

CITY OF TEMPLE TERRACE
FIREFIGHTERS' RETIREMENT SYSTEM

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



June 21, 2023

VIA E-MAIL

Ms. Amanda Kish, Plan Administrator
4360 Northlake Boulevard, Suite 206
Palm Beach Gardens, FL 33410

Re: City of Temple Terrace Firefighters' Retirement System
Section 112.664, Florida Statutes Compliance

Dear Amanda:

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.

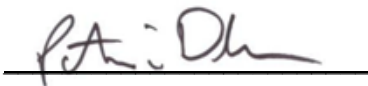
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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 #20-6595

Enclosures

cc via email: Bonni Jensen, Board Attorney

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
Discount Rate:	7.40%	5.40%
<u>Total Pension Liability</u>		
Service Cost	1,147,789	1,782,352
Interest	3,294,793	3,126,309
Share Plan Allocation	14,872	14,872
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	407,554	719,908
Changes of Assumptions	-	-
Contributions - Buy Back	40,856	40,856
Benefit Payments, Including Refunds of Employee Contributions	(1,623,627)	(1,623,627)
Net Change in Total Pension Liability	3,282,237	4,060,670
Total Pension Liability - Beginning	44,188,249	56,924,077
Total Pension Liability - Ending (a)	<u>\$ 47,470,486</u>	<u>\$ 60,984,747</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,667,917	1,667,917
Contributions - State	185,956	185,956
Contributions - Employee	419,795	419,795
Contributions - Buy Back	40,856	40,856
Net Investment Income	(5,107,106)	(5,107,106)
Benefit Payments, Including Refunds of Employee Contributions	(1,623,627)	(1,623,627)
Administrative Expenses	(67,745)	(67,745)
Net Change in Plan Fiduciary Net Position	(4,483,954)	(4,483,954)
Plan Fiduciary Net Position - Beginning	38,201,497	38,201,497
Plan Fiduciary Net Position - Ending (b)	<u>\$ 33,717,543</u>	<u>\$ 33,717,543</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 13,752,943</u>	<u>\$ 27,267,204</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.40%

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	33,717,543	-	3,336,388	-	2,371,652	32,752,807
2023	32,752,807	-	2,364,466	-	2,336,222	32,724,563
2024	32,724,563	-	2,506,834	-	2,328,865	32,546,594
2025	32,546,594	-	2,648,891	-	2,310,439	32,208,142
2026	32,208,142	-	2,826,762	-	2,278,812	31,660,192
2027	31,660,192	-	3,014,996	-	2,231,299	30,876,495
2028	30,876,495	-	3,129,640	-	2,169,064	29,915,919
2029	29,915,919	-	3,270,224	-	2,092,780	28,738,475
2030	28,738,475	-	3,342,633	-	2,002,970	27,398,812
2031	27,398,812	-	3,385,443	-	1,902,251	25,915,620
2032	25,915,620	-	3,429,162	-	1,790,877	24,277,335
2033	24,277,335	-	3,512,576	-	1,666,557	22,431,316
2034	22,431,316	-	3,578,051	-	1,527,529	20,380,794
2035	20,380,794	-	3,612,564	-	1,374,514	18,142,744
2036	18,142,744	-	3,641,285	-	1,207,836	15,709,295
2037	15,709,295	-	3,665,650	-	1,026,859	13,070,504
2038	13,070,504	-	3,684,925	-	830,875	10,216,454
2039	10,216,454	-	3,693,357	-	619,363	7,142,460
2040	7,142,460	-	3,689,653	-	392,025	3,844,832
2041	3,844,832	-	3,679,666	-	148,370	313,536
2042	313,536	-	3,660,891	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 20.09

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.40% 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 = 5.40%

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	33,717,543	-	3,336,388	-	1,730,665	32,111,820
2023	32,111,820	-	2,364,466	-	1,670,198	31,417,552
2024	31,417,552	-	2,506,834	-	1,628,863	30,539,581
2025	30,539,581	-	2,648,891	-	1,577,617	29,468,307
2026	29,468,307	-	2,826,762	-	1,514,966	28,156,511
2027	28,156,511	-	3,014,996	-	1,439,047	26,580,562
2028	26,580,562	-	3,129,640	-	1,350,850	24,801,772
2029	24,801,772	-	3,270,224	-	1,251,000	22,782,548
2030	22,782,548	-	3,342,633	-	1,140,007	20,579,922
2031	20,579,922	-	3,385,443	-	1,019,909	18,214,388
2032	18,214,388	-	3,429,162	-	890,990	15,676,216
2033	15,676,216	-	3,512,576	-	751,676	12,915,316
2034	12,915,316	-	3,578,051	-	600,820	9,938,085
2035	9,938,085	-	3,612,564	-	439,117	6,764,638
2036	6,764,638	-	3,641,285	-	266,976	3,390,329
2037	3,390,329	-	3,665,650	-	-	-

*All DROP and Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 15.92

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.40% 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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.40%	5.40%
Minimum Required Contribution (Fixed \$)	\$2,680,185	\$4,124,584
Minimum Required Contribution (% of Payroll)	61.4%	94.5%
Expected Member Contribution	475,560	470,974
Expected State Money	171,084	171,084
Expected Sponsor Contribution (Fixed \$)	\$2,033,541	\$3,482,526
Expected Sponsor Contribution (% of Payroll)	46.8%	79.9%

ASSETS

Actuarial Value ¹	37,159,632	37,159,632
Market Value ¹	33,717,543	33,717,543

LIABILITIES

Present Value of Benefits		
Active Members		
Retirement Benefits	25,580,007	37,743,797
Disability Benefits	1,576,832	2,192,044
Death Benefits	140,693	174,083
Vested Benefits	1,470,625	2,228,331
Refund of Contributions	188,872	198,598
Service Retirees	20,153,611	24,833,089
DROP Retirees ¹	5,397,870	6,686,011
Beneficiaries	0	0
Disability Retirees	875,135	1,033,577
Terminated Vested	504,705	672,161
Share Plan Balances ¹	48,607	48,607
Total:	55,936,957	75,810,298
Present Value of Future Salaries	27,451,520	30,149,579
Present Value of Future Member Contributions	2,885,155	3,168,721
Total Normal Cost	1,243,254	1,947,459
Present Value of Future Normal Costs (Entry Age Normal)	8,180,916	14,219,145
Total Actuarial Accrued Liability (EAN) ¹	47,756,041	61,591,153
Unfunded Actuarial Accrued Liability (UAAL)	10,596,409	24,431,521

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

Valuation Date: 10/1/2022

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.40%	5.40%
<u>PENSION COST</u>		
Normal Cost ²	1,364,031	2,116,043
Administrative Expenses ²	79,359	78,593
Payment Required To Amortize UAAL ²	<u>1,236,795</u>	<u>1,929,948</u>
Minimum Required Contribution	\$2,680,185	\$4,124,584

¹ The asset values and liabilities include accumulated DROP and Share Plan 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.