



August 28, 2023

City of Homestead New Elected Officials' and Senior Management Retirement System,  
Board of Trustees  
c/o Ms. Lauri Patterson, Benefits USA, Inc.  
3810 Inverrary Boulevard, Suite 303  
Lauderhill, FL 33319

**Re: City of Homestead New Elected Officials' and Senior Management Retirement System  
GASB No. 67 Disclosure Information for Plan Year Ending December 31, 2022**

Dear Board Members:

As requested, we have prepared the actuarial disclosure information required under Governmental Accounting Standards Board (GASB) Statement No. 67 for the plan year ending December 31, 2022.

The following exhibits were based upon draft financial information as of December 31, 2022, which was provided by the Plan's Auditor, as well as information furnished by the Plan Administrator for the January 1, 2022 Actuarial Valuation. If any of this information changes during the auditing process, then the following exhibits will need to be revised:

- Statement of Changes in Net Pension Liability and Ratios, using the Single Discount Rate
- Schedule of Net Pension Liability
- Notes to Schedule of Employer's Net Pension Liability
- Schedule of Contributions
- Notes to Schedule of Contributions
- Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

The actuarial liabilities as of January 1, 2022 were based on the liabilities reported in the January 1, 2022 Actuarial Valuation Report dated September 15, 2022, and "rolled forward" to the December 31, 2022 measurement date. Using the most recent valuation of liabilities allows for timely reporting at the end of the year. 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. Please refer to our January 1, 2022 actuarial valuation report for information related to participant data, economic and demographic assumptions, and benefit provisions.

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

### **Disclosures**

This information is intended to assist in preparation of the financial statements of the Plan. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of satisfying the requirements of GASB Statements No 67. The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimate cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 67 may produce significantly different results.

This report was prepared at the request of the Board and is intended for financial reporting purposes for use by the Retirement Plan and those designated or approved by the Board. This report may be provided to parties other than the Retirement Plan only in its entirety and only with permission of the Board. This report should not be relied on for any purpose other than the purpose described above.

The calculations in this report are based on draft financial information as of December 31, 2022 furnished by the Plan's Auditor as well as the assumptions, methods, and plan provisions outlined in our January 1, 2022 Actuarial Valuation Report dated September 15, 2022. GRS is not responsible for unauthorized use of this report.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Nicolas Lahaye and Melissa Zrelack are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

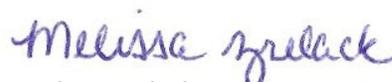
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To best of our knowledge, the information contained in this letter is accurate and fairly presents the actuarial position of the plan as of the valuation date. All calculations have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

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY



Nicolas Lahaye, FSA, EA, MAAA, FCA  
Consultant & Actuary



Melissa Zrelack, EA, MAAA, FCA  
Consultant & Actuary



## SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

### GASB Statement No. 67

Plan year ending December 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>									
Service Cost	\$ 68,040	\$ 62,057	\$ 63,256	\$ 62,683	\$ 62,110	\$ 58,646	\$ 58,065	\$ 44,342	\$ 43,903
Interest	322,051	318,800	321,611	317,262	311,494	306,336	301,228	288,559	284,923
Benefit Changes	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience	93,697	-	34,588	-	15,577	-	20,951	-	-
Assumption Changes	-	-	(130,952)	-	(2,652)	-	100,119	-	-
Benefit Payments	(345,298)	(332,081)	(325,799)	(306,374)	(296,941)	(287,120)	(281,288)	(278,718)	(272,069)
Refunds	-	-	-	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<u>138,490</u>	<u>48,776</u>	<u>(37,296)</u>	<u>73,571</u>	<u>89,588</u>	<u>77,862</u>	<u>199,075</u>	<u>54,183</u>	<u>56,757</u>
<b>Total Pension Liability - Beginning</b>	<u>4,875,729</u>	<u>4,826,953</u>	<u>4,864,249</u>	<u>4,790,678</u>	<u>4,701,090</u>	<u>4,623,228</u>	<u>4,424,153</u>	<u>4,369,970</u>	<u>4,313,213</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 5,014,219</u>	<u>\$ 4,875,729</u>	<u>\$ 4,826,953</u>	<u>\$ 4,864,249</u>	<u>\$ 4,790,678</u>	<u>\$ 4,701,090</u>	<u>\$ 4,623,228</u>	<u>\$ 4,424,153</u>	<u>\$ 4,369,970</u>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer and State	\$ 109,990	\$ 94,435	\$ 93,505	\$ 106,700	\$ 105,641	\$ 108,151	\$ 107,073	\$ 54,580	\$ 108,622
Contributions - Member	-	-	-	-	-	-	-	-	-
Net Investment Income	(834,062)	855,761	671,544	861,401	(194,291)	660,067	162,088	(64,059)	390,121
Benefit Payments	(345,298)	(332,081)	(325,799)	(306,374)	(296,941)	(287,120)	(281,288)	(278,718)	(272,069)
Refunds	-	-	-	-	-	-	-	-	-
Administrative Expense	(47,746)	(29,605)	(45,324)	(39,620)	(47,118)	(66,113)	(47,988)	(29,472)	(31,358)
Other (Post Valuation Adjustment)	-	-	-	-	-	(1,527)	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(1,117,116)</u>	<u>588,510</u>	<u>393,926</u>	<u>622,107</u>	<u>(432,709)</u>	<u>413,458</u>	<u>(60,115)</u>	<u>(317,669)</u>	<u>195,316</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>5,896,492</u>	<u>5,307,982</u>	<u>4,914,056</u>	<u>4,291,949</u>	<u>4,724,658</u>	<u>4,311,200</u>	<u>4,371,315</u>	<u>4,688,984</u>	<u>4,493,668</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 4,779,376</u>	<u>\$ 5,896,492</u>	<u>\$ 5,307,982</u>	<u>\$ 4,914,056</u>	<u>\$ 4,291,949</u>	<u>\$ 4,724,658</u>	<u>\$ 4,311,200</u>	<u>\$ 4,371,315</u>	<u>\$ 4,688,984</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>234,843</u>	<u>(1,020,763)</u>	<u>(481,029)</u>	<u>(49,807)</u>	<u>498,729</u>	<u>(23,568)</u>	<u>312,028</u>	<u>52,838</u>	<u>(319,014)</u>
<b>Plan Fiduciary Net Position as a Percentage</b>									
<b>of Total Pension Liability</b>	95.32 %	120.94 %	109.97 %	101.02 %	89.59 %	100.50 %	93.25 %	98.81 %	107.30 %
<b>Covered Payroll</b>	\$ 183,820	\$ 180,000	\$ 180,000	\$ 202,427	\$ 180,000	\$ 175,611	\$ 181,800	\$ 154,744	\$ 151,500
<b>Net Pension Liability as a Percentage</b>									
<b>of Covered Payroll</b>	127.76 %	(569.09)%	(267.24)%	(24.60)%	277.07 %	(13.42)%	171.63 %	(13.42)%	(210.57)%



## SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY

### GASB Statement No. 67

Plan Year Ending 12/31	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2022	\$ 5,014,219	\$ 4,779,376	\$ 234,843	95.32%	\$ 183,820	127.76 %
2021	4,875,729	5,896,492	(1,020,763)	120.94%	180,000	(567.09)%
2020	4,826,953	5,307,982	(481,029)	109.97%	180,000	(267.24)%
2019	4,864,249	4,914,056	(49,807)	101.02%	202,427	(24.60)%
2018	4,790,678	4,291,949	498,729	89.59%	180,000	277.07 %
2017	4,701,090	4,724,658	(23,568)	100.50%	175,611	(13.42)%
2016	4,623,228	4,311,200	312,028	93.25%	181,800	171.63 %
2015	4,424,153	4,371,315	52,838	98.81%	154,744	34.15 %
2014	4,369,970	4,688,984	(319,014)	107.30%	151,500	(210.57)%

# NOTES TO SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY

## GASB Statement No. 67

**Valuation Date:** January 1, 2022  
**Measurement Date:** December 31, 2022

### Significant Methods and Assumptions Used to Determine Net Pension Liability

The Total Pension Liability was determined by the actuarial valuation as of January 1, 2022, using the following actuarial assumptions and methods, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Salary Increases	1.0% per year
Investment Rate of Return	6.75%
Retirement Age	100% when first eligible for Normal Retirement
Mortality	PUB-2010 Headcount Weighted Below-Median Employee Mortality Tables, set back 1 year for males (pre-retirement) and the PUB-2010 Headcount Weighted Below-Median Healthy Retiree Tables, set back 1 year for males (post-retirement), with mortality improvements projected to each future year after 2010 using Scale MP-2018. These are the same mortality tables used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2020 actuarial valuation.

Standard actuarial update procedures were used to "roll forward" the Total Pension Liability to December 31, 2022, the Plan's year end.

### Other Information:

Notes See Discussion of Valuation Results on Page 1 of the January 1, 2022 Actuarial Valuation Report dated September 15, 2022.



## SCHEDULE OF CONTRIBUTIONS

### GASB Statement No. 67

Plan Year Ending 12/31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2022	\$ 109,990	\$ 109,990	-	\$ 183,820	59.84%
2021	94,435	94,435	-	180,000	52.46%
2020	93,505	93,505	-	180,000	51.95%
2019	106,700	106,700	-	202,427	52.71%
2018	105,641	105,641	-	180,000	58.69%
2017	108,151	108,151	-	175,611	61.59%
2016	107,073	107,073	-	181,800	58.90%
2015	54,580	54,580	-	154,744	35.27%
2014	54,042	108,622	(54,580)	151,500	71.70%



# NOTES TO SCHEDULE OF CONTRIBUTIONS

## GASB Statement No. 67

**Valuation Date:** January 1, 2022

**Notes** Actuarially determined contribution rates are calculated as of January 1, which is one year prior and two years prior to the end of the plan year in which contributions are reported. Valuations are performed every other year.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Aggregate (no less than Normal Cost under the Entry Age Method)
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Market Value of Assets
Salary Increases	1.0% per year
Investment Rate of Return	6.75%
Retirement Age	100% when first eligible for Normal Retirement
Mortality	PUB-2010 Headcount Weighted Below-Median Employee Mortality Tables, set back 1 year for males (pre-retirement) and the PUB-2010 Headcount Weighted Below-Median Healthy Retiree Tables, set back 1 year for males (post-retirement), with mortality improvements projected to each future year after 2010 using Scale MP-2018. These are the same mortality tables used for Regular Class members of the Florida Retirement System (FRS) in the July 1, 2020 actuarial valuation.

**Other Information:**

**Notes** See Discussion of Valuation Results on Page 1 of the January 1, 2022 Actuarial Valuation Report dated September 15, 2022.



## SENSITIVITY OF NET PENSION LIABILITY TO THE SINGLE DISCOUNT RATE ASSUMPTION GASB Statement No. 67

A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

### Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

Plan Year Ending	1% Decrease	Current Single Discount Rate Assumption	1% Increase
December 31,	5.75%	6.75%	7.75%
2022	\$809,349	\$234,843	(\$242,521)

