

RETIREMENT SYSTEM FOR GENERAL EMPLOYEES OF THE ST. LUCIE COUNTY FIRE
DISTRICT

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

GASB 68 REPORTING
AS OF SEPTEMBER 30, 2024



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS



March 18, 2024

Board of Trustees

Retirement System for General Employees of the St. Lucie County Fire District

RE: GASB Statements No. 67 and No. 68 – Retirement System for General Employees of the St. Lucie County Fire District

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 Retirement System for General Employees of the St. Lucie County Fire District.

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.

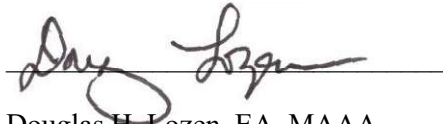
In conducting the valuation, we have relied on personnel and plan design information supplied by the City and asset information supplied by the custodian bank. The actuarial assumptions and methods are described in the Assumptions section of this report. While we cannot verify the accuracy of all this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

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

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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	40	37
Inactives Not Yet Receiving Benefits	31	27
Active Plan Members	<u>63</u>	<u>59</u>
Total	134	123
Covered Payroll	\$ 5,298,280	\$ 4,739,031
Net Pension Liability		
Total Pension Liability	\$ 33,091,811	\$ 30,699,823
Plan Fiduciary Net Position	<u>20,814,469</u>	<u>18,709,501</u>
Net Pension Liability	\$ 12,277,342	\$ 11,990,322
Plan Fiduciary Net Position		
As a Percentage of Total Pension Liability	62.90%	60.94%
Net Pension Liability		
As a Percentage of Covered Payroll	231.72%	253.01%
Total Pension Expense	\$ 2,614,755	\$ 2,296,662
Development of Single Discount Rate		
Single Discount Rate	7.40%	7.40%
Long-Term Expected Rate of Return	7.40%	7.40%
High-quality Municipal Bond Rate	4.87%	4.77%
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:	
Prepaid Expenses	2,550
Money Market	291,366
Cash	2
Total Cash and Equivalents	293,918
Receivables:	
Member Contributions in Transit	748
Member Contribution	63
From Broker for Investments Sold	804
Investment Income	37,121
Total Receivables	38,736
Investments:	
Fixed Income	3,756,897
Equities	10,349,235
Mutual Funds:	
Equity	1,981,916
Pooled/Common/Commingled Funds:	
Real Estate	4,426,924
Total Investments	20,514,972
Total Assets	20,847,626
<u>LIABILITIES</u>	
Payables:	
Investment Expenses	13,924
Administrative Expenses	885
To Broker for Investments Purchased	18,348
Total Liabilities	33,157
NET POSITION RESTRICTED FOR PENSIONS	20,814,469

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

ADDITIONS

Contributions:

Member	199,160
City	1,664,486

Total Contributions	1,863,646
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Investment Income:

Net Increase in Fair Value of Investments	975,889
Interest & Dividends	661,623
Less Investment Expense ¹	(68,128)

Net Investment Income	1,569,384
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Total Additions	3,433,030
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DEDUCTIONS

Distributions to Members:

Benefit Payments	1,156,191
Lump Sum DROP Distributions	82,432
Refunds of Member Contributions	4,089

Total Distributions	1,242,712
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Administrative Expense	85,350
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Total Deductions	1,328,062
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Net Increase in Net Position	2,104,968
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year	18,709,501
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End of the Year	20,814,469
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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	790,252	732,901	656,999
Interest	2,284,285	2,144,225	2,028,170
Changes in Benefit Terms	0	0	(21,870)
Experience Gains/Losses	560,163	88,794	96,859
Changes of Assumptions	0	473,627	735,431
Benefit Payments	(1,242,712)	(1,192,982)	(1,154,275)
Net Change in Total Pension Liability	2,391,988	2,246,565	2,341,314
Total Pension Liability – Beginning	30,699,823	28,453,258	26,111,944
Total Pension Liability – Ending (a)	\$ 33,091,811	\$ 30,699,823	\$ 28,453,258
Plan Fiduciary Net Position			
Contributions – Employer	1,664,486	1,571,390	1,308,123
Contributions – Employee	199,160	176,839	165,112
Net Investment Income	1,569,384	(2,905,710)	3,807,478
Benefit Payments	(1,242,712)	(1,192,982)	(1,154,275)
Administrative Expense	(85,350)	(79,936)	(65,503)
Other	0	0	0
Net Change in Plan Fiduciary Net Position	2,104,968	(2,430,399)	4,060,935
Plan Fiduciary Net Position – Beginning	18,709,501	21,139,900	17,078,965
Adjustment to beginning of year	0	0	0
Plan Fiduciary Net Position – Ending (b)	\$ 20,814,469	\$ 18,709,501	\$ 21,139,900
Net Pension Liability – Ending (a) – (b)	\$ 12,277,342	\$ 11,990,322	\$ 7,313,358
Plan Fiduciary Net Position			
As % of Total Pension Liability	62.90%	60.94%	74.30%
Covered Payroll	\$ 5,298,280	\$ 4,739,031	\$ 4,419,132
Net Pension Liability			
As % of Covered Payroll	231.72%	253.01%	165.49%

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	7.40%	7.40%
+ 1% Discount Rate	8.40%	8.40%
- 1% Discount Rate	6.40%	6.40%
Sponsor's Net Pension Liability		
Current Discount Rate	\$ 12,277,342	\$ 11,990,322
1% Increase in Discount Rate	9,125,116	9,019,769
1% Decrease in Discount Rate	16,036,527	15,535,970

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 \$2,296,662. 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	257,612	55,779
Changes of assumptions	1,183,806	0
Net difference between projected and actual earnings on pension plan investments	2,210,535	0
Employer contributions subsequent to the measurement date	<u>1,664,486</u>	<u>0</u>
Total	\$ 5,316,439	\$ 55,779

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	\$ 979,329
2025	\$ 916,616
2026	\$ 685,940
2027	\$ 1,014,289
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 \$2,614,755. 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	604,383	0
Changes of assumptions	760,171	0
Net difference between projected and actual earnings on pension plan investments	1,568,371	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	\$ 995,636
2026	\$ 764,960
2027	\$ 1,093,309
2028	\$ 79,020
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	\$ 7,313,358	\$ 3,352,792	\$ 2,136,920	
Employer Contributions made after September 30, 2022	0	1,664,486	0	0
Total Pension Liability Factors:				
Service Cost	732,901	0	0	732,901
Interest	2,144,225	0	0	2,144,225
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	88,794	88,794	0	0
Current Year Amortization	0	(210,018)	(55,779)	154,239
Changes of Assumptions	473,627	473,627	0	0
Current Year Amortization	0	(423,637)	0	423,637
Benefit Payments	(1,192,982)	0	0	0
Net Change	2,246,565	1,593,252	(55,779)	3,455,002
Plan Fiduciary Net Position:				
Contributions - Employer	1,571,390	(1,571,390)	0	0
Contributions – Employee	176,839	0	0	(176,839)
Projected Net Investment Income	1,603,317	0	0	(1,603,317)
Difference in Projected and Actual Earnings	(4,509,027)	4,509,027	0	0
Current Year Amortization	0	(1,052,065)	(510,185)	541,880
Benefit Payments	(1,192,982)	0	0	0
Administrative Expenses	(79,936)	0	0	79,936
Other	0	0	0	0
Net Change	(2,430,399)	1,885,572	(510,185)	(1,158,340)
Adjustment to beginning of year	0	0	0	0
Ending Balance	\$ 11,990,322	\$ 6,831,616	\$ 1,570,956	\$ 2,296,662

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

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
Beginning Balance	\$ 11,990,322	\$ 6,831,616	\$ 1,570,956	
Employer Contributions made after September 30, 2023 ¹	0	TBD	0	0
Total Pension Liability Factors:				
Service Cost	790,252	0	0	790,252
Interest	2,284,285	0	0	2,284,285
Changes in Benefit Terms	0	0	0	0
Experience Gains/Losses	560,163	560,163	0	0
Current Year Amortization	0	(213,392)	(55,779)	157,613
Changes of Assumptions	0	0	0	0
Current Year Amortization	0	(423,635)	0	423,635
Benefit Payments	(1,242,712)	0	0	0
Net Change	2,391,988	(76,864)	(55,779)	3,655,785
Plan Fiduciary Net Position:				
Contributions - Employer	1,664,486	(1,664,486)	0	0
Contributions – Employee	199,160	0	0	(199,160)
Projected Net Investment Income	1,404,320	0	0	(1,404,320)
Difference in Projected and Actual Earnings	165,064	0	165,064	0
Current Year Amortization	0	(1,020,297)	(543,197)	477,100
Benefit Payments	(1,242,712)	0	0	0
Administrative Expenses	(85,350)	0	0	85,350
Other	0	0	0	0
Net Change	2,104,968	(2,684,783)	(378,133)	(1,041,030)
Adjustment to beginning of year	0	0	0	0
Ending Balance	\$ 12,277,342	\$ TBD	\$ 1,137,044	\$ 2,614,755

¹ 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	\$	560,163	5	\$	0	\$	112,031	\$	112,033	\$	112,033	\$	112,033	\$	112,033
2022		88,794	5		17,758		17,759		17,759		17,759		17,759		0
2021		96,859	5		19,372		19,372		19,372		19,372		0		0
2020		181,562	5		36,312		36,312		36,312		0		0		0
2019		167,506	6		27,918		27,918		27,918		0		0		0
2018		(334,676)	6		(55,779)		(55,779)		0		0		0		0
2017		651,945	6		108,658		0		0		0		0		0
Net Increase (Decrease) in Pension Expense				\$	154,239	\$	157,613	\$	213,394	\$	149,164	\$	129,792	\$	112,033

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year		Initial Base	Recognition Period		2023		2024		2025		2026		2027		Thereafter
2022	\$	473,627	5	\$	94,727	\$	94,725	\$	94,725	\$	94,725	\$	94,725	\$	0
2021		735,431	5		147,086		147,086		147,086		147,086		0		0
2020		909,118	5		181,824		181,824		181,824		0		0		0
Net Increase (Decrease) in Pension Expense				\$	423,637	\$	423,635	\$	423,635	\$	241,811	\$	94,725	\$	0

AMORTIZATION SCHEDULE – INVESTMENTS

Year		Initial Base	Recognition Period		2023		2024		2025		2026		2027		Thereafter
2023	\$	(165,064)	5	\$	0	\$	(33,012)	\$	(33,013)	\$	(33,013)	\$	(33,013)	\$	(33,013)
2022		4,509,027	5		901,807		901,805		901,805		901,805		901,805		0
2021		(2,474,037)	5		(494,807)		(494,807)		(494,807)		(494,807)		0		0
2020		(76,890)	5		(15,378)		(15,378)		(15,378)		0		0		0
2019		592,460	5		118,492		118,492		0		0		0		0
2018		158,828	5		31,766		0		0		0		0		0
Net Increase (Decrease) in Pension Expense				\$	541,880	\$	477,100	\$	358,607	\$	373,985	\$	868,792	\$	(33,013)

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	\$ 1,664,486	\$ 1,664,486	\$ 0	\$ 5,298,280	31.42%
09/30/2022	\$ 1,566,332	\$ 1,571,390	\$ (5,058)	\$ 4,739,031	33.16%

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 Retirement System for General Employees of the St. Lucie County Fire District 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 8.09 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	8.09%
09/30/2022	-13.32%

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 geometric 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 Burgess Chambers, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	46.00%	7.20%
International Equity	10.00%	2.90%
Bonds	12.00%	1.70%
Convertibles	10.00%	5.90%
Private Real Estate	10.00%	5.90%
Infrastructure	4.00%	5.10%
Hedge Fund	7.00%	2.30%
Cash	1.00%	-0.10%
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	7.40%
Long-Term Rate of Return	7.40%
Mortality	
<i>Healthy Active Lives:</i>	Female: PubG.H-2010 (Above Median) for Employees. Male: PubG.H-2010 (Above Median) for Employees, set back one year.
<i>Healthy Retiree Lives:</i>	Female: PubG.H-2010 (Above Median) for Healthy Retirees. Male: PubG.H-2010 (Above 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 (Below Median) 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.
	10% of active member deaths are assumed to be duty-related.
Salary Increases	Service based
Inflation	2.50%
Latest Experience Study Date	July 15, 2022

A summary of other assumptions reflected in the valuation can be found in the October 1, 2022 Actuarial Valuation for the Retirement System for General Employees of the St. Lucie County Fire District 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 (7.40 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 7.40 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 legal residents appointed by the Fire District.
- b.) Two Members of the System elected by the other covered Plan Members,
- c.) Fifth Trustee elected by the other four Trustees by majority vote.

Each General Employee employed by the St. Lucie County Fire District is a Plan member.

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 Retirement System for General Employees of the St. Lucie County Fire District 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. A Member shall not participate in the DROP beyond the time of attaining 32 years of service.

Participation:

Not to exceed 72 months.

Rate of return:

At Member's election:

- (a) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter. This option is only available to Members who entered the DROP prior to October 1, 2014, or
- (b) Actuarial rate of return provided for in the most recent actuarial valuation (less 0.5% for members entering DROP after June 8, 2021). These accounts are not transferable to the DROP Member's spouse or beneficiary, or
- (c) Actuarial rate of return provided for in the most recent actuarial valuation less 1.00%. These accounts are transferable to the DROP Member's spouse or minor beneficiary up to age 18.

DROP balance:

The DROP balance as of September 30, 2023 is \$2,380,742.