

CITY OF PALATKA  
GENERAL EMPLOYEES' RETIREMENT PLAN

SECTION 112.664, FLORIDA STATUTES COMPLIANCE  
DETERMINED AS OF THE  
OCTOBER 1, 2023 VALUATION DATE



May 10, 2024

VIA E-MAIL

Ms. Jill Keiser, Administrator  
City of Palatka  
General Employees' Retirement Plan  
201 North 2nd Street  
Palatka, FL 32177

Re: City of Palatka General Employees' Retirement Plan  
Section 112.664, Florida Statutes Compliance

Dear Jill:

Please find enclosed the annual disclosures that satisfy the October 1, 2023 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.

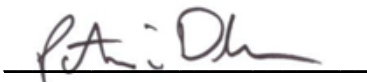
In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should 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: Anna Klausner Parish, 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, 2023 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, 2023

	ACTUAL	HYPOTHETICAL
Discount Rate:	7.40%	5.40%
<u>Total Pension Liability</u>		
Service Cost	483,533	705,736
Interest	1,976,615	1,780,302
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	193,303	248,215
Changes of Assumptions	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,006,842)	(2,006,842)
Net Change in Total Pension Liability	646,609	727,411
Total Pension Liability - Beginning	27,230,905	33,266,244
Total Pension Liability - Ending (a)	\$ 27,877,514	\$ 33,993,655
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	1,508,293	1,508,293
Contributions - Employee	276,296	276,296
Net Investment Income	1,325,651	1,325,651
Benefit Payments, Including Refunds of Employee Contributions	(2,006,842)	(2,006,842)
Administrative Expenses	(45,458)	(45,458)
Net Change in Plan Fiduciary Net Position	1,057,940	1,057,940
Plan Fiduciary Net Position - Beginning	17,958,805	17,958,805
Plan Fiduciary Net Position - Ending (b)	\$ 19,016,745	\$ 19,016,745
Net Pension Liability - Ending (a) - (b)	\$ 8,860,769	\$ 14,976,910

## 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
2023	19,010,042	-	2,925,852	-	1,298,487	17,382,677
2024	17,382,677	-	2,111,241	-	1,208,202	16,479,638
2025	16,479,638	-	2,145,335	-	1,140,116	15,474,419
2026	15,474,419	-	2,185,070	-	1,064,259	14,353,608
2027	14,353,608	-	2,208,256	-	980,462	13,125,814
2028	13,125,814	-	2,211,233	-	889,495	11,804,076
2029	11,804,076	-	2,201,843	-	792,033	10,394,266
2030	10,394,266	-	2,188,039	-	688,218	8,894,445
2031	8,894,445	-	2,182,377	-	577,441	7,289,509
2032	7,289,509	-	2,157,669	-	459,590	5,591,430
2033	5,591,430	-	2,131,489	-	334,901	3,794,842
2034	3,794,842	-	2,093,375	-	203,363	1,904,830
2035	1,904,830	-	2,050,440	-	-	-

\*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 12.93

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
2023	19,010,042	-	2,925,852	-	947,544	17,031,734
2024	17,031,734	-	2,111,241	-	862,710	15,783,203
2025	15,783,203	-	2,145,335	-	794,369	14,432,237
2026	14,432,237	-	2,185,070	-	720,344	12,967,511
2027	12,967,511	-	2,208,256	-	640,623	11,399,878
2028	11,399,878	-	2,211,233	-	555,890	9,744,535
2029	9,744,535	-	2,201,843	-	466,755	8,009,447
2030	8,009,447	-	2,188,039	-	373,433	6,194,841
2031	6,194,841	-	2,182,377	-	275,597	4,288,061
2032	4,288,061	-	2,157,669	-	173,298	2,303,690
2033	2,303,690	-	2,131,489	-	66,849	239,050
2034	239,050	-	2,093,375	-	-	-

\*All DROP Balances paid in 2023.

Number of Years Expected Benefit Payments Sustained: 11.11

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, 2025

Valuation Date: 10/1/2023

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
Investment Rate of Return:	7.40%	5.40%
Minimum Required Contribution (Fixed \$)	\$1,752,934	\$2,346,735
Minimum Required Contribution (% of Payroll)	35.0%	46.8%
Expected Member Contribution	301,206	301,206
Expected Sponsor Contribution (Fixed \$)	\$1,451,728	\$2,045,529
Expected Sponsor Contribution (% of Payroll)	29.0%	40.8%

**ASSETS**

Actuarial Value <sup>1</sup>	21,506,867	21,506,867
Market Value <sup>1</sup>	19,010,042	19,010,042

**LIABILITIES**

Present Value of Benefits		
Actives		
Retirement Benefits	8,187,024	11,545,783
Disability Benefits	320,734	422,055
Death Benefits	145,618	205,836
Vested Benefits	1,085,693	1,737,793
Refund of Contributions	311,694	327,085
Service Retirees	14,259,922	16,756,167
DROP Retirees <sup>1</sup>	3,180,900	3,734,615
Beneficiaries	3,027,679	3,526,999
Disability Retirees	0	0
Terminated Vested	1,031,553	1,390,833
Total:	31,550,817	39,647,166
Present Value of Future Salaries	28,111,924	30,692,387
Present Value of Future Member Contributions	1,686,715	1,841,543
Total Normal Cost	574,158	829,512
Present Value of Future Normal Costs (Entry Age Normal)	2,851,446	4,611,268
Total Actuarial Accrued Liability (EAN) <sup>1</sup>	28,699,371	35,035,898
Unfunded Actuarial Accrued Liability (UAAL)	7,192,504	13,529,031

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2025

Valuation Date: 10/1/2023

	ACTUAL	HYPOTHETICAL
Investment Rate of Return:	7.40%	5.40%
<b><u>PENSION COST</u></b>		
Normal Cost (with interest)	595,402	851,909
Administrative Expenses (with interest)	50,083	49,600
Payment Required To Amortize UAAL (with interest)	1,107,449	1,445,226
Minimum Required Contribution	\$1,752,934	\$2,346,735

<sup>1</sup> The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023.