

City Of Starke Police Officers' 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 17, 2024



**City of Starke Police Officers'
Retirement System**

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July 17, 2024

Board of Trustees
City of Starke Police Officers' Retirement System
c/o Mr. Scott Baur
Resource Centers, LLC
4360 Northlake Blvd., Suite 206
Palm Beach Gardens, FL 33410

Dear Board Members:

We are pleased to present our October 1, 2023 Actuarial Valuation Report for the City of Starke Police Officers' 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 78-143 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 Board 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 Board.

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 sponsors 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 reports. These reports will also continue to monitor the future 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 and Police Officers Retirement Chapter 185 with normal cost determined as a level percent of covered payroll and a level dollar amortization payment using a maximum amortization period of 20 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 on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

This report 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.



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.

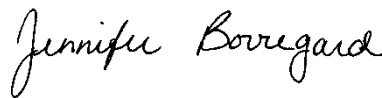
The signing actuaries are independent of the System sponsor.

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 and Chapter 185. 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 **\$199,646 (42.6%)**. The figure in parentheses is the System cost expressed as a percentage of projected covered annual payroll for fiscal year beginning October 1, 2024 (\$468,510).

This total cost is to be met by member, City and State contributions. We anticipate member contributions will be **\$4,685 (1.0%)** and member *pick-up* contributions will be **\$23,426 (5.0%)** for fiscal year ending September 30, 2025. Allowable State contributions will be **\$49,970 (10.7%)** for fiscal year ending September 30, 2025 based upon our understanding of current *Mutual Consent*. This leaves a base City requirement of **\$121,565 (25.9%)** for fiscal year ending September 30, 2025. The City contribution includes an interest adjustment and must be increased if fiscal year 2025 allowable State contributions are less than \$49,970.

We understand the Police Department was terminated effective March 1, 2024. We recommend the City contribute not less than the dollar amount of minimum required contribution due to the closing of the Plan to future employees. We anticipate the full actuarial impact of the Police Department termination will be reflected in the October 1, 2024 Actuarial Valuation.

Changes in Actuarial Assumptions, Methods and System Benefits

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

The payroll growth assumption was updated to 0% and the amortization method was updated to level dollar due to the Plan closure to future employees. The remaining 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 decreased by approximately 33% while covered payroll decreased by approximately 31%. Total System membership decreased by approximately 16%. Total normal cost and Net Base City minimum funding requirement both increased as a percentage of covered payroll but decreased as a dollar amount. The unfunded actuarial accrued liability decreased both as a percentage of covered payroll and as a dollar amount.



The value of vested accrued benefits exceeds System assets, resulting in a Vested Benefit Security Ratio (VBSR) of 96.9% which is an increase from 91.3% as of the October 1, 2022 Actuarial Valuation. 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 \$209,518. 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 averaged approximately 5.1%. This was more than the assumption for average salary increases of 5.0% and was generally an offsetting source of actuarial loss. Three, five and ten-year average annual salary increases are 10.4%, 11.4% and 7.4%, respectively.

Employee turnover this year was approximately 450% of the assumed assumptions. Employee turnover was a major source of actuarial gain. Three, five and ten-year average annual turnover was approximately 250%, 250% and 260% of the assumed turnover, respectively.

The smoothed actuarial value investment return of 4.67% for fiscal 2023 was less than the System's assumption of 7.00% for investment return. Smoothed actuarial value investment return was an offsetting source of actuarial loss during the year. Three, five and ten-year average annual smoothed actuarial value investment returns are 5.60%, 6.08% and 6.3%, respectively. The one, three, five and ten-year average annual returns based upon market value are 11.39%, 4.62%, 4.86% and 5.6%, respectively.

Conclusion and Recommendations

The Market Value of Assets is less than the Actuarial Value of Assets by \$289,654 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 required minimum City contribution is computed based on an assumption that the amount to be received from the State will be equal to the amount received in the prior year, subject to a maximum of \$51,460. If the actual payment from the State falls below this assumed amount, then the City must increase its contribution by the difference.

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	6.60	10.25
Ratio of actuarial accrued liability to payroll	8.16	11.42
Ratio of actives to retirees and beneficiaries	1.15	0.71
Ratio of net cash flow to market value of assets	-3.1%	-4.4%
Duration of the actuarial accrued liability	12.93	11.84

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: \$7,003,899
- 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

	<u>Cost Data</u>	<u>% of Payroll</u>
A. Participant Data Summary (Table III)		
1. Active employees	10	N/A
2. Terminated vested	3	N/A
3. Receiving benefits (including DROPs)	14	N/A
4. Annual payroll of active employees	\$ 468,510	100.0%
B. Total Normal Costs		
1. Age retirement benefits	\$ 82,912	17.7%
2. Termination benefits	12,340	2.6%
3. Death benefits	1,156	0.2%
4. Disability benefits	2,283	0.5%
5. Estimated expenses	66,000	14.1%
6. Total annual normal costs	<u>\$ 164,691</u>	35.2%
C. Total Actuarial Accrued Liability		
1. Age retirement benefits active employees	\$ 640,589	136.7%
2. Termination benefits active employees	6,258	1.3%
3. Death benefits active employees	8,980	1.9%
4. Disability benefits active employees	8,553	1.8%
5. Retired or terminated vested participants receiving benefits including DROP participants	3,812,937	813.8%
6. Terminated vested participants entitled to future benefits	410,761	87.7%
7. Deceased participants whose beneficiaries are receiving benefits	96,702	20.6%
8. Disabled participants receiving benefits	315,434	67.3%
9. Miscellaneous liability	6,595	1.4%
10. Share Plan liability	41,894	8.9%
11. Total actuarial accrued liability	<u>\$ 5,348,703</u>	1141.6%
D. Smoothed Actuarial Value of Assets (Table VI)	\$ 5,089,866	1086.4%
E. Unfunded Actuarial Accrued Liability (C-D)	\$ 258,837	55.2%

**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	\$ 164,691	35.2%
2. Amortization of unfunded liability	27,607	5.9%
3. Interest adjustment	7,348	1.6%
4. Total required contribution	<u>\$ 199,646</u>	42.6%
G. Expected Payroll of Active Employees for 2024 / 2025 Year (\$468,510 x 1.000)	\$ 468,510	100.0%
H. Contribution Sources (percent of expected 2024 / 2025 payroll)		
1. Expected City		
a. Base	\$ 121,565	
b. Member <i>pick-up</i>	23,426	
c. Total expected City	<u>\$ 144,991</u>	30.9%
2. Expected State	49,970	10.7%
3. Expected Member	4,685	1.0%
4. Total expected minimum required contribution	<u>\$ 199,646</u>	42.6%
I. Actuarial Gain / (Loss) (Table VII)	\$ 209,518	44.7%
J. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits including DROP participants	\$ 4,225,073	901.8%
2. Terminated vested participants entitled to future benefits and miscellaneous	417,356	89.1%
3. Active participants entitled to future benefits	268,603	57.3%
4. Share Plan liability	41,894	8.9%
5. Total actuarial present value of vested accrued benefits	<u>\$ 4,952,926</u>	1057.2%
K. Market Value of Assets (Table V)	\$ 4,800,212	1024.6%
L. Unfunded Actuarial Present Value of Vested Accrued Benefits (J. - K., not less than zero)	\$ 152,714	32.6%
M. Vested Benefit Security Ratio (K. ÷ J.)	96.9%	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	15	N/A	10	N/A
2. Terminated vested	4	N/A	3	N/A
3. Receiving benefits (including DROPs)	13	N/A	14	N/A
4. Annual payroll of active employees	\$ 681,553	100.0%	\$ 468,510	100.0%
5. Projected annual payroll of active employees	\$ 693,821	101.8%	\$ 468,510	100.0%
B. Total Normal Costs	\$ 178,711	26.2%	\$ 164,691	35.2%
C. Total Actuarial Accrued Liability	\$ 5,560,937	815.9%	\$ 5,348,703	1141.6%
D. Smoothed Actuarial Value of Assets	\$ 5,057,793	742.1%	\$ 5,089,866	1086.4%
E. Unfunded Actuarial Accrued Liability	\$ 503,144	73.8%	\$ 258,837	55.2%
F. Net Base City Cost	\$ 147,414	21.2% ¹	\$ 121,565	25.9% ²
G. Actuarial Gain / (Loss)	\$ (229,911)	(33.7%)	\$ 209,518	44.7%
H. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 426,746	62.6%	\$ 152,714	32.6%
I. Vested Benefit Security Ratio	91.3%	N/A	96.9%	N/A

¹ Percent of expected 2023-2024 covered payroll (\$693,821)

² Percent of expected 2024-2025 covered payroll (\$468,510)

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

A. Active System Participants Summary

1. Active participants fully vested	1
2. Active participants partially vested	0
3. Active participants non-vested	9
4. Total active participants	10
5. Annual rate of pay of active participants	\$ 468,510

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits including DROP participants	12
2. Terminated vested participants entitled to future benefits	3
3. Deceased participants whose beneficiaries are receiving benefits	1
4. Disabled participants receiving benefits	1

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits including DROP participants	\$ 307,283
2. Terminated vested entitled to future benefits	63,909
3. Beneficiaries of deceased participants	13,626
4. Disabled participants	23,152

Table IV

Statement of System Assets as of October 1, 2023

	<u>Market Value</u>
A. <u>Cash</u>	\$ 48,137
B. <u>General Investments</u>	
1. Cash Equivalents	\$ 140,064
2. Corporate Bonds	\$ 1,694,720
3. Common Stocks	\$ 0
4. Mutual Funds	\$ 2,882,078
C. <u>Receivables</u>	
1. City Contribution Receivable	\$ 0
2. State Contribution Receivable	\$ 49,970
3. Employee Contribution Receivable	\$ 0
4. Accrued Interest	\$ 0
5. Prepaid Other	\$ 0
D. <u>Payable</u>	
1. Account Payable	\$ 14,757
2. Due to Other Funds	\$ 0
E. <u>Total System Assets</u> (A + B + C - D)	\$ 4,800,212

Reconciliation of System Assets *

A.	<u>Total Market Value of Assets as of October 1, 2022</u>		\$	4,498,559
B.	<u>Receipts During Period</u>			
	1. Contributions			
	a. Employee	\$	7,241	
	b. Employee (picked up by City)		36,207	
	c. City		115,566	
	d. State		94,554	
	e. Total	\$	253,568	
	2. Investment Income			
	a. Interest, dividends and other	\$	108,522	
	b. Investment expenses		(18,500)	
	c. Net investment income	\$	90,022	
	3. Net realized gains / (losses)		21,427	
	4. Net unrealized gains / (losses)	\$	389,564	
	5. Total receipts during period		\$	754,581
C.	<u>Disbursements During Period</u>			
	1. Pension payments	\$	354,377	
	2. DROP distributions		0	
	3. Share Plan distributions		9,089	
	4. Contribution refunds		15,459	
	5. Administrative expenses		74,003	
	6. Total disbursements during period		\$	452,928
D.	<u>Total Market Value of Assets as of September 30, 2023</u>		\$	4,800,212
E.	<u>Share Plan</u>			
	1. Balance as of October 1, 2022	\$	49,381	
	2. Adjustments		0	
	3. Increase from State funds received		0	
	4. Investment gains / (losses) during year		1,602	
	5. Administrative fees		0	
	6. Distributions		(9,089)	
	7. Balance as of September 30, 2023		\$	41,894
F.	<u>Reconciliation of DROP Account Balances</u>			
	1. DROP account balances as of October 1, 2022	\$	128,123	
	2. Benefit payments into DROP accounts during year		59,035	
	3. Investment gains / (losses) during year		0	
	4. Distributions from DROP accounts during year		0	
	5. DROP account balances as of September 30, 2023		\$	187,158

* Based on draft financial information provided by the Board in the Annual State Report

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 smoothed actuarial value from prior year	\$ 5,048,226	\$ 5,057,793	\$ 5,089,866		
B. Market value beginning of year	5,402,166	4,498,559	4,800,212		
C. Market value end of year	4,498,559	4,800,212			
D. Non-investment net cash flow	(160,436)	(199,360)			
E. Investment return					
1. Total market value return: C. - B. - D.	(743,171)	501,013			
2. Amount for immediate recognition (7.00%)	347,761	347,068			
3. Amount for phased-in recognition: E.1. - E.2.	(1,090,932)	153,945			
F. Phased-in recognition of investment return					
1. Current year: 25% of E.3.	(272,733)	38,486			
2. First prior year	140,352	(272,733)	38,486		
3. Second prior year	(21,742)	140,352	(272,733)	38,486	
4. Third prior year	(23,635)	(21,740)	140,353	(272,733)	38,487
5. Total phased-in recognition of investment return	(177,758)	(115,635)	(93,894)	(234,247)	38,487
G. Total smoothed actuarial value end of year					
1. Preliminary total smoothed actuarial value end of year:					
A. + D. + E.2. + F.5.	5,057,793	5,089,866			
2. Upper corridor limit: 120% of C.	5,398,271	5,760,254			
3. Lower corridor limit: 80% of C.	3,598,847	3,840,170			
4. Total smoothed actuarial value end of year:					
G.1., not more than G.2., nor less than G.3.	5,057,793	5,089,866			
H. Difference between total market value and total smoothed actuarial value	(559,234)	(289,654)			
I. Smoothed actuarial value rate of return	3.42%	4.67%			
J. Market value rate of return	(13.96%)	11.39%			

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

A. Derivation of Actuarial Gain / (Loss)

1. City and State net normal cost previous valuation	\$ 137,818
2. Unfunded actuarial accrued liability previous valuation	503,144
3. City and State net contributions previous year	210,120
4. Interest on:	
(a) City and State net normal cost	\$ 9,647
(b) Unfunded actuarial accrued liability	35,220
(c) City and State net contributions	7,354
(d) Net total: (a) + (b) - (c)	\$ 37,513
5. Expected unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.)	\$ 468,355
6. Actual unfunded actuarial accrued liability current year	258,837
7. Actuarial gain / (loss): (5. - 6.)	\$ 209,518

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

1. Smoothed actuarial value of net assets previous year	\$ 5,008,412
2. Net contributions during period	253,568
3. Benefits and admin expenses during period	443,839
4. Expected net appreciation for period	343,929
5. Expected smoothed actuarial value of assets current year: (1. + 2. - 3. + 4.)	\$ 5,162,070
6. Actual smoothed actuarial value of net assets current year	\$ 5,047,972
7. Approximate gain / (loss) due to investments: (6. - 5.)	\$ (114,098)

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

\$ 323,616

* Net of Share Plan

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	\$ 258,837	\$ 27,607
October 1, 2024	\$ 247,419	\$ 27,607
October 1, 2025	\$ 235,200	\$ 27,607
October 1, 2026	\$ 222,123	\$ 27,607
October 1, 2027	\$ 208,132	\$ 27,607
...		
...		
October 1, 2043	\$ 0	\$ 0

B. Covered Payroll History

<u>Date</u>	<u>Covered Payroll *</u>	<u>Annual Increase</u>
October 1, 2023	\$ 468,510	(31.3%)
October 1, 2022	\$ 681,553	6.7%
October 1, 2021	\$ 638,744	23.3%
October 1, 2020	\$ 518,166	(12.9%)
October 1, 2019	\$ 595,104	2.0%
October 1, 2018	\$ 583,577	(0.1%)
October 1, 2017	\$ 583,921	16.0%
October 1, 2016	\$ 503,408	(6.0%)
October 1, 2015	\$ 535,576	3.5%
October 1, 2014	\$ 517,538	(2.6%)
October 1, 2013	\$ 531,436	N/A

Ten-Year Average Annual Increase (1.3%)

* Excludes DROP payroll

Accounting Disclosure Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
I. <u>Number of System Members</u>		
a. Receiving benefits including DROPs	13	14
b. Terminated due deferred benefits	4	3
c. Active System members	15	10
d. Total	<u>32</u>	<u>27</u>
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	\$ 3,936,471	\$ 4,225,073
b. Other participants (including Share Plan)	<u>988,834</u>	<u>727,853</u>
c. Total	\$ 4,925,305	\$ 4,952,926
2. Actuarial present value of accumulated non-vested System benefits	<u>177,443</u>	<u>156,897</u>
3. Total actuarial present value of accumulated System benefits	\$ 5,102,748	\$ 5,109,823
B. <u>Statement of Change in Accumulated System Benefits</u>		
1. Actuarial present value of accumulated System benefits as of October 1, 2022		\$ 5,102,748
2. Increase (decrease) during year attributable to:		
a. System amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds and DROP and Share Plan distributions		(378,925)
d. Other, including benefits accumulated, increase for interest due to decrease in the discount period		<u>386,000</u>
e. Net increase		\$ 7,075
3. Actuarial present value of accumulated System benefits as of October 1, 2023		\$ 5,109,823
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	\$ 142,107	\$ 137,664	\$ 118,012	\$ 114,569	\$ 134,363	\$ 129,963	\$ 123,694	\$ 93,494	\$ 121,358	\$ 126,711	\$ 98,691
Interest	273,487	295,404	301,631	319,489	325,988	334,716	344,138	340,890	352,866	383,347	362,514
Benefit Changes	0	0	0	0	0	0	0	0	0	180,646	0
Difference Between Actual and Expected Experience	74,610	(20,659)	(131,179)	36,635	6,707	60,234	(21,441)	(50,293)	(61,183)	31,784	(332,332)
Assumption Changes	0	0	329,557	(11,196)	0	0	(113,542)	157,458	0	0	0
Benefit Payments, including Refunds of Member Contributions	(170,730)	(148,844)	(195,249)	(186,296)	(499,920)	(288,921)	(281,497)	(265,825)	(256,130)	(378,925)	(537,252)
Net Change in Total Pension Liability	319,474	263,565	422,772	273,201	(32,862)	235,992	51,352	275,724	156,911	343,563	(408,379)
Total Pension Liability (TPL) - (beginning of year)	3,371,343	3,690,817	3,954,382	4,377,154	4,650,355	4,617,493	4,853,485	4,904,837	5,180,561	5,337,472	5,681,035
Total Pension Liability (TPL) - (end of year)	\$ 3,690,817	\$ 3,954,382	\$ 4,377,154	\$ 4,650,355	\$ 4,617,493	\$ 4,853,485	\$ 4,904,837	\$ 5,180,561	\$ 5,337,472	\$ 5,681,035	\$ 5,272,656
B. System Fiduciary Net Position											
Contributions - City and State	\$ 211,844	\$ 168,741	\$ 170,839	\$ 183,199	\$ 215,652	\$ 203,301	\$ 192,906	\$ 163,072	\$ 170,145	\$ 154,157	\$ 191,998
Contributions - Member Pick-up	26,674	27,922	26,654	30,465	32,934	34,275	31,492	34,696	38,535	36,207	23,426
Contributions - Member	5,525	5,784	5,544	6,093	6,587	6,855	8,049	6,783	7,037	7,241	4,685
Net Investment Income	289,838	(77,433)	384,891	352,649	260,044	215,415	239,968	889,998	(743,910)	501,013	322,605
Benefit Payments, including Refunds of Member Contributions	(170,730)	(148,844)	(195,249)	(186,296)	(499,920)	(288,921)	(281,497)	(265,825)	(256,130)	(378,925)	(537,252)
Administrative Expenses	(34,257)	(45,090)	(50,014)	(39,291)	(49,254)	(32,378)	(32,660)	(54,681)	(68,709)	(74,003)	(66,000)
Other	0	0	0	0	0	0	0	0	5,388	0	0
Net Change in System Fiduciary Net Position	328,894	(68,920)	342,665	346,819	(33,957)	138,547	158,258	774,043	(847,644)	245,690	(60,538)
System Fiduciary Net Position - (beginning of year)	3,415,817	3,744,711	3,675,791	4,018,456	4,365,275	4,331,318	4,469,865	4,628,123	5,402,166	4,554,522	4,800,212
System Fiduciary Net Position - (end of year)	\$ 3,744,711	\$ 3,675,791	\$ 4,018,456	\$ 4,365,275	\$ 4,331,318	\$ 4,469,865	\$ 4,628,123	\$ 5,402,166	\$ 4,554,522	\$ 4,800,212	\$ 4,739,674
C. Net Pension Liability (NPL) - (end of year): (A) - (B)	\$ (53,894)	\$ 278,591	\$ 358,698	\$ 285,080	\$ 286,175	\$ 383,620	\$ 276,714	\$ (221,605)	\$ 782,950	\$ 880,823	\$ 532,982
D. System Fiduciary Net Position as a Percentage of TPL: (B) / (A)	101.46 %	92.95 %	91.81 %	93.87 %	93.80 %	92.10 %	94.36 %	104.28 %	85.33 %	84.50 %	89.89 %
E. Covered Employee Payroll **	\$ 530,286	\$ 558,435	\$ 533,076	\$ 609,302	\$ 658,688	\$ 685,497	\$ 629,846	\$ 693,915	\$ 770,685	\$ 724,141	\$ 468,510
F. NPL as a Percentage of Covered Employee Payroll: (C) / (E)	(10.16)%	49.89 %	67.29 %	46.79 %	43.45 %	55.96 %	43.93 %	(31.94)%	101.59 %	121.64 %	113.76 %
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, reserve for excess State funds and Share Plan to the measurement dates - actual DROP account balances, reserve for excess State funds and Share Plan 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 benefit increase of 5% for retirees and no assumption changes for measurement date September 30, 2023. No benefit or assumption changes for measurement date September 30, 2024.											
† As reported in System's financial statements.											
* 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	\$ 162,286	\$ 211,844	\$ (49,558)	\$ 530,286	39.95%
2015	168,741	168,741	0	558,435	30.22%
2016	170,839	170,839	0	533,076	32.05%
2017	183,199	183,199	0	609,302	30.07%
2018	215,652	215,652	0	658,688	32.74%
2019	203,146	203,301	(155)	685,497	29.66%
2020	193,175	192,906	269	629,846	30.63%
2021	173,062	163,072	9,990	693,915	23.50%
2022	170,145	170,145	0	770,685	22.08%
2023	150,667	151,153 ²	(486)	724,141	20.87%
2024 ³	191,998	191,998	0	468,510	40.98%

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

² Net of interest due for prior year employer contributions

³ 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	20 years
Asset Valuation Method	4-year smoothed market value
Inflation	2.5%
Payroll Growth Assumption	4.0% per annum - not greater than historical 10-year average (1.5%) but not less than 0.0%.
Salary Increases	5.0% - 7.0%
Investment Rate of Return	7.00%
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 Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.

Other Information:

Benefit Changes

2013: DROP plan added effective February 1, 2013, added early retirement upon attainment of age 50 with completion of 10 years of credited service, maximum of 42 hours of overtime included in pensionable salary.

Assumption Changes

2020: Interest return, employee withdrawal rates, salary increase factors, payroll growth assumption and retirement rates were updated. 2019: Mortality assumption was updated. 2016: Per Statute, pre-retirement mortality assumption updated. 2015: Mortality rates, investment rate of return, salary increase factors, withdrawal rates 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 7.00% was used to measure the TPL effective with the September 30, 2021 TPL. This discount rate was based on the expected rate of return on System investments of 7.00%. The projection of cash flows used to determine this discount rate assumes 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 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	6.00%	7.00%	8.00%
NPL	\$ 1,598,582	\$ 880,823	\$ 290,277

Measurement date: September 30, 2024 *			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.00%	7.00%	8.00%
NPL	\$ 1,147,439	\$ 532,982	\$ 21,392

* 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 \$ 530,527

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	29,349	30,088
Changes of assumptions or other inputs	0	51,326
Net difference between projected and actual earnings on System investments	306,233	0
Total	<u>\$ 335,582</u>	<u>\$ 81,414</u>

Projected Deferred Outflows for City Contributions to Be Recognized after the Measurement Date \$ 147,414

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

Year Ending 30-Sep	Amount
2025	\$ 66,815
2026	63,167
2027	167,957
2028	(43,771)
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	\$ 142,107	\$ 137,664	\$ 118,012	\$ 114,569	\$ 134,363	\$ 129,963	\$ 123,694	\$ 93,494	\$ 121,358	\$ 126,711	\$ 98,691
Interest on Total Pension Liability	273,487	295,404	301,631	319,489	325,988	334,716	344,138	340,890	352,866	383,347	362,514
Current-Period Benefit Changes	0	0	0	0	0	0	0	0	0	180,646	0
Contributions - Member	(32,199)	(33,706)	(32,198)	(36,558)	(39,521)	(41,130)	(39,541)	(41,479)	(45,572)	(43,448)	(28,111)
Projected Earnings on Plan Investments	(274,828)	(299,917)	(264,964)	(291,127)	(305,825)	(311,234)	(321,103)	(319,910)	(374,332)	(309,880)	(322,605)
Administrative Expenses	34,257	45,090	50,014	39,291	49,254	32,378	32,660	54,681	68,709	74,003	66,000
Other Changes in System Fiduciary Net Position	0	0	0	0	0	0	0	0	5,388	0	0
Recognition of Beginning Deferred Outflows / (Inflows) due to Liabilities	9,444	6,862	35,613	39,588	40,636	51,203	32,712	71,461	39,683	12,355	(171,875)
Recognition of Beginning Deferred Outflows / (Inflows) due to Assets	(3,002)	72,468	48,483	36,179	45,335	67,501	8,256	(81,777)	154,178	106,793	87,630
Total Pension Expense	<u>\$ 149,266</u>	<u>\$ 223,865</u>	<u>\$ 256,591</u>	<u>\$ 221,431</u>	<u>\$ 250,230</u>	<u>\$ 263,397</u>	<u>\$ 180,816</u>	<u>\$ 117,360</u>	<u>\$ 322,278</u>	<u>\$ 530,527</u>	<u>\$ 92,244</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
2016 / 2017	\$ 36,635	6.4	0.0	\$ 2,291	\$ 0
2017 / 2018	\$ 6,707	6.4	0.4	\$ 1,048	\$ 419
2018 / 2019	\$ 60,234	5.7	0.7	\$ 10,567	\$ 7,399
2019 / 2020	\$ 0	7.3	3.3	\$ 0	\$ 0
2020 / 2021	\$ 0	2.7	0.0	\$ 0	\$ 0
2021 / 2022	\$ 0	3.0	1.0	\$ 0	\$ 0
2022 / 2023	\$ 31,784	3.1	2.1	\$ 10,253	\$ 21,531
TOTAL				\$ 24,159	\$ 29,349

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
2016 / 2017	\$ 0	6.4	0.0	\$ 0	\$ 0
2017 / 2018	\$ 0	6.4	0.4	\$ 0	\$ 0
2018 / 2019	\$ 0	5.7	0.7	\$ 0	\$ 0
2019 / 2020	\$ (21,441)	7.3	3.3	\$ (2,937)	\$ (9,693)
2020 / 2021	\$ (50,293)	2.7	0.0	\$ (13,039)	\$ 0
2021 / 2022	\$ (61,183)	3.0	1.0	\$ (20,394)	\$ (20,395)
2022 / 2023	\$ 0	3.1	2.1	\$ 0	\$ 0
TOTAL				\$ (36,370)	\$ (30,088)

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

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
2016 / 2017	\$ 0	6.4	0.0	\$ 0	\$ 0
2017 / 2018	\$ 0	6.4	0.4	\$ 0	\$ 0
2018 / 2019	\$ 0	5.7	0.7	\$ 0	\$ 0
2019 / 2020	\$ 0	7.3	3.3	\$ 0	\$ 0
2020 / 2021	\$ 157,458	2.7	0.0	\$ 40,822	\$ 0
2021 / 2022	\$ 0	3.0	1.0	\$ 0	\$ 0
2022 / 2023	\$ 0	3.1	2.1	\$ 0	\$ 0
TOTAL				\$ 40,822	\$ 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

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
2016 / 2017	\$ (11,196)	6.4	0.0	\$ (702)	\$ 0
2017 / 2018	\$ 0	6.4	0.4	\$ 0	\$ 0
2018 / 2019	\$ 0	5.7	0.7	\$ 0	\$ 0
2019 / 2020	\$ (113,542)	7.3	3.3	\$ (15,554)	\$ (51,326)
2020 / 2021	\$ 0	2.7	0.0	\$ 0	\$ 0
2021 / 2022	\$ 0	3.0	1.0	\$ 0	\$ 0
2022 / 2023	\$ 0	3.1	2.1	\$ 0	\$ 0
TOTAL				\$ (16,256)	\$ (51,326)

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	\$ 95,819	5	0	\$ 19,163	\$ 0
2019 / 2020	\$ 81,135	5	1	\$ 16,227	\$ 16,227
2020 / 2021	\$ (570,088)	5	2	\$ (114,018)	\$ (228,034)
2021 / 2022	\$ 1,118,242	5	3	\$ 223,648	\$ 670,946
2022 / 2023	\$ (191,133)	5	4	\$ (38,227)	\$ (152,906)
TOTAL				\$ 106,793	\$ 306,233

Outline of Principal Provisions of the Retirement System

A. Normal Retirement:

1. Eligibility

Earlier of:

- (a) Attainment of age 55 with completion of 10 years of credited service.
- (b) Completion of 25 years of credited service.

2. Mandatory Retirement Age

Age 60. Extensions granted with employer consent.

3. Amount of Pension

Total credited service times 3.75% of Final Average Salary. Maximum 100% of Final Average Salary.

4. Normal Form

The normal form of pension is a 10 year Certain and Life. Upon his or her death, 100% of the reduced benefit is continued for the remainder of the Certain period, if any. Optional forms are available on an actuarial equivalent basis.

5. Final Average Salary

Highest 3 consecutive years out of last 10. Salary includes base pay plus longevity pay and up to 42 hours of overtime per calendar year. Lump sum payments paid at the time of retirement are not included in the determination of final average salary.

B. Early Retirement:

1. Eligibility

Attainment of age 50 with completion of 10 years of credited service.

2. Amount of Pension

Computed as a normal retirement but reduced 3.0% for each year (0.25% for each month) that early retirement precedes the date the member would have been eligible for normal retirement.

Outline of Principal Provisions of the Retirement System

C. Deferred Retirement:

1. Eligibility

10 or more years of credited service. Pension begins at age 55 or reduced benefits at age 50.

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. Minimum benefit shall be 42% of Final Average Salary. 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. Minimum benefit shall be 42% of Final Average Salary. Worker's compensation payments are offset, to the extent permitted by law.

F. Death Before Retirement:

1. Eligibility

10 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.

Outline of Principal Provisions of the Retirement System

G. Deferred Retirement Option Plan (DROP):

Effective February 1, 2013, members may elect to freeze their retirement benefit at normal 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. This retirement benefit 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% 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 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 will be assessed administrative fees.

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

Effective October 1, 1994 all current retired members and beneficiaries received an increase in their pension of \$75 / month. Effective October 1, 2001 all current retired members and beneficiaries received an increase in their pension. The increase was based on their original benefit, using a multiplier of 3.75% rather than their original multiplier. Effective October 1, 2022 all current retired members, DROP participants and beneficiaries received a pension increase of 5%.

I. Annual Holiday Bonus:

\$100

J. Member Contributions:

1.00% of annual salary. This amount is refunded upon termination. 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.

Outline of Principal Provisions of the Retirement System

K. City Contributions:

Actuarially determined amounts which together with member contributions and premium tax monies are sufficient to at least cover the requirements of the funding objective.

L. Premium Tax Monies:

A distribution of casualty insurance premium tax monies collected by the State pursuant to Chapter 185, Florida Statutes.

M. 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 and 185.185, Florida Statutes, pursuant to the procedures set forth in the cited statutes.

N. 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.

O. 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.

P. 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 Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.

Sample Ages (2023)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
55	30.70	34.54	27.87	31.44
60	25.74	29.47	23.27	26.64
62	23.80	27.46	21.53	24.79

Sample Ages (2043)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
55	32.33	36.03	29.77	33.27
60	27.31	30.92	25.06	28.39
62	25.35	28.88	23.27	26.50

B. Interest to be Earned by Fund

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

C. Allowances for Expenses or Contingencies

Administrative expenses are projected to continue at the same dollar amount as the average of the preceding three 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 - 1	25.0
	2 - 3	20.0
	4	15.0
	5 & Over	20.0
Under 25		18.0
25 - 29		16.0
30 - 34		14.0
35 - 39		5.0
40 - 44		1.0
45 & Over		

E. Disability Rates

These estimates represent the 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 45	7%
45 & Over	5%

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

G. Payroll Growth Assumption

0.0% effective October 1, 2023 due to Plan closure in March 2024. Previously 4.0% per annum capped at the historical 10-year average but not less than 0.0% for purposes of financing the unfunded liabilities.

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

H. Retirement Rates

These rates are used to measure the probabilities of an eligible member retiring during the next year.

Retirement Ages	Percent Retiring
< 64	22%
64	20%
65	100%

A Police Officer is eligible for retirement after 25 years of credited service or after attaining age 55 with 10 or more years of credited service.

A Police Officer is eligible for early retirement after attaining age 50 with 10 or more years of credited service.

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

I. Smoothed 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 is 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.

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.

Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation

L. Changes From Previous Valuation

None.

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 with Blue Collar adjustment 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.

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

M. Technical Assumptions (Cont'd)

10. Duty and Non-Duty Related Assumption

50% are assumed in-service and 50% are assumed non-service for pre-retirement death and disability benefits.

11. Vested members

Vested members who terminate with a benefit worth less than 100% of their accumulated member contribution balance were assumed to withdraw the balance and forfeit their 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	1	-	-	-	-	-	-	1
25 - 29	1	-	-	-	-	-	-	1
30 - 34	3	-	-	-	-	-	-	3
35 - 39	-	-	-	-	-	-	-	0
40 - 44	2	-	-	-	-	-	-	2
45 - 49	-	1	1	-	-	-	-	2
50 - 54	1	-	-	-	-	-	-	1
55 - 59	-	-	-	-	-	-	-	0
60 - 64	-	-	-	-	-	-	-	0
65 & Over	-	-	-	-	-	-	-	0
TOTAL	8	1	1	0	0	0	0	10
				<u>10/01/2022</u>				<u>10/01/2023</u>
Average Attained Age				33.11 years				38.38 years
Average Hire Age				29.85 years				35.64 years
Average Pay				\$ 45,437				\$ 46,851
Percent Female				6.7%				10.0%

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

A. Entitled to Deferred Benefits

Current Age Group	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 40	-	\$ -	\$ -
40 - 44	1	18,239	18,239
45 - 49	2	45,670	22,835
50 - 54	-	-	-
55 - 59	-	-	-
60 - 64	-	-	-
65 & Over	-	-	-
TOTAL	3	\$ 63,909	\$ 21,303

B. Receiving Benefits (including DROPs)

Current Age Group	<u>Count</u>	<u>Total Annual Benefit</u>	<u>Average Annual Benefit</u>
Less than 50	1	\$ 23,152	\$ 23,152
50 - 54	1	23,161	23,161
55 - 59	6	191,795	31,966
60 - 64	1	22,568	22,568
65 - 69	2	32,891	16,446
70 - 74	1	27,341	27,341
75 - 79	1	13,626	13,626
80 - 84	1	9,527	9,527
85 & Over	0	-	-
TOTAL	14	\$ 344,061	\$ 24,576

Reconciliation of Employee Data

A. Active Participants

1. Active participants previous year	15
2. Retired during year	0
3. Entered DROP	0
4. Died during year	0
5. Disabled during year	0
6. Vested terminated during year	0
7. Non-vested terminated during year	(11)
8. New active participants	5
9. Re-instated during year	1
10. Active participants current year	<u>10</u>

B. Participants Receiving Benefits

1. Participants receiving benefits previous year	12
2. New retired participants	0
3. Former DROPs now receiving benefits	1
4. New terminated vested receiving benefits	1
5. New disabled receiving benefits	0
6. New beneficiaries receiving benefits	0
7. Died or ceased payment during year	0
8. Retired or terminated vested receiving benefits current year	<u>14</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	4
2. Died during year	0
3. Commenced receiving benefits during year	(1)
4. New terminated vested	0
5. Terminated vested paid lump sum	0
6. Adjustment	0
7. Terminated vested entitled current year	<u>3</u>

Projected Retirement Benefits

<u>Fiscal Year</u>	<u>Projected Total Annual Payout</u>
2024	\$ 350,094
2025	\$ 350,297
2026	\$ 350,739
2027	\$ 352,590
2028	\$ 356,378
2029	\$ 365,247
2030	\$ 371,824
2031	\$ 397,868
2032	\$ 427,756
2033	\$ 431,967

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.

Summary of Transaction Information

Valuation Date	Benefits Paid ¹	Administrative Expenses	Employee Contributions	City Contributions	City Contributions (Member Pick-up)	Total State Contributions	Smoothed Actuarial Value ^{2,3}
10/01/2023	\$ 378,925	\$ 74,003	\$ 7,241	\$ 115,566	\$ 36,207	\$ 94,554	\$ 5,089,866
10/01/2022	257,539	68,708	7,707	114,182	38,534	0	5,057,793
10/01/2021	265,825	54,681	6,783	107,282	34,696	55,790	5,048,226
10/01/2020	281,497	32,660	8,049	147,488	31,492	45,418	4,752,105
10/01/2019	288,921	32,378	6,855	147,537	34,275	55,764	4,550,287
10/01/2018	499,920	49,254	6,587	140,300	32,934	75,352	4,313,722
10/01/2017	186,296	39,291	6,093	112,112	30,465	71,087	4,367,584
10/01/2016	195,249	50,014	5,544	108,747	26,654	62,092	4,124,426
10/01/2015	148,844	45,090	5,784	112,245	27,922	56,496	3,943,032
10/01/2014	170,730	34,257	5,525	153,873	26,674	57,971	3,676,112
10/01/2013	129,795	37,002	6,078	108,390	29,295	61,447	3,376,180
10/01/2012	129,255	58,821	5,766	115,876	28,831	72,385	2,863,552
10/01/2011	130,078	20,881	6,191	86,187	30,878	59,178	2,674,491
10/01/2010	128,309	24,576	5,893	14,906	29,464	68,225	2,657,104
10/01/2009	127,082	21,060	6,193	0	30,967	71,647	2,621,033
10/01/2008	107,387	26,743	6,806	0	34,029	76,068	2,740,047
10/01/2007	106,732	11,180	6,573	0	32,868	80,389	2,632,673
10/01/2006	90,050	16,081	6,154	0	30,770	73,923	2,393,700
10/01/2005	97,329	23,103	6,039	0	30,197	70,830	2,179,343
10/01/2004	101,336	25,137	5,891	0	29,453	55,475	2,048,693
10/01/2003	86,784	38,090	5,656	0	35,076	43,160	2,010,037
10/01/2002	86,059	27,088	5,386	0	26,927	38,590	1,989,717
10/01/2001	48,847	33,174	6,322	0	25,110	39,015	2,020,284
10/01/2000	53,355	18,215	6,831	0	23,324	40,694	1,981,584

¹ Effective for fiscal year ending September 30, 2013, includes DROP and Share distributions and contribution refunds

² Effective for year ending September 30, 2013, includes DROP account balances

³ Prior to October 1, 2009 and effective for fiscal year ended September 30, 2013, actuarial value includes the excess State contribution reserve

Table XVII

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	5.1%	5.0%	4.5	11.39%	4.67%	7.00%
10/01/2022	10.7%	6.7%	1.9	(13.96%)	3.42%	7.00%
10/01/2021	15.6%	6.5%	1.8	19.47%	8.78%	7.00%
10/01/2020	11.6%	4.7%	2.4	5.42%	6.29%	7.25%
10/01/2019	14.2%	4.7%	2.6	5.02%	7.33%	7.25%
10/01/2018	12.6%	4.6%	2.8	6.16%	5.69%	7.25%
10/01/2017	2.4%	4.5%	2.3	8.78%	6.04%	7.25%
10/01/2016	(1.6%)	4.6%	1.9	10.53%	5.70%	7.25%
10/01/2015	3.7%	6.9%	2.9	(2.1%)	7.0%	8.0%
10/01/2014	1.4%	7.1%	4.9	8.4%	7.7%	8.0%
Last 3 Periods	10.4%	6.1%	2.5	4.62%	5.60%	7.00%
Last 5 Periods	11.4%	5.5%	2.5	4.86%	6.08%	7.10%
Last 10 Periods	7.4%	5.5%	2.6	5.6%	6.3%	7.3%

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

Valuation Date	Contribution Fiscal Year End	Minimum Required Employer Contributions		Actual City Contributions	Actual State Contributions	Actual Employer Contributions
10/01/2023	09/30/2025	\$ 171,535	¹	N/A	N/A	N/A
10/01/2022	09/30/2024	\$ 191,998	¹	N/A	N/A	N/A
10/01/2021	09/30/2023	\$ 153,671	²	\$ 115,566	\$ 94,554	\$ 210,120
10/01/2020	09/30/2022	\$ 170,145	²	\$ 114,182	\$ 0	\$ 114,182
10/01/2019	09/30/2021	\$ 173,062	²	\$ 107,282	\$ 55,790	\$ 163,072
10/01/2018	09/30/2020	\$ 193,175	²	\$ 147,488	\$ 45,418	\$ 192,906
10/01/2017	09/30/2019	\$ 203,146	²	\$ 147,537	\$ 55,764	\$ 203,301
10/01/2016	09/30/2018	\$ 215,652	²	\$ 140,300	\$ 75,352	\$ 215,652
10/01/2015	09/30/2017	\$ 183,199	²	\$ 112,112	\$ 71,087	\$ 183,199
10/01/2014	09/30/2016	\$ 170,839	²	\$ 108,747	\$ 62,092	\$ 170,839
10/01/2013	09/30/2015	\$ 168,741	²	\$ 112,245	\$ 56,496	\$ 168,741
10/01/2012	09/30/2014	\$ 162,286	²	\$ 153,873	\$ 57,971	\$ 211,844
10/01/2011	09/30/2013	\$ 165,835	²	\$ 108,390	\$ 61,447	\$ 169,837
10/01/2010	09/30/2012	\$ 180,374	²	\$ 115,876	\$ 72,385	\$ 188,261
10/01/2009	09/30/2011	\$ 145,325	²	\$ 86,187	\$ 59,178	\$ 145,365
10/01/2008	09/30/2010	\$ 75,619	²	\$ 14,906	\$ 68,225	\$ 83,131
10/01/2007	09/30/2009	\$ 29,618	²	\$ 0	\$ 71,647	\$ 71,647
10/01/2006	09/30/2008	\$ 31,252		\$ 0	\$ 76,068	\$ 76,068
10/01/2005	09/30/2007	\$ 35,573		\$ 0	\$ 80,389	\$ 80,389
10/01/2004	09/30/2006	\$ 29,107		\$ 0	\$ 73,923	\$ 73,923
10/01/2003	09/30/2005	\$ 26,014		\$ 0	\$ 70,830	\$ 70,830
10/01/2002	09/30/2004	\$ 10,659		\$ 0	\$ 55,475	\$ 55,475
10/01/2001	09/30/2003	\$ 0		\$ 0	\$ 43,160	\$ 43,160
10/01/2000	09/30/2002	\$ 4,650		\$ 0	\$ 38,590	\$ 38,590
10/01/1999	09/30/2001	\$ 5,075		\$ 0	\$ 39,015	\$ 39,015
10/01/1998	09/30/2000	\$ 6,754		\$ 0	\$ 40,694	\$ 40,694
10/01/1997	09/30/1999	\$ 2,860		\$ 0	\$ 36,800	\$ 36,800
10/01/1996	09/30/1998	\$ 0		\$ 0	\$ 33,940	\$ 33,940

¹ Projected² 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	15	10
2. Retired participants and beneficiaries receiving benefits (including DROPs)	12	13
3. Disabled participants receiving benefits	1	1
4. Terminated vested participants	4	3
5. Annual payroll of active participants	\$ 681,553	\$ 468,510
6. Projected payroll of active participants	\$ 693,821	\$ 468,510
7. Annual benefits payable to those currently receiving benefits including DROP participants	\$ 320,900	\$ 344,061
B. <u>Value of Assets</u>		
1. Smoothed Actuarial Value of Assets	\$ 5,057,793	\$ 5,089,866
2. Market Value of Assets	\$ 4,498,559	\$ 4,800,212
C. <u>Liabilities</u>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 1,547,165	\$ 1,152,549
b. Vesting benefits	213,603	84,683
c. Death benefits	25,756	16,272
d. Disability benefits	41,485	23,050
e. Total	<u>\$ 1,828,009</u>	<u>\$ 1,276,554</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 664,777	\$ 410,761
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired including DROP participants	\$ 3,519,176	\$ 3,812,937
b. Disability retired	317,004	315,434
c. Beneficiaries	100,291	96,702
d. Miscellaneous	6,601	6,595
e. Total	<u>\$ 3,943,072</u>	<u>\$ 4,231,668</u>

Actuarial Valuation as of October 1, 2023

State Required Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
4. Reserve for Share Plan	\$ 49,381	\$ 41,894
5. Total actuarial present value of future expected benefit payments	\$ 6,485,239	\$ 5,960,877
6. Actuarial accrued liabilities	\$ 5,560,937	\$ 5,348,703
7. Unfunded actuarial accrued liabilities	\$ 503,144	\$ 258,837
 D. <u>Statement of Accumulated System Benefits</u>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits including DROP participants	\$ 3,936,471	\$ 4,225,073
b. Other participants (Share Plan)	988,834	727,853
c. Total	<u>\$ 4,925,305</u>	<u>\$ 4,952,926</u>
2. Actuarial present value of accumulated non-vested System benefits	<u>177,443</u>	<u>156,897</u>
3. Total actuarial present value of accumulated System benefits	\$ 5,102,748	\$ 5,109,823
 E. <u>Statement of Change in Accumulated System Benefits</u>		
1. Actuarial present value of accumulated System benefits as of October 1, 2022		\$ 5,102,748
2. Increase (decrease) during year attributable to:		
a. System amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds and DROP and Share Plan distributions		(378,925)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period		<u>386,000</u>
e. Net increase		\$ 7,075
3. Actuarial present value of accumulated System benefits as of October 1, 2023		\$ 5,109,823

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	\$ 178,711	\$ 164,691
2. Payment required to amortize unfunded liability	42,549	27,607
3. Interest adjustment	8,236	7,348
4. Total required contribution	<u>\$ 229,496</u>	<u>\$ 199,646</u>
5. Item 4 as a percentage of payroll	33.7%	42.6%
6. Estimated employee contributions	\$ 6,938	\$ 4,685
7. Item 6 as a percentage of projected payroll	1.0%	1.0%
8. Estimated State contributions	\$ 44,584	\$ 49,970
9. Item 8 as a percentage of projected payroll	6.4%	10.7%
10. Estimated pick-up employee contributions by City	\$ 34,691	\$ 23,426
11. Item 10 as a percentage of projected payroll	5.0%	5.0%
12. Net amount payable by City	\$ 147,414	\$ 121,565
13. Item 12 as a percentage of projected payroll	21.2%	25.9%
G. <u>Past Contributions</u>		
1. Total contribution required (prior valuation % of pay)	\$ 197,119	\$ 220,109
2. Actual contributions made:		
a. Employees	\$ 7,241	N/A
b. State (net)	94,554	N/A
c. City (Member Pick-Up)	36,207	N/A
d. City	115,566	N/A
e. Total	<u>\$ 253,568</u>	N/A
H. <u>Net Actuarial Gain (Loss)</u>	\$ (229,911)	\$ 209,518
I. <u>Disclosure of Following Items:</u>		
1. Actuarial present value of future salaries - attained age	\$ 4,594,838	\$ 2,733,398
2. Actuarial present value of future employee contributions - attained age	\$ 275,690	\$ 164,004
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 120,550	\$ 76,270
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

State Required Exhibit

	Unfunded Actuarial Accrued Liabilities	Current Unfunded Liabilities	Amortization Payment	Remaining Funding Period
10/01/2014	Combined Bases *	\$ (5,084)	\$ (796)	8 years
10/01/2015	Actuarial Loss / (Gain)	(51,669)	(6,080)	12 years
10/01/2015	Assumption Changes	154,003	18,121	12 years
10/01/2016	Actuarial Loss / (Gain)	47,345	5,294	13 years
10/01/2016	Assumption Changes	(5,983)	(669)	13 years
10/01/2017	Actuarial Loss / (Gain)	7,084	757	14 years
10/01/2018	Actuarial Loss / (Gain)	79,901	8,199	15 years
10/01/2019	Actuarial Loss / (Gain)	(35,286)	(3,491)	16 years
10/01/2019	Assumption Changes	(82,289)	(8,141)	16 years
10/01/2020	Actuarial Loss / (Gain)	(18,045)	(1,727)	17 years
10/01/2020	Assumption Changes	153,204	14,665	17 years
10/01/2021	Actuarial Loss / (Gain)	(162,077)	(15,058)	18 years
10/01/2022	Actuarial Loss / (Gain)	216,860	19,609	19 years
10/01/2022	System Amendment	170,391	15,407	19 years
10/01/2023	Actuarial Loss / (Gain)	(209,518)	(18,483)	20 years
TOTAL		\$ 258,837	\$ 27,607	

* Combined per Internal Revenue Code Regulation 1.412(b)-1

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 17, 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 plan 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 plan. 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 plan 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 20 years, it is 19 years at the end of one year, 18 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 plan 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 20 years, the same 20-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.