

City of Starke General Employees' Retirement System

CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2023 Funding Actuarial Valuation Report and the System's Financial Reporting for the Year Ended September 30, 2023





August 29, 2024

Board of Trustees
c/o Ms. Lisa Heeder
Deputy City Clerk
City of Starke General Employees' Retirement System
P.O. Box C – 209 N. Thompson Street
Starke, Florida 32091-1278

Re: October 1, 2023 Chapter 112.664 Compliance Report

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Board of Trustees (Board) of the City of Starke General Employees' Retirement System (System) to prepare a disclosure report to satisfy the requirements set forth in Chapter 112.664, F.S. and as further required pursuant to Chapter 60T-1.0035, F.A.C.

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 purpose of the report is to provide the required information specified in Chapter 112.664, F.S. and to supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

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; 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 this engagement does not include an analysis of the potential range of such measurements.

This report was based upon information furnished by the City and the Board concerning System benefits, System provisions and System members as used in the corresponding Actuarial Valuation Reports for the Valuation Dates indicated. Financial information was provided by the City and

Board as of September 30, 2023. We reviewed the information provided for internal and year-to-year consistency, but did not audit the data. The System is responsible for the accuracy of the data.

Except where specific assumptions are required by Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Board as described in Section C. The economic and non-prescribed demographic actuarial assumptions are based upon 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.

The investment return assumption of 2% higher than the investment return assumption utilized in the Actuarial Valuation Report does not represent an estimate of future System experience nor observation of the estimates inherent in market data. This assumption is provided as a counterpart to the Chapter 112.664, F.S. requirement to utilize an investment return assumption of 2% lower than the investment return assumption utilized in the Actuarial Valuation Report. The inclusion of the additional 2% higher assumption shows a more complete assessment of the range of potential results as opposed to the *one-sided* range required by statute.

If all actuarial assumptions are met and if all current and 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 of pay amortization payment using an initial amortization period of 30 years.

The System's funded ratio as of October 1, 2023 is 85.3% defined as the ratio of the market value of System assets to the actuarial accrued liability.

The System's funded ratio and the GASB Net 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 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.



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 herein.

The signing actuaries are independent of the System sponsor.

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 presents the actuarial position of the System as of the valuation date as required by statute. 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.

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by 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, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

Sincerely,

GABRIEL, ROEDER, SMITH AND COMPANY

By Michelle Jones
Shelly L. Jones, M.A.A.A.
Enrolled Actuary No. 23-08646
Consultant & Actuary

By Jennifer Borregard
Jennifer M. Borregard, M.A.A.A.
Enrolled Actuary No. 23-07624
Consultant & Actuary



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SECTION A

CHAPTER 112.664, F.S. RESULTS

Net Pension Liability
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68
and Using Assumptions Required Under 112.664(1)(a), F.S.

Measurement Date	September 30, 2023
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 150,463
Interest	890,061
Benefit Changes	664,985
Difference Between Actual and Expected Experience	(378,734)
Assumption Changes	0
Benefit Payments	(1,062,888)
Contribution Refunds	(42,973)
Other	0
Net Change in Total Pension Liability	\$ 220,914
Total Pension Liability (TPL) - (beginning of year)	12,829,906
Total Pension Liability (TPL) - (end of year)	\$ 13,050,820
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 547,020
Contributions - Member	22,766
Net Investment Income	1,464,256
Benefit Payments	(1,062,888)
Contribution Refunds	(42,973)
Administrative Expenses	(46,381)
Other	0
Net Change in System Fiduciary Net Position	\$ 881,800
System Fiduciary Net Position - (beginning of year)	10,029,422
System Fiduciary Net Position - (end of year)	\$ 10,911,222
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 2,139,598
Valuation Date	October 1, 2022

Certain Key Assumptions

Investment Return Assumption 7.0%

Mortality Table:

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.



Net Pension Liability
Using Assumptions Required Under 112.664(1)(b), F.S.

Measurement Date	September 30, 2023
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 223,342
Interest	777,812
Benefit Changes	767,382
Difference Between Actual and Expected Experience	(421,294)
Assumption Changes	0
Benefit Payments	(1,062,888)
Contribution Refunds	(42,973)
Other	0
Net Change in Total Pension Liability	\$ 241,381
Total Pension Liability (TPL) - (beginning of year)	15,538,866
Total Pension Liability (TPL) - (end of year)	\$ 15,780,247
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 547,020
Contributions - Member	22,766
Net Investment Income	1,464,256
Benefit Payments	(1,062,888)
Contribution Refunds	(42,973)
Administrative Expenses	(46,381)
Other	0
Net Change in System Fiduciary Net Position	\$ 881,800
System Fiduciary Net Position - (beginning of year)	10,029,422
System Fiduciary Net Position - (end of year)	\$ 10,911,222
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 4,869,025

Valuation Date October 1, 2022

Certain Key Assumptions

Investment Return Assumption 5.0%

Mortality Table:

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.



Net Pension Liability
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

Measurement Date	September 30, 2023
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 109,754
Interest	960,314
Benefit Changes	588,289
Difference Between Actual and Expected Experience	(349,465)
Assumption Changes	0
Benefit Payments	(1,062,888)
Contribution Refunds	(42,973)
Other	0
Net Change in Total Pension Liability	\$ 203,031
Total Pension Liability (TPL) - (beginning of year)	10,872,459
Total Pension Liability (TPL) - (end of year)	\$ 11,075,490
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 547,020
Contributions - Member	22,766
Net Investment Income	1,464,256
Benefit Payments	(1,062,888)
Contribution Refunds	(42,973)
Administrative Expenses	(46,381)
Other	0
Net Change in System Fiduciary Net Position	\$ 881,800
System Fiduciary Net Position - (beginning of year)	10,029,422
System Fiduciary Net Position - (end of year)	\$ 10,911,222
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 164,268

Valuation Date October 1, 2022

Certain Key Assumptions

Investment Return Assumption 9.0%

Mortality Table:

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.



Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68
and Using Assumptions Required Under 112.664(1)(a), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2024	10,910,621	723,857	1,062,936	10,571,542
2025	10,571,542	699,243	1,086,344	10,184,441
2026	10,184,441	671,529	1,102,782	9,753,188
2027	9,753,188	641,456	1,099,719	9,294,925
2028	9,294,925	610,065	1,081,425	8,823,565
2029	8,823,565	577,721	1,064,047	8,337,239
2030	8,337,239	544,107	1,052,643	7,828,703
2031	7,828,703	508,958	1,040,667	7,296,994
2032	7,296,994	472,731	1,014,215	6,755,510
2033	6,755,510	435,929	984,868	6,206,571
2034	6,206,571	398,682	953,455	5,651,798
2035	5,651,798	361,040	921,680	5,091,158
2036	5,091,158	323,029	888,790	4,525,397
2037	4,525,397	284,739	853,803	3,956,333
2038	3,956,333	246,153	820,525	3,381,961
2039	3,381,961	206,432	807,612	2,780,781
2040	2,780,781	165,740	770,557	2,175,964
2041	2,175,964	124,788	733,639	1,567,113
2042	1,567,113	83,544	696,972	953,685
2043	953,685	41,922	661,859	333,748
2044	333,748	5,217	627,384	-
2045	-	-	592,706	-
2046	-	-	558,894	-
2047	-	-	525,572	-
2048	-	-	493,229	-
2049	-	-	461,834	-
2050	-	-	431,026	-
2051	-	-	401,103	-
2052	-	-	372,521	-
2053	-	-	345,559	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City, Members or State: 20.50

Certain Key Assumptions

Investment return assumption 7.0%

Mortality Table:

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.

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of System assets does not include future contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.



Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(b), F.S.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2024	10,910,621	516,958	1,062,936	10,364,643
2025	10,364,643	489,030	1,086,344	9,767,329
2026	9,767,329	458,722	1,102,782	9,123,269
2027	9,123,269	426,601	1,099,719	8,450,151
2028	8,450,151	393,437	1,081,425	7,762,163
2029	7,762,163	359,505	1,064,047	7,057,621
2030	7,057,621	324,584	1,052,643	6,329,562
2031	6,329,562	288,503	1,040,667	5,577,398
2032	5,577,398	251,606	1,014,215	4,814,789
2033	4,814,789	214,265	984,868	4,044,186
2034	4,044,186	176,579	953,455	3,267,310
2035	3,267,310	138,589	921,680	2,484,219
2036	2,484,219	100,319	888,790	1,695,748
2037	1,695,748	61,836	853,803	903,781
2038	903,781	23,132	820,525	106,388
2039	106,388	159	807,612	-
2040	-	-	770,557	-
2041	-	-	733,639	-
2042	-	-	696,972	-
2043	-	-	661,859	-
2044	-	-	627,384	-
2045	-	-	592,706	-
2046	-	-	558,894	-
2047	-	-	525,572	-
2048	-	-	493,229	-
2049	-	-	461,834	-
2050	-	-	431,026	-
2051	-	-	401,103	-
2052	-	-	372,521	-
2053	-	-	345,559	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City, Members or State: 15.08

Certain Key Assumptions

Investment return assumption 5.0%

Mortality Table:

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.

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of System assets does not include future contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.



Asset and Benefit Payment Projection
Not Reflecting Any Future Contributions
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2024	10,910,621	930,820	1,062,936	10,778,505
2025	10,778,505	917,803	1,086,344	10,609,964
2026	10,609,964	901,844	1,102,782	10,409,026
2027	10,409,026	883,907	1,099,719	10,193,214
2028	10,193,214	865,364	1,081,425	9,977,153
2029	9,977,153	846,754	1,064,047	9,759,860
2030	9,759,860	827,747	1,052,643	9,534,964
2031	9,534,964	808,082	1,040,667	9,302,379
2032	9,302,379	788,422	1,014,215	9,076,586
2033	9,076,586	769,512	984,868	8,861,230
2034	8,861,230	751,642	953,455	8,659,417
2035	8,659,417	735,007	921,680	8,472,744
2036	8,472,744	719,789	888,790	8,303,743
2037	8,303,743	706,262	853,803	8,156,202
2038	8,156,202	694,584	820,525	8,030,261
2039	8,030,261	683,871	807,612	7,906,520
2040	7,906,520	674,517	770,557	7,810,480
2041	7,810,480	667,649	733,639	7,744,490
2042	7,744,490	663,474	696,972	7,710,992
2043	7,710,992	662,148	661,859	7,711,281
2044	7,711,281	663,833	627,384	7,747,730
2045	7,747,730	668,782	592,706	7,823,806
2046	7,823,806	677,255	558,894	7,942,167
2047	7,942,167	689,511	525,572	8,106,106
2048	8,106,106	705,821	493,229	8,318,698
2049	8,318,698	726,465	461,834	8,583,329
2050	8,583,329	751,764	431,026	8,904,067
2051	8,904,067	782,070	401,103	9,285,034
2052	9,285,034	817,732	372,521	9,730,245
2053	9,730,245	859,098	345,559	10,243,784

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City, Members or State:

All Future Years

Certain Key Assumptions

Investment return assumption

9.0%

Mortality Table:

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.

Note: As required in Section 112.664(1)(c) of the Florida Statutes, the projection of System assets does not include future contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.



ACTUARIALLY DETERMINED CONTRIBUTION			
	Valuation Assumptions and 112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption
A. Valuation Date	October 1, 2023	October 1, 2023	October 1, 2023
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	September 30, 2025	September 30, 2025	September 30, 2025
C. Annual Payroll of Active Employees	\$ 2,099,316	\$ 2,099,316	\$ 2,099,316
D. Total Minimum Funding Requirement			
1. Total Normal Cost	\$ 199,846	\$ 278,534	\$ 155,545
2. Annual Payment to Amortize Unfunded Actuarial Liability	161,509	249,930	57,639
3. Interest Adjustment	12,220	12,889	9,180
4. Total Minimum Funding Requirement	\$ 373,575	\$ 541,353	\$ 222,364
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.040)	\$ 2,183,289 104.00%	\$ 2,183,289 104.00%	\$ 2,183,289 104.00%
F. Expected Contribution Sources (\$ / % of pay)			
1. City (includes Member <i>Pick-Up</i>)	\$ 366,685 16.80%	\$ 541,174 24.79%	\$ 209,426 9.59%
2. Member	21,833 1.00%	21,833 1.00%	21,833 1.00%
3. Total	\$ 388,518 17.80%	\$ 563,007 25.79%	\$ 231,259 10.59%

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

Amortization Base		Amortization Payment				
		Current	Valuation and			Remaining
		Unfunded	112.664(1)(a), F.S.	112.664(1)(b),	112.664(1)(a), F.S.	Funding Period
		Liabilities	Assumptions	F.S. Assumptions	Assumptions Plus 2%	
10/01/1994	Actuarial Loss / (Gain)	454	454	454	454	1 year
10/01/1994	System Amendment	266	266	266	266	1 year
10/01/1995	Actuarial Loss / (Gain)	(3,952)	(2,004)	(1,985)	(2,022)	2 years
10/01/1995	Assumption Change	5,890	2,987	2,959	3,014	2 years
10/01/1996	Actuarial Loss / (Gain)	15,315	5,251	5,154	5,347	3 years
10/01/1997	Actuarial Loss / (Gain)	(17,560)	(4,579)	(4,453)	(4,704)	4 years
10/01/1997	Assumption Change	16,249	4,237	4,121	4,353	4 years
10/01/1998	Actuarial Loss / (Gain)	9,556	2,021	1,948	2,095	5 years
10/01/1999	Actuarial Loss / (Gain)	(10,714)	(1,915)	(1,829)	(2,002)	6 years
10/01/2000	Actuarial Loss / (Gain)	73,881	11,476	10,860	12,098	7 years
10/01/2001	Actuarial Loss / (Gain)	153,687	21,176	19,860	22,512	8 years
10/01/2002	Actuarial Loss / (Gain)	171,422	21,284	19,784	22,814	9 years
10/01/2003	Actuarial Loss / (Gain)	96,827	10,968	10,105	11,853	10 years
10/01/2003	System Amendment	27,702	3,138	2,891	3,391	10 years
10/01/2004	Actuarial Loss / (Gain)	27,284	2,848	2,601	3,102	11 years
10/01/2005	Actuarial Loss / (Gain)	1,316	128	116	140	12 years
10/01/2006	Actuarial Loss / (Gain)	152,993	13,880	12,456	15,360	13 years
10/01/2007	Actuarial Loss / (Gain)	21,413	1,828	1,626	2,039	14 years
10/01/2008	Actuarial Loss / (Gain)	35,289	2,849	2,513	3,202	15 years
10/01/2009	Actuarial Loss / (Gain)	341,762	26,212	22,927	29,677	16 years
10/01/2009	Assumption Change	218,769	16,779	14,676	18,997	16 years
10/01/2010	Actuarial Loss / (Gain)	196,816	14,395	12,485	16,418	17 years
10/01/2011	Actuarial Loss / (Gain)	219,698	15,375	13,223	17,664	18 years
10/01/2011	Assumption Changes	7,453	522	449	599	18 years
10/01/2012	Actuarial Loss / (Gain)	195,729	13,146	11,213	15,211	19 years
10/01/2012	System Amendment	(37,000)	(2,485)	(2,120)	(2,876)	19 years
10/01/2013	Actuarial Loss / (Gain)	(89,936)	(5,813)	(4,917)	(6,774)	20 years
10/01/2014	Actuarial Loss / (Gain)	(218,882)	(13,648)	(11,450)	(16,014)	21 years

Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments

Amortization Base		Current Unfunded Liabilities	Amortization Payment			Remaining Funding Period
			Valuation and 112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2%	
10/01/2015	Actuarial Loss / (Gain)	1,770	107	89	126	22 years
10/01/2015	Assumption Changes	486,993	29,359	24,431	34,684	22 years
10/01/2015	System Amendment	94,089	5,672	4,720	6,701	22 years
10/01/2016	Actuarial Loss / (Gain)	31,692	1,851	1,528	2,201	23 years
10/01/2016	Assumption Changes	(2,289)	(134)	(110)	(159)	23 years
10/01/2017	Actuarial Loss / (Gain)	2,167	123	101	147	24 years
10/01/2018	Actuarial Loss / (Gain)	(223,537)	(12,317)	(10,006)	(14,843)	25 years
10/01/2019	Actuarial Loss / (Gain)	(134,337)	(7,207)	(5,808)	(8,740)	26 years
10/01/2019	Assumption Changes	(160,259)	(8,598)	(6,929)	(10,427)	26 years
10/01/2020	Actuarial Loss / (Gain)	(303,143)	(15,858)	(12,680)	(19,352)	27 years
10/01/2020	Assumption Changes	624,284	32,657	26,112	39,853	27 years
10/01/2021	Actuarial Loss / (Gain)	(590,285)	(30,146)	(23,917)	(37,018)	28 years
10/01/2021	System Amendment	582,696	29,759	23,610	36,542	28 years
10/01/2022	Actuarial Loss / (Gain)	(187,351)	(9,353)	(7,363)	(11,554)	29 years
10/01/2023	Actuarial Loss / (Gain)	(310,768)	(15,182)	(11,860)	(18,868)	30 years
10/01/2023	Assumption Change - 112.664(1)(b), F.S. Assumptions	2,674,757	N/A	102,079	N/A	30 years
10/01/2023	Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(1,941,384)	N/A	N/A	(117,868)	30 years
TOTAL			\$ 161,509	\$ 249,930	\$ 57,639	

SECTION B

SUMMARY OF SYSTEM PROVISIONS

**Outline of Principal Provisions of the Retirement System
(as of October 1, 2023)**

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
(as of October 1, 2023)**

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
(as of October 1, 2023)**

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
(as of October 1, 2023)**

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
(as of October 1, 2023)**

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.



SECTION C

ACTUARIAL ASSUMPTIONS AND COST METHODS USED FOR FUNDING

**Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation
(as of October 1, 2023)**

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
(as of October 1, 2023)**

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
(as of October 1, 2023)**

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 <u>Ages</u>	Percent <u>Retiring</u>	Retirement <u>Ages</u>	Percent <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 <u>Service</u>	Percent <u>Retiring</u>	Years of <u>Service</u>	Percent <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
(as of October 1, 2023)**

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
(as of October 1, 2023)

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.

SECTION D

GLOSSARY

GLOSSARY

<i>Actuarial Accrued Liability</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	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.
<i>Actuarial Cost Method</i>	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.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits</i>	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.
<i>Actuarial Valuation</i>	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.
<i>Actuarial Value of Assets</i>	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.

<i>Amortization Method</i>	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.
<i>Amortization Payment</i>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution</i>	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.
<i>Closed Amortization Period</i>	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.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	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.
<i>Experience Gain/Loss</i>	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.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 67 and GASB No. 68</i>	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.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	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.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	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.