

City of Starke General Employees' Retirement System

ACTUARIAL VALUATION AS OF OCTOBER 1, 2023

This Valuation Determines the Annual Contribution for the System Year October 1, 2024
through September 30, 2025 to be paid in System Year October 1, 2024 to September 30, 2025

July 18, 2024



**City of Starke General Employees'
Retirement System**

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July 18, 2024

Mr. James Hughes
Finance Director
City of Starke General Employees' Retirement System
P.O. Box C – 209 N. Thompson Street
Starke, Florida 32091-1278

Dear James:

We are pleased to present our October 1, 2023 Actuarial Valuation Report for the City of Starke General Employees' Retirement System (System). The purpose of this report is to indicate appropriate contribution levels, monitor minimum funding requirements, comment on the actuarial stability of the System and to satisfy State and accounting requirements. Gabriel, Roeder, Smith & Company (GRS), as System actuary, is authorized to prepare an annual Actuarial Valuation under Section 78-262 of the System. This Report is prepared for and at the request of the Board of Trustees.

This Report consists of this cover letter, executive summary, risk assessment and Low-Default-Risk Obligation Measure followed by detailed Tables I through XVIII, the State Required Exhibit on Table XIX and the Glossary on Table XX. The Tables contain basic System cost figures plus significant details on the benefits, liabilities and experience of the System. We suggest you thoroughly review the report at your convenience and contact us with any questions that may arise.

The findings in this report are based on data or other information through September 30, 2023. The valuation was based upon information furnished by the City concerning System benefits, plan provisions and active members, terminated members, retirees and beneficiaries. We received financial information as of September 30, 2023 concerning fund assets from the City.

We do not audit the Member census data and asset information that is provided to us; however, we perform certain reasonableness checks. The System is responsible for the accuracy of the data.

In our opinion the benefits provided for under the current System will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed. We will continue to update you on the future payment requirements for the System through our actuarial valuation reports. These reports will also continue to monitor emerging experience of the System.

The actuarial assumptions used in this Actuarial Valuation are as adopted by the Board of Trustees. The economic and non-prescribed demographic actuarial assumptions are based on the results of an Actuarial Experience Study for the period October 1, 2014 – September 30, 2019. The mortality assumptions are prescribed by statute. Each assumption represents an estimate of future System experience. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e. not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice.

If all actuarial assumptions are met and if all future minimum required contributions are paid, System assets will be sufficient to pay all System benefits, future contributions are expected to remain relatively stable as a percent of payroll and the funded status is expected to improve. System minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level percent of covered payroll and a level percent amortization payment using a maximum amortization period of 30 years.

The Unfunded Actuarial Accrued Liability (UAAL) may not be appropriate for assessing the sufficiency of System 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. The UAAL would be different if it reflected the market value of assets rather than the actuarial value of assets.

The Unfunded Actuarial Present Value of Vested Accrued Benefits and the corresponding Vested Benefit Security Ratio may not be appropriate for assessing the sufficiency of Fund assets to meet the estimated cost of settling benefit obligations and also may not be appropriate for assessing the need for or the amount of future contributions.

The GASB Net Pension Liability and System Fiduciary Net Position as a Percentage of Total Pension Liability may not be appropriate for assessing the sufficiency of System 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.

This report should not be relied upon 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 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.



Mr. James Hughes
July 18, 2024
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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 System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This report was prepared at the request of the Board and is intended for use by the Board and those designated or approved by the Board. This Report may be provided to parties other than the Board only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

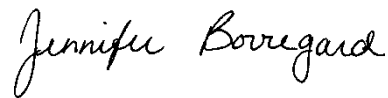
The signing actuaries are independent of the System sponsor.

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. We are available to respond to any questions with regards to matters covered in this report.

Sincerely,
Gabriel, Roeder, Smith & Company



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



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



EXECUTIVE SUMMARY

Retirement System Costs

Our Actuarial Valuation as of October 1, 2023 develops the required minimum Retirement System payment for fiscal year beginning **October 1, 2024** under the Florida Protection of Public Employee Retirement Benefits Act. The minimum payment consists of payment of annual normal costs including expenses and amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law. The minimum payment for fiscal year ending September 30, 2025 is **\$388,518 (17.8%)**. The figure in parentheses is the System cost expressed as a percentage of projected covered annual payroll for fiscal year beginning October 1, 2024 (\$2,183,289).

This total cost is to be met by member contribution, member pick-up contributions and City contributions. We anticipate member contributions will be **\$21,833 (1.0%)** and member pick-up contribution will be **\$109,164 (5.0%)** for fiscal year ending September 30, 2025. This leaves a Base City requirement of **\$257,521 (11.8%)** for fiscal year ending September 30, 2025. The Base City contribution includes an interest adjustment.

Changes in Actuarial Assumptions, Methods and System Benefits

The System benefit provisions are unchanged from the October 1, 2022 Actuarial Valuation and are summarized on Table X.

The actuarial assumptions and methods remain unchanged from the October 1, 2022 Actuarial Valuation and are outlined on Table XI.

Comparison of October 1, 2022 and October 1, 2023 Valuation Results

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated for October 1, 2022. The right columns indicate the costs as calculated for October 1, 2023.

Comparing the left and right columns of Table II shows the effect of System experience during the year. The number of active participants increased by approximately 2% while covered payroll increased by approximately 6%. Total System membership increased by approximately 1%. Total normal cost increased both as a dollar amount and as a percentage of covered payroll. Both Net Base City minimum funding requirement and the unfunded actuarial accrued liability decreased both as a dollar amount and as a percentage of covered payroll.

The value of vested accrued benefits exceeds the System assets, resulting in a Vested Benefit Security Ratio (VBSR) of 92.2% which is an increase from 84.2% as of October 1, 2022. The VBSR is measured on a market value of assets basis.



System Experience

Table VII indicates net System experience resulted in an actuarial gain of \$310,768. This suggests actual overall experience was more favorable than expected.

Table XVII provides figures on recent System experience (salary, turnover and investment yield). Salary experience indicates actual salary increases were approximately 11.2%. Salary increases exceeded the assumption for salary increases of 6.2% and was generally an offsetting source of actuarial loss. Three, five and ten-year annual salary increases have averaged 10.0%, 9.5% and 8.6%, respectively.

Employee turnover this year was approximately 170% of assumed turnover and was generally a source of actuarial gain. Three, five and ten-year average annual turnover was approximately 140%, 120% and 130% of the assumed turnover, respectively.

Mortality this year was higher than expected and was an additional source of actuarial gain.

The smoothed actuarial value investment return of 7.49% was more than the 7.00% assumption for investment return. Smoothed actuarial value investment return was an additional source of actuarial gain during the year. The three, five and ten-year average annual smoothed actuarial value investment returns are 8.06%, 9.25% and 8.85%, respectively. The one, three, five and ten-year average annual returns based upon market value are 15.04%, 5.13%, 6.74% and 7.90%, respectively.

Conclusion and Recommendations

The Market Value of Assets is less than the Actuarial Value of Assets by \$363,063 as of the valuation date. This difference will be gradually recognized in the absence of future offsetting gains. In turn, the actuarially determined contribution rate will increase.

The remainder of this report includes detailed actuarial valuation results, information relating to the pension fund, financial accounting information, miscellaneous employee data and a summary of plan provisions and actuarial assumptions and methods.

RISKS ASSOCIATED WITH MEASURING THE ACCRUED LIABILITIES AND ACTUARIALLY DETERMINED CONTRIBUTION

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: System experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; 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, or additional cost or contribution requirements based on the System's funded status); and changes in System provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the system's future financial condition include:

1. Investment risk – actual investment returns may differ from expected returns;
2. Asset / Liability mismatch – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and the actuarially determined contribution requirements;
3. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the System's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll or other relevant contribution base;
4. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and the actuarially determined contributions differing from expected;
5. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
6. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and the actuarially determined contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the actuarially determined contribution can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in the actuarially determined contribution can be anticipated.

The actuarially determined contribution rate shown on page four may be considered as a minimum contribution rate that complies with the Board's funding policy. The timely receipt of the actuarially

determined contributions is critical to support the financial health of the System. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

System Maturity Measures

Risks facing a pension system evolve over time. A young system with virtually no investments and paying few benefits may experience little investment risk. An older system with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted system maturity measures include the following:

	<u>2022</u>	<u>2023</u>
Ratio of the market value of assets to payroll	5.04	5.20
Ratio of actuarial accrued liability to payroll	6.59	6.10
Ratio of actives to retirees and beneficiaries	0.83	0.87
Ratio of net cash flow to market value of assets	-2.9%	-5.8%
Duration of the actuarial accrued liability	9.70	9.57

Ratio of Market Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of the actuarially determined contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in the actuarially determined contributions as a percentage of payroll.

Ratio of Actuarial Accrued Liability to Payroll

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of the actuarially determined contributions for a fully funded system. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also the actuarially determined contributions) as a percentage of payroll.

Ratio of Actives to Retirees and Beneficiaries

A young system with many active members and few retirees will have a high ratio of active to retirees. A mature open system may have close to the same number of actives to retirees resulting in a ratio near 1.0. A

super-mature or closed system may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature system or a need for additional contributions.

Duration of Actuarial Accrued Liability

The duration of the actuarial accrued liability may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, a duration of 10 indicates the liability would increase approximately 10% if the assumed rate of return were lowered 1%.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

LOW-DEFAULT-RISK OBLIGATION MEASURE

Actuarial Standards of Practice No. 4 (ASOP No. 4) was revised and reissued in December 2021 by the Actuarial Standards Board (ASB). It includes a new calculation called a low-default-risk obligation measure (LDROM) to be prepared and issued annually for defined benefit pension plans. The transmittal memorandum for ASOP No. 4 includes the following explanation:

“The ASB believes that the calculation and disclosure of this measure provides appropriate, useful information for the intended user regarding the funded status of a pension plan. The calculation and disclosure of this additional measure is not intended to suggest that this is the “right” liability measure for a pension plan. However, the ASB does believe that this additional disclosure provides a more complete assessment of a plan’s funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.”

The following information has been prepared in compliance with this new requirement. Unless otherwise noted, the measurement date, actuarial cost methods, and assumptions used are the same as for the funding valuation covered in this actuarial valuation report.

- A. Low-default-risk Obligation Measure of benefits earned as of the measurement date: \$16,077,507
- B. Discount rate used to calculate the LDROM: 4.63% based on Fidelity’s “20-Year Municipal GO AA Index” as of September 29, 2023
- C. Other significant assumptions that differ from those used for the funding valuation: None
- D. Actuarial cost method used to calculate the LDROM: Entry Age Normal
- E. Valuation procedures to value any significant plan provisions that are difficult to measure using traditional valuation procedures, and that differ from the procedures used in the funding valuation: None
- F. Commentary to help the intended user understand the significance of the LDROM with respect to the funded status of the plan, plan contributions, and the security of participant benefits: The LDROM is a market-based measurement of the pension obligation. It estimates the amount the plan would need to invest in low default risk securities. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligation.

The difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on the risk in a diversified portfolio.

Table I

Summary of Retirement System Costs as of October 1, 2023

	Cost Data	% of Payroll
A. Participant Data Summary (Table III)		
1. Active employees	45	N/A
2. Terminated vested	3	N/A
3. Receiving benefits (including DROPs)	52	N/A
4. Annual payroll of active employees	\$ 2,099,316	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 96,947	4.6%
2. Termination benefits	55,671	2.7%
3. Death benefits	1,897	0.1%
4. Disability benefits	7,331	0.3%
5. Estimated expenses	38,000	1.8%
6. Total annual normal costs	\$ 199,846	9.5%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 2,750,679	131.0%
2. Termination benefits active employees	83,377	4.0%
3. Death benefits active employees	30,000	1.4%
4. Disability benefits active employees	42,055	2.0%
5. Retired or terminated vested participants receiving benefits including DROP participants	8,699,403	414.4%
6. Terminated vested participants entitled to future benefits	364,713	17.4%
7. Deceased participants whose beneficiaries are receiving benefits	607,885	29.0%
8. Disabled participants receiving benefits	162,101	7.7%
9. Miscellaneous liability	57,521	2.7%
10. Total actuarial accrued liability	\$ 12,797,734	609.6%
D. Smoothed Actuarial Value of Assets (Table VI)	\$ 11,274,285	537.0%
E. Unfunded Actuarial Accrued Liability (C-D)	\$ 1,523,449	72.6%

**Table I
(Cont'd)**

Summary of Retirement System Costs as of October 1, 2023

	Cost Data	% of Payroll
F. Minimum Required Contribution		
1. Total normal cost	\$ 199,846	9.5%
2. Amortization of unfunded liability	161,509	7.7%
3. Interest adjustment	12,220	0.6%
4. Total required contribution	<u>\$ 373,575</u>	17.8%
G. Expected payroll of active employees for 2024-2025 year (\$2,099,316 x 1.040)	\$ 2,183,289	104.0%
H. Contribution Sources (percent of expected 2024-2025 payroll)		
1. Expected City		
a. Base	\$ 257,521	11.8%
b. Member <i>Pick-Up</i>	109,164	5.0%
c. Total expected City	<u>\$ 366,685</u>	16.8%
2. Expected Member	\$ 21,833	1.0%
I. Actuarial Gain / (Loss) (Table VII)	\$ 310,768	14.8%
J. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits including DROP participants	\$ 9,469,389	451.1%
2. Terminated vested participants entitled to future benefits and miscellaneous	422,234	20.1%
3. Active participants entitled to future benefits	<u>1,942,963</u>	92.6%
4. Total actuarial present value of vested accrued benefits	\$ 11,834,586	563.7%
K. Market Value of Assets (Table V)	\$ 10,911,222	519.8%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - K., not less than zero)	\$ 923,364	44.0%
M. Vested Benefit Security Ratio (K. ÷ J.)	92.2%	N/A

Comparison of Cost Data of October 1, 2022 and October 1, 2023 Valuations

	October 1, 2022		October 1, 2023	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active employees	44	N/A	45	N/A
2. Terminated vested	2	N/A	3	N/A
3. Receiving benefits (including DROPs)	53	N/A	52	N/A
4. Annual payroll of active employees	\$ 1,989,809	100.0%	\$ 2,099,316	100.0%
5. Projected annual payroll of active employees	\$ 2,069,401	104.0%	\$ 2,183,289	104.0%
B. Total Normal Costs	\$ 185,463	9.3%	\$ 199,846	9.5%
C. Total Actuarial Accrued Liability	\$ 13,117,619	659.2%	\$ 12,797,734	609.6%
D. Smoothed Actuarial Value of Assets	\$ 11,050,941	555.4%	\$ 11,274,285	537.0%
E. Unfunded Actuarial Accrued Liability	\$ 2,066,678	103.9%	\$ 1,523,449	72.6%
F. Net Base City Cost	\$ 281,942	13.6% ¹	\$ 257,521	11.8% ²
G. Actuarial Gain / (Loss)	\$ 192,318	9.7%	\$ 310,768	14.8%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 1,875,634	94.3%	\$ 923,364	44.0%
I. Vested Benefit Security Ratio	84.2%	N/A	92.2%	N/A

¹ Percent of expected 2023-2024 covered payroll (\$2,069,401)

² Percent of expected 2024-2025 covered payroll (\$2,183,289)

**Characteristics of Participants in
Actuarial Valuation as of October 1, 2023**

A. Active System Participants Summary

1. Active participants fully vested	8
2. Active participants partially vested	0
3. Active participants non-vested	37
4. Total active participants	45
5. Annual rate of pay of active participants	\$ 2,099,316

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits including DROP participants	42
2. Terminated vested participants entitled to future benefits	3
3. Deceased participants whose beneficiaries are receiving benefits	8
4. Disabled participants receiving benefits	2

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits including DROP participants	\$ 890,039
2. Terminated vested entitled to future benefits	49,149
3. Beneficiaries of deceased participants	92,807
4. Disabled participants	16,934

Statement of System Assets as of October 1, 2023

	<u>Market Value</u>
A. <u>Cash</u>	\$ 451,442
B. <u>General Investments</u>	
1. Cash Equivalents	\$ 475,531
2. U.S. Government Securities	\$ 0
3. Corporate Bonds	\$ 2,142,294
4. Common Stocks	\$ 7,627,821
5. Foreign Bonds	\$ 88,059
6. Treasuries	\$ 141,707
C. <u>Receivables</u>	
1. Accrued Interest	\$ 21,842
2. City Contribution Receivable	\$ 0
3. Other Receivables	\$ 0
D. <u>Payable</u>	
1. Account Payable	\$ 16,147
2. Due to Other Funds	\$ 21,327
E. <u>Total System Assets</u> (A + B + C - D)	\$ 10,911,222

Reconciliation of System Assets

A. <u>Total Market Value of Assets as of October 1, 2022</u>		\$	10,029,422
B. <u>Receipts During Period</u>			
1. Contributions			
a. Member	\$	22,766	
b. Member (picked up by City)		114,336	
c. City		432,684	
d. Total	\$	569,786	
2. Investment Income			
a. Interest, dividends and other	\$	168,924	
b. Investment expenses		(85,235)	
c. Net investment income	\$	83,689	
3. Net realized gains / (losses)		138,160	
4. Net unrealized gains / (losses)		1,242,407	
5. Total receipts during period		\$	2,034,042
C. <u>Disbursements During Period</u>			
1. Pension payments	\$	1,003,323	
2. DROP distributions		59,565	
3. Contribution refunds		42,973	
4. Administrative expenses		46,381	
5. Total disbursements during period		\$	1,152,242
D. <u>Total Market Value of Assets as of September 30, 2023</u>		\$	10,911,222
E. <u>Reconciliation of DROP Account Balances</u>			
1. DROP account balances as of October 1, 2022	\$	58,581	
2. Benefit payments into DROP accounts during year		996	
3. Investment gains / (losses) during year		589	
4. Distributions from DROP accounts during year		(59,565)	
5. DROP account balances as of September 30, 2023		\$	601

Development of Smoothed Actuarial Value of Assets as of September 30

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
A. Preliminary total smoothed actuarial value from prior year	\$ 10,865,806	\$ 11,050,941	\$ 11,274,285		
B. Market value beginning of year	11,946,116	10,029,422	10,911,222		
C. Market value end of year	10,029,422	10,911,222			
D. Non-investment net cash flow	(351,252)	(582,456)			
E. Investment return					
1. Total market value return: C. - B. - D.	(1,565,442)	1,464,256			
2. Amount for immediate recognition (7.0%)	748,313	753,180			
3. Amount for phased-in recognition: E.1. - E.2.	(2,313,755)	711,076			
F. Phased-in recognition of investment return					
1. Current year: 25% of E.3.	(578,439)	177,769			
2. First prior year	260,507	(578,439)	177,769		
3. Second prior year	192,785	260,507	(578,439)	177,769	
4. Third prior year	(86,779)	192,783	260,507	(578,438)	177,769
5. Total phased-in recognition of investment return	(211,926)	52,620	(140,163)	(400,669)	177,769
G. Total smoothed actuarial value end of year					
1. Preliminary total smoothed actuarial value end of year:					
A. + D. + E.2. + F.5.	11,050,941	11,274,285			
2. Upper corridor limit: 120% of C.	12,035,306	13,093,466			
3. Lower corridor limit: 80% of C.	8,023,538	8,728,978			
4. Total smoothed actuarial value end of year:					
G.1., not more than G.2., nor less than G.3.	11,050,941	11,274,285			
H. Difference between total market value and total smoothed actuarial value	(1,021,519)	(363,063)			
I. Smoothed actuarial value rate of return	5.02%	7.49%			
J. Market value rate of return	(13.30%)	15.04%			

**Actuarial Gain / (Loss) for
System Year Ended September 30, 2023**

A. Derivation of Actuarial Gain / (Loss)

1. City base normal cost previous actuarial valuation	\$ 66,075
2. Unfunded actuarial accrued liability previous actuarial valuation	2,066,678
3. City base contributions previous year	432,684
4. Interest on:	
(a) City base normal cost	\$ 4,625
(b) Unfunded actuarial accrued liability	144,667
(c) City base contributions	15,144
(d) Net total: (a) + (b) - (c)	<u>\$ 134,148</u>
5. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.)	\$ 1,834,217
6. Actual unfunded actuarial accrued liability current year	<u>1,523,449</u>
7. Actuarial gain / (loss): (5. - 6.)	\$ 310,768

**B. Approximate Portion of Gain (Loss)
due to Investments**

1. Smoothed actuarial value of assets previous year	\$ 11,050,941
2. Net contributions during period	569,786
3. Benefits and admin expenses during period	1,152,242
4. Expected net appreciation for period	<u>753,180</u>
5. Expected smoothed actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$ 11,221,665
6. Actual smoothed actuarial value of assets current year	\$ 11,274,285
7. Approximate gain / (loss) due to investments: (6. - 5.)	\$ 52,620

**C. Approximate Portion of Gain / (Loss)
due to Liabilities: A. - B.**

\$ 258,148

Amortization of Unfunded Actuarial Accrued Liability

A. Actuarial Accrued Liability Remaining Unfunded

<u>Date</u>	<u>Unfunded Liability</u>	<u>Amortization Payment</u>
October 1, 2023	\$ 1,523,449	\$ 161,509
October 1, 2024	\$ 1,457,276	\$ 167,220
October 1, 2025	\$ 1,380,360	\$ 172,845
October 1, 2026	\$ 1,292,041	\$ 173,854
October 1, 2027	\$ 1,196,460	\$ 181,208
...		
...		
October 1, 2053	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll *</u>	<u>Annual Increase</u>
October 1, 2023	\$ 2,099,316	5.5%
October 1, 2022	\$ 1,989,809	25.7%
October 1, 2021	\$ 1,583,356	7.2%
October 1, 2020	\$ 1,477,410	1.2%
October 1, 2019	\$ 1,460,496	40.1%
October 1, 2018	\$ 1,042,789	4.7%
October 1, 2017	\$ 995,886	5.2%
October 1, 2016	\$ 947,085	(0.1%)
October 1, 2015	\$ 948,129	13.6%
October 1, 2014	\$ 834,933	3.1%
October 1, 2013	\$ 809,764	N/A

Ten-Year Average Annual Increase	10.0%
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* Excludes DROP payroll

Accounting Disclosure Exhibit

	10/01/2022	10/01/2023
I. <u>Number of System Members</u>		
a. Receiving benefits including DROPs	53	52
b. Terminated due deferred benefits	2	3
c. Active System members	44	45
d. Total	99	100
II. <u>Financial Accounting Standards Board Allocation</u> <u>As of October 1, 2023</u>		
A. <u>Statement of Accumulated system Benefits</u>		
1. Actuarial present value of accumulated vested System benefits		
a. Participants currently receiving benefits including DROP participants	\$ 9,849,581	\$ 9,469,389
b. Other participants	2,055,475	2,365,197
c. Total	\$ 11,905,056	\$ 11,834,586
2. Actuarial present value of accumulated non-vested System benefits	352,487	245,583
3. Total actuarial present value of accumulated System benefits	\$ 12,257,543	\$ 12,080,169
B. <u>Statement of Change in Accumulated System Benefits</u>		
1. Actuarial present value of accumulated System benefits as of October 1, 2022		\$ 12,257,543
2. Increase (decrease) during year attributable to:		
a. System amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds		(1,105,861)
d. Other, including benefits accumulated, increase for interest due to decrease in the discount period		928,487
e. Net increase		\$ (177,374)
3. Actuarial present value of accumulated System benefits as of October 1, 2023		\$ 12,080,169
C. <u>Significant Matters Affecting Calculations</u>		
1. Assumed rate of return used in determining actuarial present values		7.00%
2. Change in System provisions		None.
3. Change in actuarial assumptions		None.

Accounting Disclosure Exhibit

III. Net Pension Liability and Related Ratios (GASB No. 67 & No. 68)

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	9/30/2022	9/30/2023	Projected 9/30/2024 *
A. Total Pension Liability (TPL)											
Service Cost	\$ 81,824	\$ 80,417	\$ 80,638	\$ 77,269	\$ 75,346	\$ 77,857	\$ 107,291	\$ 119,388	\$ 126,448	\$ 150,463	\$ 161,846
Interest	919,179	922,364	968,718	965,027	943,073	903,186	900,994	886,528	871,187	890,061	869,889
Benefit Changes	0	0	134,185	0	0	0	0	0	0	664,985	0
Difference Between Actual and Expected Experience	(103,148)	(120,675)	77,226	(11,730)	92,402	(195,751)	144,833	62,607	(130,480)	(378,734)	(253,086)
Assumption Changes	0	0	694,526	(3,216)	0	0	(192,720)	683,365	0	0	0
Benefit Payments, including											
Refunds of Member Contributions	(873,327)	(813,053)	(979,794)	(1,187,543)	(1,669,630)	(1,000,790)	(986,901)	(1,233,370)	(970,701)	(1,105,861)	(1,065,181)
Net Change in Total Pension Liability	\$ 24,528	\$ 69,053	\$ 975,499	\$ (160,193)	\$ (558,809)	\$ (215,498)	\$ (26,503)	\$ 518,518	\$ (103,546)	\$ 220,914	\$ (286,532)
Total Pension Liability (TPL) - (beginning of year)	12,306,857	12,331,385	12,400,438	13,375,937	13,215,744	12,656,935	12,441,437	12,414,934	12,933,452	12,829,906	13,050,820
Total Pension Liability (TPL) - (end of year)	\$ 12,331,385	\$ 12,400,438	\$ 13,375,937	\$ 13,215,744	\$ 12,656,935	\$ 12,441,437	\$ 12,414,934	\$ 12,933,452	\$ 12,829,906	\$ 13,050,820	\$ 12,764,288
B. System Fiduciary Net Position											
Contributions - City	\$ 725,572	\$ 511,983	\$ 434,152	\$ 533,934	\$ 601,642	\$ 676,062	\$ 668,747	\$ 416,242	\$ 531,720	\$ 432,684	\$ 281,942
Contributions - Member	8,767	9,377	9,969	10,906	17,475	14,173	15,776	18,156	20,941	22,766	20,993
Contributions - Member (picked up by City)	43,710	46,885	49,844	54,532	58,698	70,864	78,876	78,045	104,670	114,336	104,966
Net Investment Income	1,040,361	(485,656)	1,007,125	1,303,328	1,109,427	313,459	1,481,683	1,746,078	(1,565,442)	1,464,256	739,451
Benefit Payments, including											
Refunds of Member Contributions	(873,327)	(813,053)	(979,794)	(1,187,543)	(1,669,630)	(1,000,790)	(986,901)	(1,233,370)	(970,701)	(1,105,861)	(1,065,181)
Administrative Expenses	(32,236)	(46,487)	(52,968)	(28,272)	(60,758)	(35,352)	(36,489)	(31,203)	(37,882)	(46,381)	(38,000)
Other	0	0	0	0	0	0	0	0	0	0	0
Net Change in System Fiduciary Net Position	\$ 912,847	\$ (776,951)	\$ 468,328	\$ 686,885	\$ 56,854	\$ 38,416	\$ 1,221,692	\$ 993,948	\$ (1,916,694)	\$ 881,800	\$ 44,171
System Fiduciary Net Position - (beginning of year)	8,344,097	9,256,944	8,479,993	8,948,321	9,635,206	9,692,060	9,730,476	10,952,168	11,946,116	10,029,422	10,911,222
System Fiduciary Net Position - (end of year)	\$ 9,256,944	\$ 8,479,993	\$ 8,948,321	\$ 9,635,206	\$ 9,692,060	\$ 9,730,476	\$ 10,952,168	\$ 11,946,116	\$ 10,029,422	\$ 10,911,222	\$ 10,955,393
C. Net Pension Liability (NPL) - (end of year): (A) - (B)	\$ 3,074,441	\$ 3,920,445	\$ 4,427,616	\$ 3,580,538	\$ 2,964,875	\$ 2,710,961	\$ 1,462,766	\$ 987,336	\$ 2,800,484	\$ 2,139,598	\$ 1,808,895
D. System Fiduciary Net Position as a Percentage of TPL: (B) / (A)	75.07 %	68.38 %	66.90 %	72.91 %	76.58 %	78.21 %	88.22 %	92.37 %	78.17 %	83.61 %	85.83 %
E. Covered Employee Payroll **	\$ 874,183	\$ 936,706	\$ 996,866	\$ 1,090,634	\$ 1,173,969	\$ 1,417,282	\$ 1,577,549	\$ 1,602,219	\$ 2,170,227	\$ 2,301,373	\$ 2,099,316
F. NPL as a Percentage of Covered Employee Payroll (C) / (E)	351.69 %	418.54 %	444.15 %	328.30 %	252.55 %	191.28 %	92.72 %	61.62 %	129.04 %	92.97 %	86.17 %
G. Notes to Schedule:											
Valuation Date	10/1/2013	10/1/2014	10/1/2015	10/1/2016	10/1/2017	10/1/2018	10/1/2019	10/1/2020	10/1/2021	10/1/2022	10/1/2023
Reporting Date (GASB No. 68)	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025

Update procedures used to roll forward TPL excluding DROP account balances to the measurement dates - actual DROP account balances as of measurement dates included in TPL.

See Table IX, Item V. for a history of benefit and assumption changes through measurement date September 30, 2022. A monthly benefit increase of \$100 for retirees and no assumption changes for measurement date September 30, 2023. No System provision and assumptions changes for measurement date September 30, 2024.

* Projected - actual amounts will be available after fiscal year end.

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

Accounting Disclosure Exhibit

IV. Schedule of Employer Contributions (GASB No. 67 & No. 68)

Fiscal Year End 9/30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll ¹	Actual Contribution as a % of Covered Payroll
2014	\$ 525,384	\$ 725,572	\$ (200,188)	\$ 874,183	83.00%
2015	494,285	511,983	(17,698)	936,706	54.66%
2016	434,152	434,152	0	996,866	43.55%
2017	481,994	533,934	(51,940)	1,090,634	48.96%
2018	485,783	601,642	(115,859)	1,173,969	51.25%
2019	474,388	676,062	(201,674)	1,417,282	47.70%
2020	439,798	668,747	(228,949)	1,577,549	42.39%
2021	372,610	416,242	(43,632)	1,602,219	25.98%
2022	370,196	531,720	(161,524)	2,170,227	24.50%
2023	313,327	432,684	(119,357)	2,301,373	18.80%
2024 ²	281,942	281,942	0	2,099,316	13.43%

¹ Reported payroll on which contributions to the System are based as provided under GASB No. 82

² Projected - actual amounts will be available after fiscal year end

Accounting Disclosure Exhibit

V. Notes to Schedule of Contributions (GASB No. 67 & No. 68)

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

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ended September 30, 2023:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Pay, Closed
Amortization Period	30 years
Asset Valuation Method	4-year smoothed market
Inflation	2.50%
Salary Increases	7.00% - 6.00%
Investment Rate of Return	7.00%
Payroll Growth Assumption	4.0% per annum - not greater than historical 10-year average (4.5%) - minimum 0.0%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy 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 males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

Other Information:

Benefit Changes

2015: Ad hoc COLA adjustment for retirees, disableds, beneficiaries and DROPs who had been receiving benefits for at least ten (10) years effective January 1, 2016. 2012: For General Employees hired on or after October 1, 2012 - Normal Retirement eligibility updated to the earlier of (a) attainment of age 65 with completion of 10 years of Credited Service or (b) completion of 35 years of Credited Service, Early Retirement eligibility updated to completion of 30 years of Credited Service, Early Retirement reduction factor updated to 6.0% for each year that Early Retirement precedes Normal Retirement date, Final Average Salary updated to the highest 5 consecutive years out of last 10, benefit multiplier updated to 1.60% and deferred benefits commence upon attainment of age 65.

Accounting Disclosure Exhibit

V. Notes to Schedule of Contributions (GASB No. 67 & No. 68) (cont'd)

Other Information (cont'd):

Benefit Changes (cont'd)

For General Employees hired prior to October 1, 2012 and not eligible for Normal Retirement as of January 31, 2013 - Early Retirement benefits accrued after January 31, 2013 reduced by 6.00% for each year that Early Retirement precedes Normal Retirement date and Final Average Salary updated to the highest 5 consecutive years out of last 10 (not less than the highest 3 consecutive years of last 10 as of January 31, 2013).

Effective February 1, 2013, General Employees and Elected Officials not eligible for Normal Retirement as of January 31, 2013 will contribute 1.00% of pay. Members who enter the DROP on or after February 1, 2013, benefits will be accumulated with interest in an amount equal to 50% of the net investment return for the System for the preceding fiscal year up to a maximum of 4.00% and Members will be assessed administrative fees.

Assumption Changes

2021: Investment return, withdrawal rates, salary increase factors, payroll growth and retirement rates assumptions were updated. 2019: Mortality assumption were updated. 2016: Per statute, pre-retirement mortality assumption updated. 2015: Mortality rates, investment return, withdrawal rates, salary increase factors and retirement rates were updated. 2012: Administrative expenses updated to average of the preceding three fiscal years.

Accounting Disclosure Exhibit

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

A discount rate of 7.0% was used to measure the TPL effective for measurement date September 30, 2021. This discount rate was based on the expected rate of return on System investments of 7.0%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future expected benefit payments of current System members. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the TPL.

VII. Sensitivity of the NPL to the Discount Rate Assumption (GASB No. 67 & No. 68)

Measurement date: September 30, 2023

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.0%	7.0%	8.0%
NPL	\$ 3,388,223	\$ 2,139,598	\$ 1,076,782

Measurement date: September 30, 2024 *

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.0%	7.0%	8.0%
NPL	\$ 3,018,305	\$ 1,808,895	\$ 778,611

* Projected - actual amounts will be available after fiscal year end.

Accounting Disclosure Exhibit

VIII. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Reporting Date (GASB No. 68)

Pension Expense for Fiscal Year Ending September 30, 2024 \$ 784,344

Summary of Outstanding Deferred Inflows and Outflows of Resources as of September 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience on liabilities	6,897	231,087
Changes of assumptions or other inputs	0	9,176
Net difference between projected and actual earnings on pension System investments	252,928	0
Total	<u>\$ 259,825</u>	<u>\$ 240,263</u>

Projected Deferred Outflows for City Contributions to Be Recognized after the Measurement Date \$ 281,942

Summary of Deferred Outflows and Inflows of Resources that will be Recognized in Pension Expense in Future Years.

Year Ending 30-Sep	Amount
2025	\$ (216,088)
2026	70,808
2027	321,360
2028	(156,518)
2029	0
Thereafter	0

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

IX. Components of Pension Expense (GASB No. 68)

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	9/30/2022	9/30/2023	Projected 9/30/2024 *
Service Cost	\$ 81,824	\$ 80,417	\$ 80,638	\$ 77,269	\$ 75,346	\$ 77,857	\$ 107,291	\$ 119,388	\$ 126,448	\$ 150,463	\$ 161,846
Interest on Total Pension Liability	919,179	922,364	968,718	965,027	943,073	903,186	900,994	886,528	871,187	890,061	869,889
Current-Period Benefit Changes	0	0	134,185	0	0	0	0	0	0	664,985	0
Contributions - Member	(52,477)	(56,262)	(59,813)	(65,438)	(76,173)	(85,037)	(94,652)	(96,201)	(125,611)	(137,102)	(125,959)
Projected Earnings on System Investments	(641,726)	(706,125)	(615,795)	(648,007)	(683,169)	(716,590)	(720,036)	(740,327)	(823,934)	(681,674)	(739,451)
Administrative Expenses	32,236	46,487	52,968	28,272	60,758	35,352	36,489	31,203	37,882	46,381	38,000
Other Changes in System Fiduciary Net Position	0	0	0	0	0	0	0	0	0	0	0
Recognition of Beginning Deferred Outflows / (Inflows) due to Liabilities	(27,144)	(58,901)	182,271	183,028	236,764	17,719	(38,181)	307,711	245,881	(197,277)	(294,003)
Recognition of Beginning Deferred Outflows / (Inflows) due to Assets	(79,727)	158,629	80,363	(50,701)	(135,953)	24,401	(366,285)	(489,170)	119,772	48,507	(32,122)
Total Pension Expense	<u>\$ 232,165</u>	<u>\$ 386,609</u>	<u>\$ 823,535</u>	<u>\$ 489,450</u>	<u>\$ 420,646</u>	<u>\$ 256,888</u>	<u>\$ (174,380)</u>	<u>\$ 19,132</u>	<u>\$ 451,625</u>	<u>\$ 784,344</u>	<u>\$ (121,800)</u>

* Projected - actual amounts will be available after measurement date

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

X. Recognition of Deferred Outflows and (Inflows) due to Liabilities - Measurement Date (GASB No. 68)

Recognition of Deferred Outflows due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for 2022 / 2023	Balance as of 9/30/2023
2019 / 2020	\$ 144,833	4.2	0.2	\$ 34,484	\$ 6,897
2020 / 2021	\$ 62,607	2.1	0.0	\$ 2,981	\$ 0
2021 / 2022	\$ 0	2.3	0.3	\$ 0	\$ 0
2022 / 2023	\$ 0	2.3	1.3	\$ 0	\$ 0
TOTAL				\$ 37,465	\$ 6,897

Recognition of Deferred (Inflows) due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for 2022 / 2023	Balance as of 9/30/2023
2019 / 2020	\$ 0	4.2	0.2	\$ 0	\$ 0
2020 / 2021	\$ 0	2.1	0.0	\$ 0	\$ 0
2021 / 2022	\$ (130,480)	2.3	0.3	\$ (56,730)	\$ (17,020)
2022 / 2023	\$ (378,734)	2.3	1.3	\$ (164,667)	\$ (214,067)
TOTAL				\$ (221,397)	\$ (231,087)

Recognition of Deferred Outflows due to Changes of Assumptions or Other Inputs on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for 2022 / 2023	Balance as of 9/30/2023
2019 / 2020	\$ 0	4.2	0.2	\$ 0	\$ 0
2020 / 2021	\$ 683,365	2.1	0.0	\$ 32,541	\$ 0
2021 / 2022	\$ 0	2.3	0.3	\$ 0	\$ 0
2022 / 2023	\$ 0	2.3	1.3	\$ 0	\$ 0
TOTAL				\$ 32,541	\$ 0

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

X. Recognition of Deferred Outflows and (Inflows) due to Liabilities - Measurement Date (GASB No. 68) (cont'd)

Recognition of Deferred (Inflows) due to Changes of Assumptions or Other Inputs on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for 2022 / 2023	Balance as of 9/30/2023
2019 / 2020	\$ (192,720)	4.2	0.2	\$ (45,886)	\$ (9,176)
2020 / 2021	\$ 0	2.1	0.0	\$ 0	\$ 0
2021 / 2022	\$ 0	2.3	0.3	\$ 0	\$ 0
2022 / 2023	\$ 0	2.3	1.3	\$ 0	\$ 0
TOTAL				\$ (45,886)	\$ (9,176)

XI. Recognition of Deferred Outflows and (Inflows) due to Assets - Measurement Date (GASB No. 68)

Recognition of Deferred Outflows / (Inflows) due to Difference Between Projected and Actual Earnings on Pension Plan Investments

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for 2022 / 2023	Balance as of 9/30/2023
2018 / 2019	\$ 403,131	5	0	\$ 80,627	\$ 0
2019 / 2020	\$ (761,647)	5	1	\$ (152,329)	\$ (152,331)
2020 / 2021	\$ (1,005,751)	5	2	\$ (201,150)	\$ (402,301)
2021 / 2022	\$ 2,389,376	5	3	\$ 477,875	\$ 1,433,626
2022 / 2023	\$ (782,582)	5	4	\$ (156,516)	\$ (626,066)
TOTAL				\$ 48,507	\$ 252,928

Outline of Principal Provisions of the Retirement System

A. Normal Retirement:

1. Eligibility:

For General Employees hired prior to October 1, 2012 and all Elected Officials the earlier of:

- (a) Attainment of age 60 with completion of 10 years of Credited Service (8 years of Credited Service for Elected Officials).
- (b) Completion of 30 years of Credited Service.

For General Employees hired on or after October 1, 2012 the earlier of:

- (a) Attainment of age 65 with completion of 10 years of Credited Service.
- (b) Completion of 35 years of Credited Service.

2. Mandatory Retirement Age:

Age 65. Extensions granted with employer consent.

3. Amount of Pension:

Elected Officials: Total Credited Service times 3.00% of Final Average Salary. Maximum 100% of Final Average Salary.

General Employees hired prior to October 1, 2012: Total Credited Service times 2.50% of Final Average Salary. Maximum 100% of Final Average Salary.

General Employees hired on or after October 1, 2012: Total Credited Service times 1.60% of Final Average Salary. Maximum 100% of Final Average Salary.

4. Normal Form:

The Normal Form of pension is a Life Annuity. Optional forms are available on an actuarial equivalent basis.

5. Final Average Salary:

For General Employees eligible for Normal Retirement as of January 31, 2013 and all Elected Officials the highest 3 consecutive years out of last 10. Salary includes base pay plus longevity pay. Lump sum payments paid at the time of retirement are not included in the determination of Final Average Salary.

Outline of Principal Provisions of the Retirement System

5. Final Average Salary (cont'd):

For General Employees hired prior to October 1, 2012 and not eligible for Normal Retirement as of January 31, 2013 or General Employees hired on or after October 1, 2012 the highest 5 consecutive years out of last 10, provided it is not less than the definition above as of January 31, 2013 for General Employees hired prior to October 1, 2012. Salary includes base pay plus longevity pay. Lump sum payments paid at the time of retirement are not included in the determination of Final Average Salary.

B. Early Retirement:

1. Eligibility:

25 years of Credited Service for General Employees hired prior to October 1, 2012 and all Elected Officials.

30 years of Credited Service for General Employees hired on or after October 1, 2012.

2. Amount of Pension:

Computed as for Normal Retirement but reduced 2.5% for each year (0.2083% for each month) that Early Retirement precedes the date the Member would have been eligible for Normal Retirement.

For General Employees hired prior to October 1, 2012, benefits accrued after January 31, 2013 are reduced 6.0% for each year (0.5000% for each month) that Early Retirement precedes the date the Member would have been eligible for Normal Retirement.

For General Employees hired on or after October 1, 2012, benefits are reduced 6.0% for each year (0.5000% for each month) that Early Retirement precedes the date the Member would have been eligible for Normal Retirement.

C. Deferred Retirement:

1. Eligibility:

8 or more years of Credited Service for Elected Officials and 10 or more years of Credited Service for others. Pension begins at age 60 for Elected Officials and General Employees hired prior to October 1, 2012 and at age 65 for General Employees hired on or after October 1, 2012.

Outline of Principal Provisions of the Retirement System

C. Deferred Retirement (cont'd):

2. Benefit:

Computed as a Normal Retirement pension but based upon Credited Service and Final Average Salary at time of termination.

D. Duty Disability Retirement:

1. Eligibility:

No age or service requirement. Must be in receipt of worker's compensation.

2. Benefit:

Computed as a Normal Retirement pension. Worker's compensation payments are offset, to the extent permitted by law.

E. Non-Duty Disability Retirement:

1. Eligibility:

10 or more years of Credited Service.

2. Benefit:

Computed as a Normal Retirement pension. Worker's compensation payments are offset, to the extent permitted by law.

F. Death Before Retirement:

1. Eligibility:

15 or more years of Credited Service.

2. Benefit:

Computed as a Normal Retirement pension but actuarially reduced in accordance with a 100% joint and survivor election.

G. Post-Retirement Cost-of-Living Adjustments:

Effective January 1, 2023 all current retired Members and beneficiaries, including DROPs, received an increase in their pension of \$100/month. Effective January 1, 2016, current retirees, disableds, beneficiaries and DROPs who had been receiving benefits for at least ten (10) years received an increase in their pension of \$50/month. Effective October 1, 1994 all current retired Members and beneficiaries received an increase in their pension of \$75/month.

Outline of Principal Provisions of the Retirement System

H. Annual Holiday Bonus:

\$100

I. Member Contributions:

The City currently picks-up the former 5.00% member contribution. For all employees hired prior to December 31, 1999, this amount is refunded upon termination of membership with 3 or more years of Credited Service in the absence of a pension. For all employees hired after December 31, 1999, this amount is refunded upon termination of membership with 10 or more years of Credited Service in the absence of a pension. Should a Member die and no pension becomes or will become available, picked-up Member contributions will be refunded even if the required years of service have not been attained.

If you terminate employment and receive a refund of contributions, you forfeit any rights to future benefits from the Retirement System. The taxable portion of any refund you receive is subject to an automatic 20% withholding for Federal income tax purposes, and a possible 10% excise tax. These taxes can be avoided, however, if you roll the taxable portion over to an Individual Retirement Account (IRA) or another qualified employer plan. This rollover will result in no tax being due until you begin withdrawing funds from the IRA or other qualified employer plan. The rollover of the distribution, however, MUST be made directly by the System to your chosen IRA or other qualified employer plan.

General Employees and Elected Officials not eligible for Normal Retirement as of January 31, 2013 will contribute 1.00% of pay beginning February 1, 2013.

J. City Contributions:

Actuarially determined amounts which together with Member pick-up City contributions are sufficient to at least cover the requirements of the funding objective.

K. Forfeiture of Retirement Benefits:

Retirement benefits granted by the Retirement System are subject to forfeiture if an employee is convicted of an offense specified in Section 112.3173, Florida Statutes, pursuant to the procedures set forth in the cited statute.

Outline of Principal Provisions of the Retirement System

L. Deferred Retirement Option Plan (DROP):

Members may elect to freeze their retirement benefit at Normal or Early Retirement eligibility, and continue working for a maximum of 5 years. The retirement benefit will be calculated as of the date the Member elects the DROP including Early Retirement reductions, if any. This retirement benefit will be accumulated with interest at 4% for Members who enter the DROP prior to February 1, 2013 and with interest in an amount equal to 50% of the net investment return for the System for the preceding fiscal year up to a maximum of 4% for Members who enter the DROP on or after February 1, 2013 during the DROP period in a DROP account. At actual termination, the Member can rollover the DROP account balance or receive the balance directly with appropriate tax consequences. The retirement benefit calculated as of the date of the DROP election becomes payable directly to the retiree or beneficiary thereafter. Member pick-up contributions will cease at the date of DROP election. Disability and death before retirement provisions will no longer apply to Members who enter the DROP. Members who enter the DROP on or after February 1, 2013 will be assessed administrative fees.

M. Claims Procedure:

Claims for benefits should be filed with the Board of Trustees at the City Clerk's office. If the claim is denied, you will be notified and informed of the procedure to request a hearing before the Board of Trustees. An applicant for benefits must appeal said denial within 60 days of being informed of the denial by filing an appeal with the Board at the City Clerk's office. If no appeal is filed within the time period then the denial shall be final.

N. Disclaimer:

The preceding summary briefly describes the principal benefits of the Retirement System. Detailed benefit conditions and limitations are contained in the Retirement Ordinance which established the System. The Internal Revenue Code, Florida Statutes, and the Ordinance all govern the operation of the System and should be consulted before you take any action concerning your participation or benefits. In the case of any conflict between this summary and the provisions of the Ordinance or other applicable law, the Ordinance or other applicable law will prevail. Copies of the Ordinance are available at the City Clerk's office.

O. Change From Previous Valuation:

None.

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

A. Mortality

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy 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 males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

Sample Ages (2023)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Male	Female	Male	Female
55	32.83	35.24	28.93	32.64
60	27.97	30.21	24.82	28.08
62	26.07	28.23	23.19	26.25

Sample Ages (2043)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Male	Female	Male	Female
55	34.46	36.72	30.95	34.41
60	29.53	31.65	26.68	29.76
62	27.60	29.64	24.99	27.88

B. Interest to be Earned by Fund

7.0%, compounded annually, net of investment expense - includes inflation of 2.5%.

C. Allowances for Expenses or Contingencies

Administrative expenses are projected to continue at the same dollar amount as the average of the three (3) preceding fiscal years, rounded to the nearest thousand.

D. Employee Withdrawal Rates

The rates do not apply to Members eligible to retire and do not include separation on account of death or disability. This estimate measures the probabilities of Members remaining in employment.

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

D. Employee Withdrawal Rates (Cont'd)

<u>Sample Ages</u>	<u>Years of Service</u>	<u>Withdrawal Rates Per 100 Employees</u>
ALL	0	40.0
	1	30.0
	2 - 4	20.0
40 & Under	5 & Over	15.0
41		12.0
42		11.0
43		10.0
44		9.0
45		8.0
46		7.0
47		6.0
48		5.0
49		4.0
50 & Over		3.0

E. Disability Rates

Probabilities of active Members becoming disabled.

<u>Sample Ages</u>	<u>Percent Becoming Disabled Within Next Year</u>	
	<u>Male</u>	<u>Female</u>
20	0.07%	0.03%
25	0.09%	0.05%
30	0.10%	0.07%
35	0.14%	0.13%
40	0.21%	0.19%
45	0.32%	0.28%
50	0.52%	0.45%
55	0.92%	0.76%
60	1.53%	1.10%

F. Salary Increase Factors

Employee salaries are estimated to increase between the date of hire and date of retirement. Salary increases occur in recognition of (i) individual merit and seniority, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) competition from other employers for personnel.

<u>Age</u>	<u>Salary Increase</u>
Under 40	7.00%
40 & After	6.00%

General increase in wage level due to inflation is 3.0%.

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

G. Payroll Growth Assumption

4.0% per annum. For purposes of financing the unfunded liabilities, the payroll growth assumption is capped at the historical 10-year average (10.0% as of October 1, 2023) - minimum 0.0%.

H. Retirement Rates

Probabilities of an eligible Member retiring during the next year.

General Employees hired prior to October 1, 2012 and Elected Officials		General Employees hired after September 30, 2012	
<u>Under 25 Years of Service</u>		<u>Under 30 Years of Service</u>	
Retirement	Percent	Retirement	Percent
<u>Ages</u>	<u>Retiring</u>	<u>Ages</u>	<u>Retiring</u>
60 - 61	8%	65 - 67	40%
62 - 64	20%	68 & After	100%
65 - 67	40%		
68 & After	100%		
<u>25+ Years of Service</u>		<u>30+ Years of Service</u>	
Years of	Percent	Years of	Percent
<u>Service</u>	<u>Retiring</u>	<u>Service</u>	<u>Retiring</u>
25	20%	30	20%
26 - 29	15%	31 - 34	15%
30 or More	100%	35 or More	100%

A General Employee hired prior to October 1, 2012 is eligible for retirement after 30 years of Credited Service or after attaining age 60 with 10 or more (8 or more if an Elected Official) years of Credited Service. Reduced benefits are available after 25 years of Credited Service. Any subsidy from the reduced benefits is taken into account in the annual funding costs.

A General Employee hired on or after October 1, 2012 is eligible for retirement after 35 years of Credited Service or after attaining age 65 with 10 or more years of Credited Service. Reduced benefits are available after 30 years of Credited Service. Any subsidy from the reduced benefits is taken into account in the annual funding costs.

Benefits accruing after age 65 are offset by actuarial gains from the deferred retirement.

I. Asset Valuation Method

The method used for determining the smoothed actuarial value of assets phases in the deviation between the expected and actual return on assets at the rate of 25% per year. The smoothed actuarial value of assets will be further adjusted to the extent necessary to remain within the corridor whose lower and upper limits are 80% and 120%, respectively, of the fair market value of System assets.

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

J. Cost Method

Normal Retirement, Termination, Disability, and Death Benefits: Entry-Age-Normal Cost Method.

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the System had always been in effect. The normal cost for the System is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the System is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over System assets.

Vested Normal Retirement, Termination, Disability, and Death Benefits: Unit Credit Cost Method

Under this method, the actuarial present value of vested accrued benefits is an amount calculated to be the sum of the present values of each individual's vested accrued or earned benefit under the Plan as of the valuation date. Each individual's calculation is based on pay and service as of the valuation date.

K. Disclosure of Assumptions

The investment return, salary increases, payroll growth assumption, withdrawal and retirement rates were updated based on the most recent experience study performed for the five years ending September 30, 2019. The mortality rates are based upon the July 1, 2023 FRS Actuarial Valuation, as required under F.S., Chapter 2015-157.

L. Changes From Previous Valuation

None.

Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation

M. Technical Assumptions

1. Pay Increase Timing:
Beginning of (Fiscal) year.
2. Decrement Timing:
Decrements are assumed to occur mid-year.
3. Eligibility Testing:
Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
4. Benefit Service:
Exact fractional service is used to determine the amount of benefit payable.
5. Decrement Relativity:
Decrement rates are used directly from tabular rates - no adjustment for multiple decrement table effects.
6. Decrement Operation:
Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during years of retirement eligibility.
7. Incidence of Contributions:
Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.
8. Marriage Assumption:
100% of Members are assumed to be married. Male spouses are assumed to be three years older than female spouses.
9. Actuarial Equivalence Basis for Optional Forms of Payment:
7.5% interest and the RP 2000 Combined Healthy Male Mortality Table projected to the fiscal year that contains the benefit commencement date for participants and the RP 2000 Combined Healthy Female Mortality Table projected to the fiscal year that contains the benefit commencement date for beneficiaries. Disabled lives are set forward 5 years.
10. Duty and Non-Duty Related Assumption:
50% are assumed in-service and 50% are assumed non-service incurred.
11. Vested Members:
Vested Members who terminate with a benefit worth less than 100% of their accumulated Member contribution balance are assumed to withdraw their accumulated Member contributions and forfeit any vested benefit.
12. Salary:
Salary reported for the Actuarial Valuation includes all amounts included in the Final Average Compensation for benefit purposes.

**Distribution by Attained Age Groups
and Service Groups as of October 1, 2023**

Attained Age Group	-----COMPLETED YEARS OF SERVICE-----							Total
	<u>0 - 4</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 & Over</u>	
Under 25	4	-	-	-	-	-	-	4
25 - 29	5	1	-	-	-	-	-	6
30 - 34	5	1	-	-	-	-	-	6
35 - 39	3	-	-	-	-	-	-	3
40 - 44	4	-	-	-	-	-	-	4
45 - 49	2	1	-	-	-	-	-	3
50 - 54	1	-	-	-	2	-	-	3
55 - 59	4	1	-	-	1	2	-	8
60 - 64	1	2	1	1	-	-	-	5
65 & Over	<u>1</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
TOTAL	30	8	1	1	3	2	0	45
				<u>10/01/2022</u>				<u>10/01/2023</u>
Average Attained Age				45.23 years				44.02 years
Average Hire Age				39.00 years				38.51 years
Average Pay				\$ 45,223				\$ 46,651
Percent Female				29.5%				26.7%

**Statistics for Participants Entitled to Deferred Benefits
and Participants Receiving Benefits**

A. Entitled to Deferred Benefits

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 40	-	\$ -	\$ -
40 - 44	-	-	-
45 - 49	1	27,193	27,193
50 - 54	-	-	-
55 - 59	1	13,450	13,450
60 - 64	1	8,506	8,506
65 & Over	-	-	-
TOTAL	3	\$ 49,149	16,383

B. Receiving Benefits (including DROPs)

<u>Current Age Group</u>	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	-	\$ -	\$ -
50 - 54	1	29,727	29,727
55 - 59	2	49,668	24,834
60 - 64	4	113,945	28,486
65 - 69	12	252,483	21,040
70 - 74	9	118,539	13,171
75 - 79	13	324,805	24,985
80 - 84	8	73,811	9,226
85 - 89	3	36,802	12,267
85 & Over	0	-	-
TOTAL	52	\$ 999,780	\$ 19,227

Reconciliation of Employee Data

A. Active Participants

1. Active participants previous year	44
2. Retired during year	(1)
3. Entered DROP	0
4. Died during year	0
5. Disabled during year	0
6. Vested terminated during year	(1)
7. Non-vested terminated during year	(13)
8. New active participants	14
9. Re-hired during year	2
10. Adjustment	0
11. Active participants current year	<u>45</u>

B. Participants Receiving Benefits

1. Participants receiving benefits previous year	52
2. New retired participants	1
3. Former DROPs now receiving benefits	1
4. New terminated vested receiving benefits	0
5. New disabled receiving benefits	0
6. New beneficiaries receiving benefits	0
7. Died or ceased payment during year	(2)
8. Retired or terminated vested receiving benefits current year	<u>52</u>

C. DROP Participants

1. DROP participants previous year	1
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	(1)
5. Entered DROP during year	0
6. DROP participants current year	<u>0</u>

D. Terminated Vested Participants Entitled to Future Benefits

1. Terminated vested entitled previous year	2
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	1
5. Terminated vested paid lump sum	0
6. Terminated vested entitled current year	<u>3</u>

Projected Retirement Benefits

<u>Fiscal Year</u>	<u>Projected Total Annual Payout</u>
2024	\$ 1,065,181
2025	\$ 1,096,467
2026	\$ 1,124,931
2027	\$ 1,133,256
2028	\$ 1,124,417
2029	\$ 1,116,681
2030	\$ 1,122,669
2031	\$ 1,133,140
2032	\$ 1,126,162
2033	\$ 1,110,272

The above projected payout of System benefits during the next ten years is based on assumptions involving all decrements. The actual payouts may differ from the above estimates depending upon the death, salary and retirement experience of the System. However, since the projected payment is recomputed each valuation date, there is an automatic correction to the extent that actual experience varies from expected experience.

Table XVI

Summary of Transaction Information

Valuation Date	Benefits Paid ^{1,2}	Administrative Expenses	Employee Contributions ³	City Contributions	City Contributions (Member <i>Pick-up</i>)	Smoothed Actuarial Value ⁴
10/01/2023	\$ 1,105,861	\$ 46,381	\$ 22,766	\$ 432,684	\$ 114,336	\$ 11,274,285
10/01/2022	970,701	37,882	20,941	531,720	104,670	11,050,941
10/01/2021	1,233,370	31,203	18,156	416,242	78,045	10,865,806
10/01/2020	986,901	36,489	15,776	668,747	78,876	10,433,922
10/01/2019	1,000,790	35,352	14,173	676,062	70,864	9,603,928
10/01/2018	1,669,630	60,758	17,475	601,642	58,698	8,945,143
10/01/2017	1,187,543	28,272	10,906	533,934	54,532	9,268,023
10/01/2016	979,794	52,968	9,969	434,152	49,844	9,153,447
10/01/2015	813,053	46,487	9,377	511,983	46,885	9,079,016
10/01/2014	873,327	32,236	8,767	725,572	43,710	8,638,877
10/01/2013	809,519	57,376	5,845	600,186	51,967	7,964,494
10/01/2012	782,253	43,496	0	562,739	56,274	7,407,861
10/01/2011	720,652	48,889	0	643,009	65,675	7,158,587
10/01/2010	676,642	27,579	0	566,685	70,624	7,280,012
10/01/2009	637,470	19,131	0	524,688	73,837	7,265,598
10/01/2008	568,957	25,780	0	538,968	77,204	7,260,400
10/01/2007	638,243	32,959	0	474,687	78,433	7,312,117
10/01/2006	555,652	40,669	0	485,882	81,964	6,959,772
10/01/2005	433,598	29,382	0	514,295	86,845	6,486,140
10/01/2004	465,272	35,742	0	452,237	86,735	6,012,842
10/01/2003	457,372	39,106	0	395,017	86,071	5,762,299
10/01/2002	389,381	30,814	0	347,197	85,776	5,610,472
10/01/2001	327,807	33,339	5,834	303,363	83,708	5,561,151

¹ Effective for year ending September 30, 2013, includes DROP distributions (previously included DROP benefit payments)

² Includes contribution refunds and DROP payments for October 1, 2009 through October 1, 2012

³ Includes service purchases

⁴ Net of the reserve for DROP accounts for October 1, 2008 through October 1, 2012

Recent Compensation, Termination and Investment Return Experience

Valuation Date	Compensation		Termination Ratio of Actual to Expected	Investment Return ¹		
	% Increase (Decrease)	Assumed Increase		Market Value	Actuarial Value	Assumed
10/01/2023	11.2%	6.2%	1.7	15.04%	7.49%	7.00%
10/01/2022	12.1%	6.3%	1.7	(13.30%)	5.02%	7.00%
10/01/2021	6.7%	6.2%	0.8	16.51%	11.77%	7.00%
10/01/2020	7.6%	3.4%	0.9	15.43%	11.51%	7.50%
10/01/2019	9.9%	3.4%	0.9	3.28%	10.60%	7.50%
10/01/2018	12.6%	3.4%	1.7	12.18%	8.35%	7.50%
10/01/2017	12.1%	3.3%	1.9	15.08%	8.26%	7.50%
10/01/2016	5.9%	3.4%	1.0	12.27%	6.96%	7.50%
10/01/2015	7.4%	4.7%	0.9	(5.33%)	8.61%	7.75%
10/01/2014	1.4%	4.7%	1.5	12.56%	10.15%	7.75%
Last 3 Years	10.0%	6.2%	1.4	5.13%	8.06%	7.00%
Last 5 Years	9.5%	5.1%	1.2	6.74%	9.25%	7.20%
Last 10 Years	8.6%	4.5%	1.3	7.90%	8.85%	7.40%

¹ Computed as $2I / (A+B-I)$, where A is beginning value, B is ending value and I is investment return.

Table XVIII

Employer Contribution Information

<u>Valuation Date</u>	<u>Contribution Fiscal Year End</u>	<u>Minimum Required Employer Contributions</u>	<u>Actual Employer Contributions</u>
10/01/2023	09/30/2025	\$ 257,521 ¹	N/A
10/01/2022	09/30/2024	\$ 281,942 ¹	N/A
10/01/2021	09/30/2023	\$ 313,327 ²	\$ 432,684
10/01/2020	09/30/2022	\$ 370,196 ²	\$ 531,720
10/01/2019	09/30/2021	\$ 372,610 ²	\$ 416,242
10/01/2018	09/30/2020	\$ 439,798 ²	\$ 668,747
10/01/2017	09/30/2019	\$ 474,388 ²	\$ 676,062
10/01/2016	09/30/2018	\$ 485,783 ²	\$ 601,642
10/01/2015	09/30/2017	\$ 481,994 ²	\$ 533,934
10/01/2014	09/30/2016	\$ 434,152 ²	\$ 434,152
10/01/2013	09/30/2015	\$ 494,285 ²	\$ 511,983
10/01/2012	09/30/2014	\$ 525,384 ³	\$ 725,572
10/01/2011	09/30/2013	\$ 439,741 ³	\$ 600,186
10/01/2010	09/30/2012	\$ 562,739 ³	\$ 562,739
10/01/2009	09/30/2011	\$ 641,013 ³	\$ 643,009
10/01/2008	09/30/2010	\$ 566,685 ³	\$ 566,685

¹ Projected² Based upon dollar amount³ Based upon percentage of payroll

Actuarial Valuation as of October 1, 2023

State Required Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
A. <u>Participant Data</u>		
1. Active participants	44	45
2. Retired participants and beneficiaries receiving benefits (including DROPs)	51	50
3. Disabled participants receiving benefits	2	2
4. Terminated vested participants	2	3
5. Annual payroll of active participants	\$ 1,989,809	\$ 2,099,316
6. Projected payroll of active participants	\$ 2,069,401	\$ 2,183,289
7. Annual benefits payable to those currently receiving benefits including DROP participants	\$ 1,028,300	\$ 999,780
B. <u>Value of Assets</u>		
1. Smoothed Actuarial Value of Assets	\$ 11,050,941	\$ 11,274,285
2. Market Value of Assets	\$ 10,029,422	\$ 10,911,222
C. <u>Liabilities</u>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 3,240,924	\$ 3,272,030
b. Vesting benefits	416,980	397,705
c. Death benefits	41,624	42,454
d. Disability benefits	90,026	89,237
e. Total	<u>\$ 3,789,554</u>	<u>\$ 3,801,426</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 241,732	\$ 364,713
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired including DROP participants	\$ 8,953,871	\$ 8,699,403
b. Disability retired	165,486	162,101
c. Beneficiaries	730,224	607,885
d. Miscellaneous	82,319	57,521
e. Total	<u>\$ 9,931,900</u>	<u>\$ 9,526,910</u>

Actuarial Valuation as of October 1, 2023

State Required Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
4. Total actuarial present value of future expected benefit payments	\$ 13,963,186	\$ 13,693,049
5. Actuarial accrued liabilities	\$ 13,117,619	\$ 12,797,734
6. Unfunded actuarial accrued liabilities	\$ 2,066,678	\$ 1,523,449

D. Statement of Accumulated System Benefits

1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits including DROP participants	\$ 9,849,581	\$ 9,469,389
b. Other participants	2,055,475	2,365,197
c. Total	<u>\$ 11,905,056</u>	<u>\$ 11,834,586</u>
2. Actuarial present value of accumulated non-vested System benefits	<u>352,487</u>	<u>245,583</u>
3. Total actuarial present value of accumulated System benefits	\$ 12,257,543	\$ 12,080,169

E. Statement of Change in Accumulated System Benefits

1. Actuarial present value of accumulated System benefits as of October 1, 2022	\$ 12,257,543
2. Increase (decrease) during year attributable to:	
a. System amendment	\$ 0
b. Change in actuarial assumptions	0
c. Benefits paid including refunds and DROP benefits	(1,105,861)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period	<u>928,487</u>
e. Net increase	\$ (177,374)
3. Actuarial present value of accumulated System benefits as of October 1, 2023	\$ 12,080,169

Actuarial Valuation as of October 1, 2023

State Required Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
F. <u>Pension Cost</u>		
1. Total normal cost	\$ 185,463	\$ 199,846
2. Payment required to amortize unfunded liability	192,251	161,509
3. Interest adjustment	12,773	12,220
4. Total required contribution	<u>\$ 390,487</u>	<u>\$ 373,575</u>
5. Item 4 as a percentage of payroll	19.6%	17.8%
6. Estimated employee contributions	\$ 20,694	\$ 21,833
7. Item 6 as a percentage of projected payroll	1.0%	1.0%
8. Estimated pick-up employee contributions by City	\$ 103,470	\$ 109,164
9. Item 8 as a percentage of projected payroll	5.0%	5.0%
10. Net amount payable by City	\$ 281,942	\$ 257,521
11. Item 10 as a percentage of projected payroll	13.6%	11.8%
G. <u>Past Contributions</u>		
1. Total contribution required (prior valuation)	\$ 450,429	\$ 406,106
2. Actual contributions made:		
a. Employees	\$ 22,766	N/A
b. City (Member Pick-Up)	114,336	N/A
c. City	432,684	N/A
d. Total	<u>\$ 569,786</u>	N/A
H. <u>Net Actuarial Gain / (Loss)</u>	\$ 192,318	\$ 310,768
I. <u>Disclosure of Following Items:</u>		
1. Actuarial present value of future salaries - attained age	\$ 10,424,036	\$ 10,740,662
2. Actuarial present value of future employee contributions - attained age	\$ 625,442	\$ 644,440
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active Members' accumulated contributions	\$ 578,715	\$ 556,046
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

Table XIX
(Cont'd)

State Required Exhibit

	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/01/1994	Actuarial Loss / (Gain)	\$ 454	\$ 454	1 year
10/01/1994	System Amendment	266	266	1 year
10/01/1995	Actuarial Loss / (Gain)	(3,952)	(2,004)	2 years
10/01/1995	Assumption Change	5,890	2,987	2 years
10/01/1996	Actuarial Loss / (Gain)	15,315	5,251	3 years
10/01/1997	Actuarial Loss / (Gain)	(17,560)	(4,579)	4 years
10/01/1997	Assumption Change	16,249	4,237	4 years
10/01/1998	Actuarial Loss / (Gain)	9,556	2,021	5 years
10/01/1999	Actuarial Loss / (Gain)	(10,714)	(1,915)	6 years
10/01/2000	Actuarial Loss / (Gain)	73,881	11,476	7 years
10/01/2001	Actuarial Loss / (Gain)	153,687	21,176	8 years
10/01/2002	Actuarial Loss / (Gain)	171,422	21,284	9 years
10/01/2003	Actuarial Loss / (Gain)	96,827	10,968	10 years
10/01/2003	System Amendment	27,702	3,138	10 years
10/01/2004	Actuarial Loss / (Gain)	27,284	2,848	11 years
10/01/2005	Actuarial Loss / (Gain)	1,316	128	12 years
10/01/2006	Actuarial Loss / (Gain)	152,993	13,880	13 years
10/01/2007	Actuarial Loss / (Gain)	21,413	1,828	14 years
10/01/2008	Actuarial Loss / (Gain)	35,289	2,849	15 years
10/01/2009	Actuarial Loss / (Gain)	341,762	26,212	16 years
10/01/2009	Assumption Change	218,769	16,779	16 years
10/01/2010	Actuarial Loss / (Gain)	196,816	14,395	17 years
10/01/2011	Actuarial Loss / (Gain)	219,698	15,375	18 years
10/01/2011	Assumption Changes	7,453	522	18 years
10/01/2012	Actuarial Loss / (Gain)	195,729	13,146	19 years
10/01/2012	System Amendment	(37,000)	(2,485)	19 years
10/01/2013	Actuarial Loss / (Gain)	(89,936)	(5,813)	20 years
10/01/2014	Actuarial Loss / (Gain)	(218,882)	(13,648)	21 years
10/01/2015	Actuarial Loss / (Gain)	1,770	107	22 years
10/01/2015	Assumption Changes	486,993	29,359	22 years
10/01/2015	System Amendment	94,089	5,672	22 years
10/01/2016	Actuarial Loss / (Gain)	31,692	1,851	23 years
10/01/2016	Assumption Changes	(2,289)	(134)	23 years
10/01/2017	Actuarial Loss / (Gain)	2,167	123	24 years
10/01/2018	Actuarial Loss / (Gain)	(223,537)	(12,317)	25 years
10/01/2019	Actuarial Loss / (Gain)	(134,337)	(7,207)	26 years
10/01/2019	Assumption Changes	(160,259)	(8,598)	26 years

State Required Exhibit

	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Current Unfunded Liabilities</u>	<u>Amortization Payment</u>	<u>Remaining Funding Period</u>
10/01/2020	Actuarial Loss / (Gain)	(303,143)	(15,858)	27 years
10/01/2020	Assumption Changes	624,284	32,657	27 years
10/01/2021	Actuarial Loss / (Gain)	(590,285)	(30,146)	28 years
10/01/2021	System Amendment	582,696	29,759	28 years
10/01/2022	Actuarial Loss / (Gain)	(187,351)	(9,353)	29 years
10/01/2023	Actuarial Loss / (Gain)	<u>(310,768)</u>	<u>(15,182)</u>	30 years
	TOTAL	\$ 1,523,449	\$ 161,509	

This Actuarial Valuation and / or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the System and / or paid from the System's assets for which liabilities or current costs have not been established or other wise provided for in the valuation. All known events or trends which may require material increase in System costs or required contribution rates have been taken into account in the valuation.

Michelle Jones

Shelly L. Jones, A.S.A., E.A.
Enrollment Number: 23-08646

Jennifer Borregard

Jennifer M. Borregard, E.A.
Enrollment Number: 23-07624

Dated: July 18, 2024

Glossary

Actuarial Accrued Liability. The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.

Actuarial Assumptions. Assumptions about future System experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members and other items.

Actuarial Cost Method. A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.

Actuarial Equivalent. Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value of Future Benefits. The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation. The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a System. An Actuarial Valuation for a governmental Retirement System typically also includes calculations of items needed for compliance with GASB No. 67.

Actuarial Value of Assets. The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of System assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

Amortization Method. A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.

Glossary

Amortization Payment. That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Amortization Period. The period used in calculating the Amortization Payment.

Annual Required Contribution. The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.

Closed Amortization Period. A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.

Employer Normal Cost. The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.

Equivalent Single Amortization Period. For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.

Experience Gain/Loss. A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

GASB. Governmental Accounting Standards Board.

Glossary

GASB No. 67 and GASB No. 68. These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.

Normal Cost. The annual cost assigned, under the Actuarial Cost Method, to the current System year.

Open Amortization Period. An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability. The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

Valuation Date. The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

Vested Benefit Security Ratio. The ratio of the Market Value of Assets to the Actuarial Present Value of Vested Accrued Benefits.