

CITY OF MADISON
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT TRUST FUND

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



September 14, 2023

VIA E-MAIL

Ms. Lanee Pike
Madison Police Department
310 SW Rutledge Street
Madison, FL 32340

Re: City of Madison Police Officers' and Firefighters' Retirement Trust Fund
Section 112.664, Florida Statutes Compliance

Dear Lanee:

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.

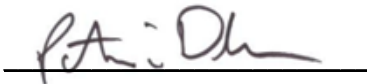
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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 #23-6595

Enclosures

cc via email: Glen Thomas, Board Attorney
cc via email: Bruce Jordan, Fire Chief

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

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Discount Rate:	7.00%	5.00%
<u>Total Pension Liability</u>		
Service Cost	181,383	284,950
Interest	541,770	505,331
Share Plan Allocation	1,267	1,267
Changes of Benefit Terms	386,122	571,230
Differences Between Expected and Actual Experience	21,690	12,898
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(423,817)	(423,817)
Net Change in Total Pension Liability	708,415	951,859
Total Pension Liability - Beginning	7,383,978	9,462,355
Total Pension Liability - Ending (a)	<u>\$ 8,092,393</u>	<u>\$ 10,414,214</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	370,220	370,220
Contributions - State	49,078	49,078
Contributions - Employee	69,920	69,920
Net Investment Income	(1,143,295)	(1,143,295)
Benefit Payments, Including Refunds of Employee Contributions	(423,817)	(423,817)
Administrative Expenses	(32,556)	(32,556)
Net Change in Plan Fiduciary Net Position	(1,110,450)	(1,110,450)
Plan Fiduciary Net Position - Beginning	6,752,478	6,752,478
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,642,028</u>	<u>\$ 5,642,028</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,450,365</u>	<u>\$ 4,772,186</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: Discount Rate = 7.00%

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	5,606,545	-	507,592	-	374,692	5,473,645
2023	5,473,645	-	498,749	-	365,699	5,340,595
2024	5,340,595	-	500,458	-	356,326	5,196,463
2025	5,196,463	-	500,248	-	346,244	5,042,459
2026	5,042,459	-	520,342	-	334,760	4,856,877
2027	4,856,877	-	544,809	-	320,913	4,632,981
2028	4,632,981	-	553,230	-	304,946	4,384,697
2029	4,384,697	-	560,438	-	287,313	4,111,572
2030	4,111,572	-	564,837	-	268,041	3,814,776
2031	3,814,776	-	571,689	-	247,025	3,490,112
2032	3,490,112	-	589,199	-	223,686	3,124,599
2033	3,124,599	-	585,696	-	198,223	2,737,126
2034	2,737,126	-	585,215	-	171,116	2,323,027
2035	2,323,027	-	587,285	-	142,057	1,877,799
2036	1,877,799	-	582,355	-	111,064	1,406,508
2037	1,406,508	-	586,780	-	77,918	897,646
2038	897,646	-	581,573	-	42,480	358,553
2039	358,553	-	575,378	-	-	-

*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 17.62

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.00% 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 = 5.00%

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	5,606,545	-	507,592	-	267,637	5,366,590
2023	5,366,590	-	498,749	-	255,861	5,123,702
2024	5,123,702	-	500,458	-	243,674	4,866,918
2025	4,866,918	-	500,248	-	230,840	4,597,510
2026	4,597,510	-	520,342	-	216,867	4,294,035
2027	4,294,035	-	544,809	-	201,082	3,950,308
2028	3,950,308	-	553,230	-	183,685	3,580,763
2029	3,580,763	-	560,438	-	165,027	3,185,352
2030	3,185,352	-	564,837	-	145,147	2,765,662
2031	2,765,662	-	571,689	-	123,991	2,317,964
2032	2,317,964	-	589,199	-	101,168	1,829,933
2033	1,829,933	-	585,696	-	76,854	1,321,091
2034	1,321,091	-	585,215	-	51,424	787,300
2035	787,300	-	587,285	-	24,683	224,698
2036	224,698	-	582,355	-	-	-

*All Share Balances paid in 2022.

Number of Years Expected Benefit Payments Sustained: 14.39

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.00% 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:	7.00%	5.00%
Minimum Required Contribution (Fixed \$)	\$416,501	\$648,908
Minimum Required Contribution (% of Payroll)	34.9%	54.4%
Expected Member Contribution	61,730	61,133
Expected State Money	49,425	49,425
Expected Sponsor Contribution (Fixed \$)	\$305,346	\$538,350
Expected Sponsor Contribution (% of Payroll)	25.5%	45.0%

ASSETS

Actuarial Value ¹	6,536,067	6,536,067
Market Value ¹	5,606,545	5,606,545

LIABILITIES

Present Value of Benefits		
Actives		
Retirement Benefits	3,455,740	5,028,258
Disability Benefits	80,836	109,598
Death Benefits	17,505	23,093
Vested Benefits	308,402	515,819
Refund of Contributions	98,716	103,885
Service Retirees	5,195,876	6,449,180
DROP Retirees ¹	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	40,333	40,333
Share Plan Balances ¹	9,452	9,452
Total:	<u>9,206,860</u>	<u>12,279,618</u>
Present Value of Future Salaries	6,589,138	7,277,720
Present Value of Future Member Contributions	329,457	363,886
Total Normal Cost	157,762	247,023
Present Value of Future Normal Costs (Entry Age Normal)	874,444	1,560,072
Total Actuarial Accrued Liability (EAN) ¹	8,332,416	10,719,546
Unfunded Actuarial Accrued Liability (UAAL)	1,796,349	4,183,479

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

	Valuation Date: 10/1/2022	
	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.00%	5.00%
<u>PENSION COST</u>		
Normal Cost ²	172,803	267,960
Administrative Expenses ²	34,845	34,508
Payment Required To Amortize UAAL ²	208,853	346,440
Minimum Required Contribution	\$416,501	\$648,908

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.