

City of Starke Police Officers' 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





September 12, 2024

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

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 Police Officers' 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 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 System's funded ratio as of October 1, 2023 is 89.7% 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



TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
A	Chapter 112.664, F.S. Results	
	Net Pension Liability	
	1. Using financial reporting assumptions per GASB Statement No. 67 and No. 68 and using assumptions required under Section 112.664(1)(a), F.S.	1
	2. Using assumptions required under Section 112.664(1)(b), F.S.	2
	3. Using assumptions required under Section 112.664(1)(a), F.S. plus 2%	3
	Asset and Benefit Payments Projection	
	1. Using financial reporting assumptions per GASB Statement No. 67 and No. 68 and using assumptions required under Section 112.664(1)(a), F.S.	4
	2. Using assumptions required under Section 112.664(1)(b), F.S.	5
	3. Using assumptions required under Section 112.664(1)(a), F.S. plus 2%	6
	Actuarially Determined Contribution	7
	Unfunded Actuarial Accrued Liabilities Bases and Amortization Payments	8
B	Summary of System Provisions	9
C	Actuarial Assumptions and Cost Methods Used for Funding	13
D	Glossary	18

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	\$ 126,711
Interest	383,347
Benefit Changes	180,646
Difference Between Actual and Expected Experience	31,784
Assumption Changes	0
Benefit Payments	(363,466)
Contribution Refunds	(15,459)
Other	0
Net Change in Total Pension Liability	\$ 343,563
Total Pension Liability (TPL) - (beginning of year)	5,337,472
Total Pension Liability (TPL) - (end of year)	\$ 5,681,035
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 95,810
Contributions - State	94,554
Contributions - Member	7,241
Net Investment Income	501,013
Benefit Payments	(363,466)
Contribution Refunds	(15,459)
Administrative Expenses	(74,003)
Other	0
Net Change in System Fiduciary Net Position	\$ 245,690
System Fiduciary Net Position - (beginning of year)	4,554,522
System Fiduciary Net Position - (end of year)	\$ 4,800,212
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 880,823
Valuation Date	October 1, 2022

Certain Key Assumptions

Investment Return Assumption 7.00%

Mortality Table:

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.



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	\$ 199,154
Interest	355,516
Benefit Changes	222,686
Difference Between Actual and Expected Experience	73,431
Assumption Changes	0
Benefit Payments	(363,466)
Contribution Refunds	(15,459)
Other	0
Net Change in Total Pension Liability	\$ 471,862
Total Pension Liability (TPL) - (beginning of year)	6,809,227
Total Pension Liability (TPL) - (end of year)	\$ 7,281,089
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 95,810
Contributions - State	94,554
Contributions - Member	7,241
Net Investment Income	501,013
Benefit Payments	(363,466)
Contribution Refunds	(15,459)
Administrative Expenses	(74,003)
Other	0
Net Change in System Fiduciary Net Position	\$ 245,690
System Fiduciary Net Position - (beginning of year)	4,554,522
System Fiduciary Net Position - (end of year)	\$ 4,800,212
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 2,480,877
Valuation Date	October 1, 2022

Certain Key Assumptions

Investment Return Assumption 5.00%

Mortality Table:

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.



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	\$ 85,363
Interest	394,368
Benefit Changes	151,230
Difference Between Actual and Expected Experience	9,729
Assumption Changes	0
Benefit Payments	(363,466)
Contribution Refunds	(15,459)
Other	0
Net Change in Total Pension Liability	\$ 261,765
Total Pension Liability (TPL) - (beginning of year)	4,337,742
Total Pension Liability (TPL) - (end of year)	\$ 4,599,507
B. <u>System Fiduciary Net Position</u>	
Contributions - City	\$ 95,810
Contributions - State	94,554
Contributions - Member	7,241
Net Investment Income	501,013
Benefit Payments	(363,466)
Contribution Refunds	(15,459)
Administrative Expenses	(74,003)
Other	0
Net Change in System Fiduciary Net Position	\$ 245,690
System Fiduciary Net Position - (beginning of year)	4,554,522
System Fiduciary Net Position - (end of year)	\$ 4,800,212
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ (200,705)
Valuation Date	October 1, 2022

Certain Key Assumptions

Investment Return Assumption 9.00%

Mortality Table:

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.



**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	\$ 4,571,160	\$ 306,851	\$ 349,914	\$ 4,528,097
2025	4,528,097	303,842	349,776	4,482,163
2026	4,482,163	300,652	349,088	4,433,727
2027	4,433,727	297,268	348,922	4,382,073
2028	4,382,073	293,659	348,730	4,327,002
2029	4,327,002	289,705	351,384	4,265,323
2030	4,265,323	285,369	351,856	4,198,836
2031	4,198,836	279,960	371,969	4,106,827
2032	4,106,827	272,637	395,495	3,983,969
2033	3,983,969	264,158	392,271	3,855,856
2034	3,855,856	255,234	391,087	3,720,003
2035	3,720,003	245,813	388,726	3,577,090
2036	3,577,090	235,766	389,871	3,422,985
2037	3,422,985	224,642	398,861	3,248,766
2038	3,248,766	212,624	394,135	3,067,255
2039	3,067,255	200,108	389,079	2,878,284
2040	2,878,284	187,079	383,757	2,681,606
2041	2,681,606	173,579	376,636	2,478,549
2042	2,478,549	159,671	368,501	2,269,719
2043	2,269,719	145,293	362,081	2,052,931
2044	2,052,931	130,367	355,439	1,827,859
2045	1,827,859	114,877	348,387	1,594,349
2046	1,594,349	98,819	340,726	1,352,442
2047	1,352,442	82,221	331,768	1,102,895
2048	1,102,895	65,076	323,176	844,795
2049	844,795	47,346	314,195	577,946
2050	577,946	29,023	304,683	302,286
2051	302,286	10,108	294,532	17,862
2052	17,862	-	283,801	-
2053	-	-	272,432	-

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: 28.00

Certain Key Assumptions

Investment return assumption 7.00%

Mortality Table:

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.

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, Members 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	\$ 4,571,160	\$ 219,152	\$ 349,914	\$ 4,440,398
2025	4,440,398	212,617	349,776	4,303,239
2026	4,303,239	205,778	349,088	4,159,929
2027	4,159,929	198,617	348,922	4,009,624
2028	4,009,624	191,107	348,730	3,852,001
2029	3,852,001	183,154	351,384	3,683,771
2030	3,683,771	174,730	351,856	3,506,645
2031	3,506,645	165,333	371,969	3,300,009
2032	3,300,009	154,369	395,495	3,058,883
2033	3,058,883	142,399	392,271	2,809,011
2034	2,809,011	129,938	391,087	2,547,862
2035	2,547,862	116,944	388,726	2,276,080
2036	2,276,080	103,324	389,871	1,989,533
2037	1,989,533	88,755	398,861	1,679,427
2038	1,679,427	73,376	394,135	1,358,668
2039	1,358,668	57,474	389,079	1,027,063
2040	1,027,063	41,037	383,757	684,343
2041	684,343	24,093	376,636	331,800
2042	331,800	6,806	368,501	-
2043	-	-	362,081	-
2044	-	-	355,439	-
2045	-	-	348,387	-
2046	-	-	340,726	-
2047	-	-	331,768	-
2048	-	-	323,176	-
2049	-	-	314,195	-
2050	-	-	304,683	-
2051	-	-	294,532	-
2052	-	-	283,801	-
2053	-	-	272,432	-

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: 18.92

Certain Key Assumptions

Investment return assumption 5.00%

Mortality Table:

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.

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, Members 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	\$ 4,571,160	\$ 394,571	\$ 349,914	\$ 4,615,817
2025	4,615,817	398,596	349,776	4,664,637
2026	4,664,637	403,023	349,088	4,718,572
2027	4,718,572	407,885	348,922	4,777,535
2028	4,777,535	413,201	348,730	4,842,006
2029	4,842,006	418,876	351,384	4,909,498
2030	4,909,498	424,928	351,856	4,982,570
2031	4,982,570	430,537	371,969	5,041,138
2032	5,041,138	434,676	395,495	5,080,319
2033	5,080,319	438,357	392,271	5,126,405
2034	5,126,405	442,562	391,087	5,177,880
2035	5,177,880	447,308	388,726	5,236,462
2036	5,236,462	452,526	389,871	5,299,117
2037	5,299,117	457,732	398,861	5,357,988
2038	5,357,988	463,258	394,135	5,427,111
2039	5,427,111	469,722	389,079	5,507,754
2040	5,507,754	477,236	383,757	5,601,233
2041	5,601,233	485,992	376,636	5,710,589
2042	5,710,589	496,225	368,501	5,838,313
2043	5,838,313	508,029	362,081	5,984,261
2044	5,984,261	521,484	355,439	6,150,306
2045	6,150,306	536,767	348,387	6,338,686
2046	6,338,686	554,090	340,726	6,552,050
2047	6,552,050	573,724	331,768	6,794,006
2048	6,794,006	595,913	323,176	7,066,743
2049	7,066,743	620,892	314,195	7,373,440
2050	7,373,440	648,952	304,683	7,717,709
2051	7,717,709	680,424	294,532	8,103,601
2052	8,103,601	715,671	283,801	8,535,471
2053	8,535,471	755,086	272,432	9,018,125

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

9.00%

Mortality Table:

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.

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, Members 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	\$ 468,510	\$ 468,510	\$ 468,510
D. Total Minimum Funding Requirement			
1. Total Normal Cost	\$ 164,691	\$ 216,003	\$ 133,944
2. Annual Payment to Amortize Unfunded Actuarial Liability	27,607	127,435	(62,827)
3. Interest Adjustment	7,348	8,986	6,844
4. Total Minimum Funding Requirement (1. + 2. + 3., not less than 1. + 3.)	\$ 199,646	\$ 352,424	\$ 140,788
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.000)	\$ 468,510 100.00%	\$ 468,510 100.00%	\$ 468,510 100.00%
F. Expected Contribution Sources (\$ / % of pay)			
1. City	\$ 144,991 30.95%	\$ 297,769 63.56%	\$ 86,133 18.38%
2. Member	4,685 1.00%	4,685 1.00%	4,685 1.00%
3. State	49,970 10.67%	49,970 10.67%	49,970 10.67%
4. Total	\$ 199,646 42.61%	\$ 352,424 75.22%	\$ 140,788 30.05%

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%	
10/01/2014 Combined Bases *	\$ (5,084)	\$ (796)	\$ (749)	\$ (843)	8 years
10/01/2015 Actuarial Loss / (Gain)	(51,669)	(6,080)	(5,552)	(6,620)	12 years
10/01/2015 Assumption Changes	154,003	18,121	16,548	19,731	12 years
10/01/2016 Actuarial Loss / (Gain)	47,345	5,294	4,800	5,802	13 years
10/01/2016 Assumption Changes	(5,983)	(669)	(607)	(733)	13 years
10/01/2017 Actuarial Loss / (Gain)	7,084	757	682	835	14 years
10/01/2018 Actuarial Loss / (Gain)	79,901	8,199	7,331	9,094	15 years
10/01/2019 Actuarial Loss / (Gain)	(35,286)	(3,491)	(3,101)	(3,894)	16 years
10/01/2019 Assumption Changes	(82,289)	(8,141)	(7,231)	(9,082)	16 years
10/01/2020 Actuarial Loss / (Gain)	(18,045)	(1,727)	(1,524)	(1,938)	17 years
10/01/2020 Assumption Changes	153,204	14,665	12,942	16,451	17 years
10/01/2021 Actuarial Loss / (Gain)	(162,077)	(15,058)	(13,205)	(16,983)	18 years
10/01/2022 Actuarial Loss / (Gain)	216,860	19,609	17,090	22,229	19 years
10/01/2022 System Amendment	170,391	15,407	13,428	17,466	19 years
10/01/2023 Actuarial Loss / (Gain)	(209,518)	(18,483)	(16,012)	(21,057)	20 years
10/01/2023 Assumption Change - 112.664(1)(b), F.S. Assumptions	1,342,488	N/A	102,595	N/A	20 years
10/01/2023 Assumption Change - 112.664(1)(a), F.S. Assumptions Plus 2%	(928,201)	N/A	N/A	(93,285)	20 years
TOTAL		\$ 27,607	\$ 127,435	\$ (62,827)	

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

SECTION B

SUMMARY OF SYSTEM PROVISIONS

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

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
(as of October 1, 2023)**

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
(as of October 1, 2023)

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
(as of October 1, 2023)**

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.



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 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
(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 - 1	25.0
	2 - 3	20.0
	4	15.0
Under 25	5 & Over	20.0
25 - 29		18.0
30 - 34		16.0
35 - 39		14.0
40 - 44		5.0
45 & Over		1.0

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
(as of October 1, 2023)**

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
(as of October 1, 2023)

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
(as of October 1, 2023)**

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.

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.