

City of Satellite Beach
General Employees' Retirement System

Actuarial Valuation
As of October 1, 2022

GASB 67/68 Supplement
As of September 30, 2023



DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN

This report was issued on January 24, 2024 as a supplement to the October 1, 2022 actuarial valuation report, which report provides important information related to the assumptions, participant data, and assets used to prepare the following disclosures under Governmental Accounting Standards Board Statements Nos. 67 and 68 (GASB 67/68).

NET PENSION LIABILITY AS OF SEPTEMBER 30, 2023

Total pension liability	\$9,009,328 *
Less fiduciary net position	<u>(7,461,913)</u>
Net pension liability	<u>\$1,547,415 **</u>

* This amount has been rolled forward from October 1, 2022.

** This amount is recognized on the employer's balance sheet.

PENSION EXPENSE FOR THE 2022/23 FISCAL YEAR

Service cost	\$30,846
Other recognized changes in net pension liability:	
Expected interest growth	109,915
Investment gain/loss	155,672
Demographic gain/loss	22,310
Employee contributions	(13,519)
Administrative expenses	27,961
Changes in benefit terms	0
Assumption changes	<u>0</u>
Pension expense	<u>\$333,185 *</u>

* This amount is recognized on the employer's income statement, along with the employer contribution for the 2022/23 fiscal year.

DEFERRED INFLOW AND OUTFLOW OF RESOURCES

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Balance as of September 30, 2022	\$1,439,757	\$594,831
Change due to:		
Amortization payments	\$(402,972)	\$(224,990)
Investment gain/loss	\$0	\$133,567
Demographic gain/loss	\$22,310	\$0
Assumption changes	<u>\$0</u>	<u>\$0</u>
Total change	\$(380,662)	\$(91,423)
Balance as of September 30, 2023	\$1,059,095 *	\$503,408 *

* These amounts are recognized on the employer's balance sheet.

BALANCE EQUATION

Net pension liability as of September 30, 2022	\$1,645,989
Plus pension expense for the 2022/23 fiscal year	\$333,185
Minus employer contribution for the 2022/23 fiscal year	\$(142,520)
Plus change in balance of deferred outflows of resources	\$(380,662)
Minus change in balance of deferred inflows of resources	\$91,423
Net pension liability as of September 30, 2023	\$1,547,415

DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN (continued)

DEFERRED INFLOW AND OUTFLOW OF RESOURCES (continued)

Amortization schedule for deferred outflows and inflows of resources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Balance as of September 30, 2023	\$1,059,095	\$503,408
Amount recognized in the 2023/24 pension expense:		
<i>Investment gain/loss</i>	\$355,206	\$224,990
<i>Demographic gain/loss</i>	\$0	\$0
<i>Assumption changes</i>	\$0	\$0
<i>Total</i>	\$355,206	\$224,990
Balance as of September 30, 2024	\$703,889	\$278,418
Amount recognized in the 2024/25 pension expense:		
<i>Investment gain/loss</i>	\$351,944	\$224,990
<i>Demographic gain/loss</i>	\$0	\$0
<i>Assumption changes</i>	\$0	\$0
<i>Total</i>	\$351,944	\$224,990
Balance as of September 30, 2025	\$351,945	\$53,428
Amount recognized in the 2025/26 pension expense:		
<i>Investment gain/loss</i>	\$351,945	\$26,713
<i>Demographic gain/loss</i>	\$0	\$0
<i>Assumption changes</i>	\$0	\$0
<i>Total</i>	\$351,945	\$26,713
Balance as of September 30, 2026	\$0	\$26,715
Amount recognized in the 2026/27 pension expense:		
<i>Investment gain/loss</i>	\$0	\$26,715
<i>Demographic gain/loss</i>	\$0	\$0
<i>Assumption changes</i>	\$0	\$0
<i>Total</i>	\$0	\$26,715
Balance as of September 30, 2027	\$0	\$0
Amount recognized in the 2027/28 pension expense:		
<i>Investment gain/loss</i>	\$0	\$0
<i>Demographic gain/loss</i>	\$0	\$0
<i>Assumption changes</i>	\$0	\$0
<i>Total</i>	\$0	\$0
Balance as of September 30, 2028	\$0	\$0

DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN (continued)

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance as of September 30, 2022	\$8,987,902	\$(7,341,913)	\$1,645,989
Change due to:			
Service cost	\$30,846	\$0	\$30,846
Expected interest growth	\$606,302	\$(496,387)	\$109,915
Unexpected investment income	\$0	\$(133,567)	\$(133,567)
Demographic experience	\$22,310	\$0	\$22,310
Employer contributions	\$0	\$(142,520)	\$(142,520)
Employee contributions	\$0	\$(13,519)	\$(13,519)
Benefit payments & refunds	\$(638,032)	\$638,032	\$0
Administrative expenses	\$0	\$27,961	\$27,961
Changes in benefit terms	\$0	\$0	\$0
Assumption changes	\$0	\$0	\$0
Balance as of September 30, 2023	\$9,009,328	\$(7,461,913)	\$1,547,415

COMPARISON OF NET PENSION LIABILITY USING ALTERNATIVE DISCOUNT RATES

	Discount Rate Minus 1.00%	7.00% Discount Rate	Discount Rate Plus 1.00%
Total pension liability	\$9,800,414	\$9,009,328	\$8,327,917
Less fiduciary net position	<u>(7,461,913)</u>	<u>(7,461,913)</u>	<u>(7,461,913)</u>
Net pension liability	\$2,338,501	\$1,547,415	\$866,004

HISTORICAL TREND INFORMATION

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
September 30, 2023	\$9,009,328	\$7,461,913	\$1,547,415	82.82%	\$146,663	1,055.08%
September 30, 2022	\$8,987,902	\$7,341,913	\$1,645,989	81.69%	\$241,982	680.21%
September 30, 2021	\$8,746,840	\$8,952,608	\$(205,768)	102.35%	\$223,181	Not applicable
September 30, 2020	\$9,225,611	\$8,084,440	\$1,141,171	87.63%	\$299,375	381.18%
September 30, 2019	\$9,044,971	\$7,844,035	\$1,200,936	86.72%	\$298,165	402.78%
September 30, 2018	\$8,921,121	\$7,640,171	\$1,280,950	85.64%	\$281,381	455.24%
September 30, 2017	\$9,014,540	\$7,253,135	\$1,761,405	80.46%	\$273,990	642.87%
September 30, 2016	\$8,247,937	\$6,563,141	\$1,684,796	79.57%	\$400,181	421.01%
September 30, 2015	\$6,797,331	\$6,206,493	\$590,838	91.31%	\$386,980	152.68%
September 30, 2014	\$7,254,445	\$6,388,350	\$866,095	88.06%	\$366,815	236.11%

DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN (continued)

HISTORICAL TREND INFORMATION (continued)

Changes in the net pension liability by source

Fiscal Year	Service Cost	Expected Interest Growth	Unexpected Investment Income	Demographic Experience	Employer Contributions	Employee Contributions	Benefit Payments & Refunds	Administrative Expenses	Changes In Benefit Terms	Assumption Changes
2022/23	\$30,846	\$109,915	\$(133,567)	\$22,310	\$(142,520)	\$(13,519)	\$0	\$27,961	\$0	\$0
2021/22	\$51,487	\$(17,649)	\$1,759,721	\$251,915	\$(208,547)	\$(18,988)	\$0	\$33,818	\$0	\$0
2020/21	\$47,058	\$83,349	\$(991,385)	\$(121,301)	\$(282,660)	\$(19,271)	\$0	\$26,502	\$0	\$(89,231)
2019/20	\$66,874	\$79,149	\$16,314	\$62,100	\$(288,302)	\$(21,758)	\$0	\$25,858	\$0	\$0
2018/19	\$70,157	\$82,034	\$127,283	\$(56,035)	\$(306,047)	\$(22,474)	\$0	\$25,068	\$0	\$0
2017/18	\$64,653	\$113,167	\$(32,752)	\$(266,265)	\$(354,222)	\$(23,561)	\$0	\$18,525	\$0	\$0
2016/17	\$63,642	\$107,864	\$(426,662)	\$101,155	\$(349,352)	\$(22,233)	\$0	\$24,005	\$0	\$578,190
2015/16	\$78,649	\$35,779	\$(92,895)	\$147,878	\$(341,136)	\$(33,168)	\$0	\$23,534	\$0	\$1,275,317
2014/15	\$47,281	\$65,643	\$555,367	\$11,264	\$(370,855)	\$(31,458)	\$0	\$22,473	\$0	\$(574,972)
2013/14	\$57,216	\$84,266	\$(32,305)	\$0	\$(428,556)	\$(30,262)	\$(15,195)	\$22,674	\$0	\$0

NOTE: The amortization period for demographic experience and assumption changes was 5.18 years for the 2014/15 fiscal year, 4.42 years for the 2015/16 fiscal year, and one year for fiscal years thereafter.

DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN *(continued)*

HISTORICAL TREND INFORMATION *(continued)*

Fiscal Year End	(1) Actuarially Determined Contribution	(2) Contributions Recognized By the Plan	(3) Difference Between (1) and (2)	Covered Payroll	Column (2) as a % of Covered Payroll
September 30, 2023	\$142,520	\$142,520	\$0	\$146,663	97.18%
September 30, 2022	\$208,547	\$208,547	\$0	\$241,982	86.18%
September 30, 2021	\$282,660	\$282,660	\$0	\$223,181	126.65%
September 30, 2020	\$288,302	\$288,302	\$0	\$299,375	96.30%
September 30, 2019	\$306,047	\$306,047	\$0	\$298,165	102.64%
September 30, 2018	\$354,222	\$354,222	\$0	\$281,381	125.89%
September 30, 2017	\$349,352	\$349,352	\$0	\$273,990	127.51%
September 30, 2016	\$341,136	\$341,136	\$0	\$400,181	85.25%
September 30, 2015	\$370,855	\$370,855	\$0	\$386,980	95.83%
September 30, 2014	\$428,556	\$428,556	\$0	\$366,815	116.83%

INFORMATION USED TO DETERMINE THE NET PENSION LIABILITY

Employer's reporting date: *September 30, 2023*

Measurement date: *September 30, 2023*

Actuarial valuation date: *October 1, 2022*

Actuarial assumptions

Discount rate: *7.00% per annum (2.62% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments.*

Salary increases: *4.75% per annum*

Cost-of-living increases: *None assumed*

Mortality basis: *Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.*

Retirement: *100% retirement is assumed at age 62 with five years of service or 5.00% retirement per year is assumed with 35 years of service or 2.50% retirement per year is assumed at age 55 with 10 years of service; a participant who has attained his normal retirement age as of the valuation date is assumed to retire one year later.*

Other decrements: *Assumed employment termination is based on the Scale 155 Table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).*

Non-investment expenses: *1.75% of future payroll*

Future contributions: *Contributions from the employer and employees are assumed to be made as legally required.*

Changes: *There were no assumption changes since the prior measurement date.*

DETERMINATION OF THE LONG-TERM EXPECTED RATE OF RETURN ON PLAN ASSETS

Investment Category	Target Allocation	Expected Long-Term Real Return
Core bonds	15.00%	1.60% per annum
Core plus	15.00%	2.10% per annum
U.S. large cap equity	25.00%	4.60% per annum
U.S. small cap equity	14.00%	5.50% per annum
Non-U.S. equity	21.00%	6.70% per annum
Core real estate	10.00%	5.00% per annum
Total or weighted arithmetic average	100.00%	4.38% per annum

DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN (continued)

PENSION PLAN DESCRIPTION

Name of the pension plan: *City of Satellite Beach General Employees' Retirement System*
Legal plan administrator: *Board of Trustees of the City of Satellite Beach General Employees' Retirement System*
Plan type: *Single-employer defined benefit pension plan*
Number of covered individuals: *25 (21 inactive employees and beneficiaries currently receiving benefits; one inactive employee entitled to but not yet receiving benefits; three active employees)*
Contribution requirement: *Employer contributions are actuarially determined; employees must contribute 8.00% of pensionable earnings; employee contribution requirement may be amended by City ordinance, but employer contribution requirement is subject to State minimums.*
Pension plan reporting: *The plan issues a stand-alone financial report each year, which contains information about the plan's fiduciary net position. The plan's fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting. This report is available to the public at the plan's administrative office: Retirement Department, Florida League of Cities, Inc., P. O. Box 1757, Tallahassee, FL 32302, (800) 342-8112.*

Description of the benefit terms

Employees covered: *Only participants as of September 30, 1986 are eligible to continue participation after that date.*
Types of benefits offered: *Retirement, disability, and pre-retirement death benefits*
Basic pension formula: *3.00% of average earnings x service prior to October 1, 2010 + 2.00% of average earnings x service after September 30, 2010*
Early retirement adjustment: *Basic pension formula reduced by 1/15 for each of the first five years plus 1/30 for each of the next five years by which the early retirement date precedes the normal retirement date*
Disability pension: *Larger of basic pension formula or 42% of average earnings (for service-connected disability)*
Larger of basic pension formula or 25% of average earnings (for non-service-connected disability if the participant has earned at least 10 years of service)
Disability pension is reduced as necessary to preclude the total of worker's compensation, disability pension, and other City-financed disability or salary continuation benefits from exceeding average earnings.
Pre-retirement death benefit: *Basic pension formula (payable to the beneficiary of a vested participant for 10 years beginning at the participant's early or normal retirement age or payable immediately on an actuarially equivalent basis)*
Return of accumulated employee contributions (payable to the beneficiary of a non-vested participant)
Normal retirement age: *Age 62 with at least five years of service*
Early retirement age: *Age 55 with at least 10 years of service, or*
Any age with at least 35 years of service
Vesting requirement: *Five years of service*
Form of payment: *Actuarially equivalent single life annuity*
10-year certain and life annuity
Actuarially equivalent 50%, 66⅔%, 75%, or 100% joint and contingent annuity
Any other actuarially equivalent form of payment approved by the Board of Trustees
Average earnings: *Average of the highest three consecutive years of pensionable earnings out of the last 10 years*
Cost-of-living adjustment: *No automatic cost-of-living adjustment is provided.*
DROP: *A deferred retirement option plan (DROP) is available to those participants who are at least age 57 and who have attained their early or normal retirement age and individuals may participate in the DROP for 12 to 60 months; DROP accounts are credited with interest at the rate of return earned by the market value of assets less a 0.1875% quarterly administration charge.*
Legal authority: *The plan was established effective May 22, 1973 pursuant to City ordinance and has been amended numerous times since that date.*
Changes: *The benefit terms did not change from the prior measurement date.*

DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN (continued)**PROJECTION OF THE FIDUCIARY NET POSITION**

Date	BOY Balance	Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	EOY Balance
October 1, 2022	\$7,341,913	\$156,039	\$638,032	\$27,961	\$629,954	\$7,461,913
October 1, 2023	\$7,461,913	\$137,994	\$727,668	\$31,889	\$500,947	\$7,341,297
October 1, 2024	\$7,341,297	\$144,549	\$721,328	\$31,611	\$492,957	\$7,225,864
October 1, 2025	\$7,225,864	\$151,415	\$842,392	\$36,917	\$480,765	\$6,978,735
October 1, 2026	\$6,978,735	\$158,607	\$827,985	\$36,285	\$464,231	\$6,737,303
October 1, 2027	\$6,737,303	\$166,141	\$812,890	\$35,624	\$448,132	\$6,503,062
October 1, 2028	\$6,503,062	\$174,033	\$797,179	\$34,935	\$432,571	\$6,277,552
October 1, 2029	\$6,277,552	\$182,300	\$780,943	\$34,224	\$417,653	\$6,062,338
October 1, 2030	\$6,062,338	\$190,959	\$764,234	\$33,492	\$403,486	\$5,859,057
October 1, 2031	\$5,859,057	\$200,030	\$747,071	\$32,740	\$390,185	\$5,669,461
October 1, 2032	\$5,669,461	\$209,531	\$728,829	\$31,940	\$377,895	\$5,496,118
October 1, 2033	\$5,496,118	\$219,484	\$709,352	\$31,087	\$366,803	\$5,341,966
October 1, 2034	\$5,341,966	\$229,909	\$689,743	\$30,227	\$357,076	\$5,208,981
October 1, 2035	\$5,208,981	\$240,830	\$653,576	\$28,642	\$349,441	\$5,117,034
October 1, 2036	\$5,117,034	\$167,728	\$632,350	\$27,712	\$341,252	\$4,965,952
October 1, 2037	\$4,965,952	\$0	\$610,554	\$26,757	\$325,688	\$4,654,329
October 1, 2038	\$4,654,329	\$0	\$588,138	\$25,774	\$304,680	\$4,345,097
October 1, 2039	\$4,345,097	\$0	\$565,048	\$24,763	\$283,863	\$4,039,149
October 1, 2040	\$4,039,149	\$0	\$541,231	\$23,719	\$263,302	\$3,737,501
October 1, 2041	\$3,737,501	\$0	\$516,604	\$22,640	\$243,071	\$3,441,328
October 1, 2042	\$3,441,328	\$0	\$491,154	\$21,524	\$223,253	\$3,151,903
October 1, 2043	\$3,151,903	\$0	\$464,815	\$20,370	\$203,939	\$2,870,657
October 1, 2044	\$2,870,657	\$0	\$437,801	\$19,186	\$185,222	\$2,598,892
October 1, 2045	\$2,598,892	\$0	\$410,098	\$17,972	\$167,193	\$2,338,015
October 1, 2046	\$2,338,015	\$0	\$381,934	\$16,738	\$149,944	\$2,089,287
October 1, 2047	\$2,089,287	\$0	\$353,488	\$15,491	\$133,554	\$1,853,862
October 1, 2048	\$1,853,862	\$0	\$324,967	\$14,241	\$118,099	\$1,632,753
October 1, 2049	\$1,632,753	\$0	\$296,665	\$13,001	\$103,638	\$1,426,725
October 1, 2050	\$1,426,725	\$0	\$268,865	\$11,783	\$90,214	\$1,236,291
October 1, 2051	\$1,236,291	\$0	\$241,806	\$10,597	\$77,856	\$1,061,744
October 1, 2052	\$1,061,744	\$0	\$215,767	\$9,456	\$66,573	\$903,094
October 1, 2053	\$903,094	\$0	\$190,889	\$8,365	\$56,361	\$760,201
October 1, 2054	\$760,201	\$0	\$167,584	\$7,344	\$47,195	\$632,468
October 1, 2055	\$632,468	\$0	\$145,874	\$6,393	\$39,034	\$519,235
October 1, 2056	\$519,235	\$0	\$125,892	\$5,517	\$31,825	\$419,651
October 1, 2057	\$419,651	\$0	\$107,995	\$4,733	\$25,497	\$332,420
October 1, 2058	\$332,420	\$0	\$92,032	\$4,033	\$19,964	\$256,319
October 1, 2059	\$256,319	\$0	\$78,035	\$3,420	\$15,140	\$190,004
October 1, 2060	\$190,004	\$0	\$65,940	\$2,890	\$10,932	\$132,106
October 1, 2061	\$132,106	\$0	\$55,597	\$2,436	\$7,251	\$81,324
October 1, 2062	\$81,324	\$0	\$27,074	\$1,186	\$4,720	\$57,784
October 1, 2063	\$57,784	\$0	\$19,546	\$857	\$3,343	\$40,724
October 1, 2064	\$40,724	\$0	\$14,411	\$632	\$2,333	\$28,014
October 1, 2065	\$28,014	\$0	\$10,541	\$462	\$1,582	\$18,593
October 1, 2066	\$18,593	\$0	\$7,524	\$330	\$1,031	\$11,770
October 1, 2067	\$11,770	\$0	\$5,226	\$229	\$636	\$6,951
October 1, 2068	\$6,951	\$0	\$3,528	\$155	\$360	\$3,628
October 1, 2069	\$3,628	\$0	\$2,242	\$98	\$173	\$1,461
October 1, 2070	\$1,461	\$0	\$759	\$33	\$75	\$744
October 1, 2071	\$744	\$0	\$451	\$20	\$36	\$309
October 1, 2072	\$309	\$0	\$264	\$12	\$12	\$45
October 1, 2073	\$45	\$0	\$0	\$0	\$3	\$48

DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN (continued)

PROJECTION OF THE FIDUCIARY NET POSITION (continued)

Date	BOY Balance	Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	EOY Balance
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NOTES: *The fiduciary net position is projected to be sufficient to cover all future benefit payments when due.
The plan requires only a 7% average investment return per year to avoid a crossover date.
The projection shown above does not reflect future new entrants into the pension plan.*

DISCLOSURES RELATED TO THE GENERAL EMPLOYEES' PENSION PLAN (continued)

AMORTIZATION BASES ATTRIBUTABLE TO UNEXPECTED INVESTMENT INCOME

	YEAR DURING WHICH THE GAIN OR LOSS AROSE					TOTAL
	2018/19	2019/20	2020/21	2021/22	2022/23	
<u>Payment Year</u>						
2022/23	\$25,455	\$3,263	-\$198,277	\$351,944	-\$26,713	\$155,672
2023/24		\$3,262	-\$198,277	\$351,944	-\$26,713	\$130,216
2024/25			-\$198,277	\$351,944	-\$26,713	\$126,954
2025/26				\$351,945	-\$26,713	\$325,232
2026/27					-\$26,715	-\$26,715
Remaining Balance	\$25,455	\$6,525	-\$594,831	\$1,407,777	-\$133,567	\$711,359

AMORTIZATION BASES ATTRIBUTABLE TO DEMOGRAPHIC EXPERIENCE

	YEAR DURING WHICH THE GAIN OR LOSS AROSE		
	2022/23		TOTAL
<u>Payment Year</u>			
2022/23	\$22,310		\$22,310
Remaining Balance	\$22,310		\$22,310

SUMMARY OF DEFERRED OUTFLOWS AND INFLOWS AS OF SEPTEMBER 30, 2023

	Deferred Outflows	Deferred Inflows
Unexpected investment income	\$1,059,095	\$503,408
Demographic experience	\$0	\$0
Assumption changes	\$0	\$0
Total	\$1,059,095	\$503,408