

CITY OF AUBURNDALE MUNICIPAL FIREFIGHTERS' 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 30, 2023

Board of Trustees
City of Auburndale Municipal Firefighters' Pension Trust Fund

RE: GASB Statements No. 67 and No. 68 – City of Auburndale Municipal Firefighters' 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 Firefighters' 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.

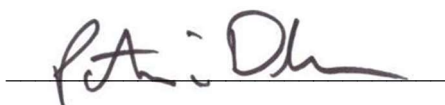
In conducting the valuation, we have relied on personnel and plan design information supplied by the City and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this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

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	19	19
Inactives Not Yet Receiving Benefits	9	9
Active Plan Members	<u>19</u>	<u>21</u>
Total	47	49
Covered Payroll	\$ 1,340,714	\$ 1,200,923
Net Pension Liability		
Total Pension Liability	\$ 11,718,692	\$ 11,247,715
Plan Fiduciary Net Position	<u>8,616,874</u>	<u>8,028,189</u>
Net Pension Liability	\$ 3,101,818	\$ 3,219,526
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	73.53%	71.38%
Net Pension Liability		
As a Percentage of Covered Payroll	231.36%	268.09%
Total Pension Expense	\$ 755,762	\$ 598,702
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	196,269
 Total Cash and Equivalents	 196,269
 Receivables:	
Member Contributions in Transit	4,227
City Contributions in Transit	51,605
Additional City Contributions	28,116
Investment Income	1,295
 Total Receivables	 85,243
 Investments:	
Stocks	1,572,077
Mutual Funds:	
Fixed Income	1,978,646
Equity	3,883,639
Pooled/Common/Commingled Funds:	
Real Estate	910,593
 Total Investments	 8,344,955
 Total Assets	 8,626,467
 <u>LIABILITIES</u>	
Payables:	
Investment Expenses	6,000
Administrative Expenses	3,593
 Total Liabilities	 9,593
 NET POSITION RESTRICTED FOR PENSIONS	 8,616,874

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

ADDITIONS

Contributions:

Member	122,005
City	305,471
State	116,854

Total Contributions	544,330
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Investment Income:

Net Increase in Fair Value of Investments	600,100
Interest & Dividends	193,410
Less Investment Expense ¹	(40,046)

Net Investment Income	753,464
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Total Additions	1,297,794
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DEDUCTIONS

Distributions to Members:

Benefit Payments	610,750
Refunds of Member Contributions	43,563

Total Distributions	654,313
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Administrative Expense	54,796
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Total Deductions	709,109
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Net Increase in Net Position	588,685
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	8,028,189
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End of the Year	8,616,874
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¹ 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
Total Pension Liability			
Service Cost	229,386	247,727	225,636
Interest	808,371	789,587	782,967
Changes in Benefit Terms	0	0	334
Experience Gains/Losses	87,533	44,648	(255,184)
Changes of Assumptions	0	282,460	0
Benefit Payments	<u>(654,313)</u>	<u>(793,601)</u>	<u>(580,906)</u>
Net Change in Total Pension Liability	470,977	570,821	172,847
Total Pension Liability – Beginning	<u>11,247,715</u>	<u>10,676,894</u>	<u>10,504,047</u>
Total Pension Liability – Ending (a)	\$ 11,718,692	\$ 11,247,715	\$ 10,676,894
Plan Fiduciary Net Position			
Contributions – Employer	305,471	360,761	413,969
Contributions – State	116,854	119,608	113,842
Contributions – Employee	122,005	109,284	106,028
Net Investment Income	753,464	(1,716,606)	1,621,850
Benefit Payments	(654,313)	(793,601)	(580,906)
Administrative Expense	(54,796)	(62,572)	(48,281)
Other	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Plan Fiduciary Net Position	588,685	(1,983,126)	1,626,502
Plan Fiduciary Net Position – Beginning	8,028,189	10,011,315	8,384,813
Adjustment to beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position – Ending (b)	\$ 8,616,874	\$ 8,028,189	\$ 10,011,315
Net Pension Liability – Ending (a) – (b)	\$ 3,101,818	\$ 3,219,526	\$ 665,579
Plan Fiduciary Net Position			
As % of Total Pension Liability	73.53%	71.38%	93.77%
Covered Payroll	\$ 1,340,714	\$ 1,200,923	\$ 1,165,145
Net Pension Liability			
As % of Covered Payroll	231.36%	268.09%	57.12%

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	\$ 3,101,818	\$ 3,219,526
1% Increase in Discount Rate	1,847,971	2,022,608
1% Decrease in Discount Rate	4,618,284	4,666,000

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 \$598,702. 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	114,328	127,592
Changes of assumptions	211,845	38,506
Net difference between projected and actual earnings on pension plan investments	1,358,547	0
Employer and State contributions subsequent to the measurement date	<u>422,325</u>	<u>0</u>
Total	\$ 2,107,045	\$ 166,098

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	\$	374,878
2025	\$	277,546
2026	\$	374,706
2027	\$	491,492
2028	\$	0
Thereafter	\$	0

Payable to the Pension Plan

On September 30, 2022, the Sponsor reported a payable of \$859 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2022.

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 \$755,762. 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	87,973	63,796
Changes of assumptions	141,230	0
Net difference between projected and actual earnings on pension plan investments	902,070	0
Employer and State contributions subsequent to the measurement date	TBD	0
Total	\$ TBD	\$ 63,796

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	\$	263,950
2026	\$	361,110
2027	\$	477,896
2028	\$	(35,479)
2029	\$	0
Thereafter	\$	0

Payable to the Pension Plan

On September 30, 2023, the Sponsor reported a payable of \$28,116 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2023.

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	\$ 665,579	\$ 752,045	\$ 1,188,668	
Employer and State Contributions made after September 30, 2022	0	422,325	0	0
Total Pension Liability Factors:				
Service Cost	247,727	0	0	247,727
Interest	789,587	0	0	789,587
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	44,648	44,648	0	0
Current Year Amortization	0	(92,004)	(88,182)	3,822
Changes of Assumptions	282,460	282,460	0	0
Current Year Amortization	0	(70,615)	(38,506)	32,109
Benefit Payments	(793,601)	0	0	0
Net Change	570,821	586,814	(126,688)	1,073,245
Plan Fiduciary Net Position:				
Contributions - Employer	360,761	(360,761)	0	0
Contributions – State	119,608	(119,608)	0	0
Contributions – Employee	109,284	0	0	(109,284)
Projected Net Investment Income	740,854	0	0	(740,854)
Difference in Projected and Actual Earnings	(2,457,460)	2,457,460	0	0
Current Year Amortization	0	(546,488)	(233,465)	313,023
Benefit Payments	(793,601)	0	0	0
Administrative Expenses	(62,572)	0	0	62,572
Other	0	0	0	0
Net Change	(1,983,126)	1,430,603	(233,465)	(474,543)
Adjustment to beginning of year	0	0	0	0
Ending Balance	\$ 3,219,526	\$ 2,769,462	\$ 828,515	\$ 598,702

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

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 3,219,526	\$ 2,769,462	\$ 828,515	
Employer and State Contributions made after September 30, 2023 ¹	0	TBD	0	0
Total Pension Liability Factors:				
Service Cost	229,386	0	0	229,386
Interest	808,371	0	0	808,371
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	87,533	87,533	0	0
Current Year Amortization	0	(113,888)	(63,796)	50,092
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	(70,615)	(38,506)	32,109
Benefit Payments	(654,313)	0	0	0
Net Change	470,977	(96,970)	(102,302)	1,119,958
Plan Fiduciary Net Position:				
Contributions - Employer	305,471	(305,471)	0	0
Contributions – State	116,854	(116,854)	0	0
Contributions – Employee	122,005	0	0	(122,005)
Projected Net Investment Income	576,070	0	0	(576,070)
Difference in Projected and Actual Earnings	177,394	0	177,394	0
Current Year Amortization	0	(546,488)	(267,405)	279,083
Benefit Payments	(654,313)	0	0	0
Administrative Expenses	(54,796)	0	0	54,796
Other	0	0	0	0
Net Change	588,685	(968,813)	(90,011)	(364,196)
Adjustment to beginning of year	0	0	0	0
Ending Balance	\$ 3,101,818	TBD	\$ 636,202	\$ 755,762

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	\$ 87,533	4	\$ 0	\$ 21,884	\$ 21,883	\$ 21,883	\$ 21,883	0
2022	44,648	4	11,162	11,162	11,162	11,162	0	0
2021	(255,184)	4	(63,796)	(63,796)	(63,796)	0	0	0
2020	323,366	4	80,842	80,842	0	0	0	0
2019	(18,732)	4	(4,683)	0	0	0	0	0
2018	(98,515)	5	(19,703)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 3,822	\$ 50,092	\$ (30,751)	\$ 33,045	\$ 21,883	0

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year	Initial Base	Recognition Period	2023		2024		2025		2026		2027		Thereafter
2022	\$ 282,460	4	\$	70,615	\$	70,615	\$	70,615	\$	70,615	\$	0	\$ 0
2020	(154,022)	4		(38,506)		(38,506)		0		0		0	0
Net Increase (Decrease) in Pension Expense			\$	32,109	\$	32,109	\$	70,615	\$	70,615	\$	0	\$ 0

AMORTIZATION SCHEDULE – INVESTMENTS

Year	Initial Base	Recognition Period	2023	2024	2025	2026	2027	Thereafter
2023	\$ (177,394)	5	\$ 0	\$ (35,478)	\$ (35,479)	\$ (35,479)	\$ (35,479)	\$ (35,479)
2022	2,457,460	5	491,492	491,492	491,492	491,492	491,492	0
2021	(992,815)	5	(198,563)	(198,563)	(198,563)	(198,563)	0	0
2020	(166,821)	5	(33,364)	(33,364)	(33,364)	0	0	0
2019	274,979	5	54,996	54,996	0	0	0	0
2018	(7,692)	5	(1,538)	0	0	0	0	0
Net Increase (Decrease) in Pension Expense			\$ 313,023	\$ 279,083	\$ 224,086	\$ 257,450	\$ 456,013	\$ (35,479)

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	\$ 422,325	\$ 422,325	\$ 0	\$ 1,340,714	31.50%
09/30/2022	\$ 480,369	\$ 480,369	\$ 0	\$ 1,200,923	40.00%

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 Firefighters' 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 9.57 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	9.57%
09/30/2022	-17.35%

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>	Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
<i>Healthy Retiree Lives:</i>	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
<i>Beneficiary Lives:</i>	Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) 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.
	90% 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 Firefighters' 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 Firefighters 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 Firefighters' 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 (earlier of 1) Age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age).

Participation:

Not to exceed 96 (previously 60) months.

Rate of return:

Participant's election:

- a.) 3% fixed interest per annum compounded monthly, or
- b.) Actual net rate of investment return
(total return net of brokerage commissions, transaction costs and management fees) credited each fiscal quarter.

Member may change option once during the DROP period.

DROP balance:

The DROP balance as of September 30, 2023 is \$0.