



December 21, 2021

Ms. Casey Howard
Deputy City Manager
City of Winter Springs
1126 East State Road 434
Winter Springs, Florida 32708

**Re: City of Winter Springs Defined Benefit Plan
GASB Statement No. 67 Year End (*True-Up*)**

Dear Casey:

As requested, we are pleased to enclose the Year-End Disclosure Report of actuarial information as of September 30, 2021 for the City of Winter Springs Defined Benefit Plan (Plan) required under GASB Statement No 67.

Enclosed are the following exhibits:

- Statement of Change in Net Pension Liability and Ratios
- Schedule of Contributions
- Notes to Schedule of Contributions
- Discount Rate
- Sensitivity Analysis

The actuarial valuation of the liabilities is determined as of the beginning of the year, October 1, 2020, and *rolled forward* to the measurement date, September 30, 2021. As you are aware, using the beginning year valuation liabilities allows for timelier reporting at year end. If significant changes occur during the year, such as benefit changes or changes in assumptions or methods, these may need to be reflected in the process.

The enclosed exhibits were based upon draft financial information as of September 30, 2021, which was furnished by the Plan. **If any of this information changes during the auditing process, then these exhibits may need to be revised.**

Please note there are other items not listed above that will be required in the Plan's financial statements and / or the City's Comprehensive Annual Financial Report (Annual Report) to fully comply with GASB Statement No. 67 standards. This additional information will need to be provided by the Plan's investment consultants, accountants or other financial statement preparers.

Required Disclosures

Plan provisions, member census data and actuarial assumptions and methods employed for purposes of our calculations are the same Plan provisions, member census data and actuarial assumptions and methods utilized for the October 1, 2020 Actuarial Valuation. The actuarial assumptions used in this report were last updated in 2020 and are as adopted by the Board. Each assumption represents an estimate of future Plan experience.

Financial data was provided by the City for the October 1, 2021 Actuarial Valuation.

The GASB Net Pension Liability and Plan Fiduciary Net Position as a Percentage of Total Pension Liability may not be appropriate for assessing the sufficiency of Plan assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Plan experience differing from anticipated under the economic or demographic assumptions; changes in economic or anticipated under the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in Plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report was prepared using ProVal's valuation model, a software product of Winklevoss Technologies. We are relying on the ProVal model. We performed tests of the ProVal model with this assignment and made a reasonable attempt to understand the developer's intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of the ProVal model. In our professional judgment, the ProVal valuation model has the capability to provide results that are consistent with the purposes of the valuation.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and



Ms. Casey Howard
December 21, 2021
Page Three

practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This report may be provided to parties other than the Board only in its entirety and only with the permission of an approved representative of the Board.

The signing actuaries are independent of the Plan sponsor.

The undersigned are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report.

If you should have any questions concerning the above or if we may be of further assistance with this matter, please do not hesitate to contact us.

Sincerest regards,
Gabriel, Roeder, Smith & Company



Shelly L. Jones, A.S.A., E.A.
Consultant and Actuary



Jennifer M. Borregard, E.A.
Consultant and Actuary

Enclosures

cc: Ms. Holly Queen



GASB Statement Number 67 Information

I. Net Pension Liability and Related Ratios

Measurement date	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021
A. Total Pension Liability (TPL)								
Service Cost	\$ 886,819	\$ 834,402	\$ 808,281	\$ 697,459	\$ 502,667	\$ 472,736	\$ 401,950	\$ 390,407
Interest	3,666,120	3,851,130	4,059,813	4,229,901	4,452,760	4,693,091	4,736,276	4,858,742
Benefit Changes	0	0	0	0	0	0	0	0
Difference Between Actual and Expected Experience	(581,481)	(107,513)	275,994	(592,087)	124,345	1,281,355	569,125	661,000
Assumption Changes	0	8,107	0	526,115	2,531,601	0	479,182	691,291
Benefit Payments, including Refunds of Member Contributions	(1,974,208)	(2,202,769)	(2,450,972)	(2,679,408)	(2,935,206)	(3,276,412)	(3,821,626)	(4,119,650)
Net Change in Total Pension Liability	\$ 1,997,250	\$ 2,383,357	\$ 2,693,116	\$ 2,181,980	\$ 4,676,167	\$ 3,170,770	\$ 2,364,907	\$ 2,481,790
Total Pension Liability (TPL) - (beginning of year)	46,508,261	48,505,511	50,888,868	53,581,984	55,763,964	60,440,131	63,610,901	65,975,808
Total Pension Liability (TPL) - (end of year)	\$ 48,505,511	\$ 50,888,868	\$ 53,581,984	\$ 55,763,964	\$ 60,440,131	\$ 63,610,901	\$ 65,975,808	\$ 68,457,598
B. Plan Fiduciary Net Position								
Contributions - City and County	\$ 2,527,508	\$ 2,392,948	\$ 2,586,936	\$ 2,605,753	\$ 2,635,968	\$ 2,924,706	\$ 3,213,927	\$ 3,052,914
Contributions - Member	369,500	358,106	479,257	342,209	460,745	265,688	217,975	208,098
Net Investment Income	3,885,344	5,160	4,077,452	5,851,493	5,243,193	1,437,224	4,254,000	14,813,524
Benefit Payments, including Refunds of Member Contributions	(1,974,208)	(2,202,769)	(2,450,972)	(2,679,408)	(2,935,206)	(3,276,412)	(3,821,626)	(4,119,650)
Administrative Expenses	(159,424)	(11,937)	(28,208)	(55,697)	(64,770)	(69,023)	(32,984)	(46,494)
Other	0	0	0	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 4,648,720	\$ 541,508	\$ 4,664,465	\$ 6,064,350	\$ 5,339,930	\$ 1,282,183	\$ 3,831,292	13,908,392
Plan Fiduciary Net Position - (beginning of year)	32,172,541	36,821,261	37,362,769	42,027,234	48,091,584	53,431,514	54,713,697	58,544,989
Plan Fiduciary Net Position - (end of year)	\$ 36,821,261	\$ 37,362,769	\$ 42,027,234	\$ 48,091,584	\$ 53,431,514	\$ 54,713,697	\$ 58,544,989	\$ 72,453,381
C. Net Pension Liability (NPL) - (end of year): (A) - (B)								
	\$ 11,684,250	\$ 13,526,099	\$ 11,554,750	\$ 7,672,380	\$ 7,008,617	\$ 8,897,204	\$ 7,430,819	\$ (3,995,783)
D. Plan Fiduciary Net Position as a Percentage of TPL: (B) / (A)								
	75.91 %	73.42 %	78.44 %	86.24 %	88.40 %	86.01 %	88.74 %	105.84 %
E. Covered Employee Payroll *								
	\$ 7,369,943	\$ 7,070,355	\$ 6,671,503	\$ 5,846,435	\$ 5,342,971	\$ 4,800,755	\$ 4,334,163	\$ 4,335,802
F. NPL as a Percentage of Covered Employee Payroll: (C) / (E)								
	158.54 %	191.31 %	173.20 %	131.23 %	131.17 %	185.33 %	171.45 %	(92.16)%
G. Notes to Schedule:								
Valuation Date	10/01/2013	10/01/2014	10/01/2015	10/01/2016	10/01/2017	10/01/2018	10/01/2019	10/01/2020

Update procedures were used to roll forward the TPL to the measurement date.

See Notes to Schedule of Contributions for a history of benefit changes and assumption changes prior to the measurement date of September 30, 2021. The mortality assumption and investment return assumption are updated and no benefit change as of measurement date of September 30, 2021.

* Reported payroll on which contributions to the Plan are based as provided under GASB No. 82.



GASB Statement Number 67 Information

II. Schedule of Employer Contributions

Fiscal Year End 9/30	Actuarially Determined Contribution	Actual Contribution ¹	Contribution Deficiency / (Excess)	Covered Payroll ²	Actual Contribution as a % of Covered Payroll
2012	\$ 1,965,643	\$ 1,913,717	\$ 51,926	\$ 8,875,836	21.56%
2013	2,258,769	2,258,798	(29)	8,216,342	27.49%
2014	2,474,578	2,527,508	(52,930)	7,369,943	34.29%
2015	2,230,908	2,392,948	(162,040)	7,070,355	33.84%
2016	2,067,445	2,586,936	(519,491)	6,671,503	38.78%
2017	1,831,495	2,605,753	(774,258)	5,846,435	44.57%
2018	1,613,548	2,635,968	(1,022,420)	5,342,971	49.34%
2019	1,484,498	2,924,706	(1,440,208)	4,800,755	60.92%
2020	1,389,125	3,213,927	(1,824,802)	4,334,163	74.15%
2021	1,251,632	3,052,914	(1,801,282)	4,335,802	70.41%

¹ Per City Annual Report prior to September 30, 2014

² Reported payroll on which contributions to the Plan are based as provided under GASB No. 82 (projected prior to fiscal year ended September 30, 2014)

GASB Statement Number 67 Information

III. Notes to Schedule of Contributions

Valuation Date: Actuarially determined contributions are calculated as of October 1st - two years prior the fiscal year end in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ending September 30, 2021:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed
Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	3.0% - 4.5%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	<p>For healthy General Employee participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for male, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.</p> <p>For healthy General Employee participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for male, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.</p> <p>For healthy Firefighter, Police Officer and Forensic Professional participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.</p> <p>For healthy Firefighter, Police Officer and Forensic Professional participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.</p> <p>For disabled General Employee participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.</p> <p>For disabled Firefighter, Police Officer and Forensic Professional participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.</p>

GASB Statement Number 67 Information

III. Notes to Schedule of Contributions (cont'd)

Other Information:

Benefit Changes

2011: Plan closed to future general employees; pensionable earnings to base pay, overtime - maximum 150 hours and accrued leave balance as of July 1, 2011; vesting schedule updated; unreduced early retirement eligibility updated; final average pay updated to five year average and future service benefit accrual rate reduced for general employees.

Assumption Changes

2019: Investment return, mortality rates and disability rates updated. 2017: Investment return, salary increase, withdrawal and retirement rates updated. 2016: Mortality rates updated. 2014: Disability rates updated.

IV. Discount Rate (GASB No. 67 & No. 68)

A discount rate of 7.40% was used to measure the September 30, 2021 TPL. This discount rate was based on the expected rate of return on Plan investments of 7.40%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and City and County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based upon these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future expected benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the TPL.

V. Sensitivity of the NPL to the Discount Rate Assumption

Measurement date: September 30, 2021

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.40%	7.40%	8.40%
NPL	\$ 3,652,614	\$ (3,995,783)	\$ (10,423,129)