (66,860)	(66,860)
2022	4,245,604	5	849,120	849,121	849,121	849,121	849,121	0
2021	(1,748,593)	5	(349,719)	(349,719)	(349,719)	(349,719)	0	0
2020	(304,045)	5	(60,809)	(60,809)	(60,809)	0	0	0
2019	438,116	5	87,623	87,623	0	0	0	0
2018	(61,199)	5	(12,240)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 513,975	\$ 459,358	\$ 371,733	\$ 432,542	\$ 782,261	\$ (66,860)

IV. 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	\$ 713,015	\$ 731,169	\$ (18,154)	\$ 2,555,611	28.61%
09/30/2022	\$ 646,104	\$ 646,148	\$ (44)	\$ 2,197,631	29.40%

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	7.50%
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 Municipal Police Officers' Pension Trust Fund 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 9.68 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	9.68%
09/30/2022	-17.27%

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%
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>	PubS.H-2010 (Below Median) for Employees, set forward one year.
<i>Healthy Retiree Lives:</i>	PubS.H-2010 for Healthy Retirees, set forward one year.
<i>Beneficiary Lives:</i>	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.
<i>Disabled Lives:</i>	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.
	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 special risk employees, with appropriate adjustments made based on plan demographics.
	75% of active deaths are assumed to be service-incurred.
Salary Scale	Service based
Inflation	2.50%
Latest Experience Study Date	July 22, 2022

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 Municipal Police Officers' Pension Trust Fund 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 Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two Commission appointees,
- b. Two Members of the Department elected by the Membership,
- c. Fifth Member elected by other four and appointed by Commission.

Full-time employees who are classified as full-time sworn in police officers shall participate in the System as a condition of employment.

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 Municipal Police Officers' Pension Trust Fund 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: Not to exceed 96 months.
- Rate of return: At member's election (may change once), a fixed interest rate equal to the rate used by the Florida Retirement System, or net investment return.
- DROP balance: The DROP balance as of September 30, 2023 is \$0.

APPENDIX

**STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023**

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	307,849
Total Cash and Equivalents	307,849
Receivables:	
Member Contributions in Transit	4,881
City Contributions in Transit	136,682
Investment Income	2,280
Total Receivable	143,843
Investments:	
Stocks	2,773,094
Mutual Funds:	
Fixed Income	3,854,097
Equity	6,861,515
Pooled/Common/Commingled Funds:	
Real Estate	1,557,362
Total Investments	15,046,068
Total Assets	15,497,760
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	6,000
Total Liabilities	6,000
NET POSITION RESTRICTED FOR PENSIONS	15,491,760

APPENDIX

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

ADDITIONS

Contributions:

Member	143,114	
City	500,432	
State	230,737	
Total Contributions		874,283
Investment Income:		
Net Increase in Fair Value of Investments	1,056,863	
Interest & Dividends	353,594	
Less Investment Expense ¹	(47,632)	
Net Investment Income		1,362,825
Total Additions		2,237,108

DEDUCTIONS

Distributions to Members:

Benefit Payments	756,952	
Lump Sum DROP Distributions	154,959	
Lump Sum PLOP Distributions	0	
Refunds of Member Contributions	19,913	
Total Distributions		931,824
Administrative Expense		57,744
Total Deductions		989,568
Net Increase in Net Position		1,247,540
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		14,244,220
End of the Year		15,491,760

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.