



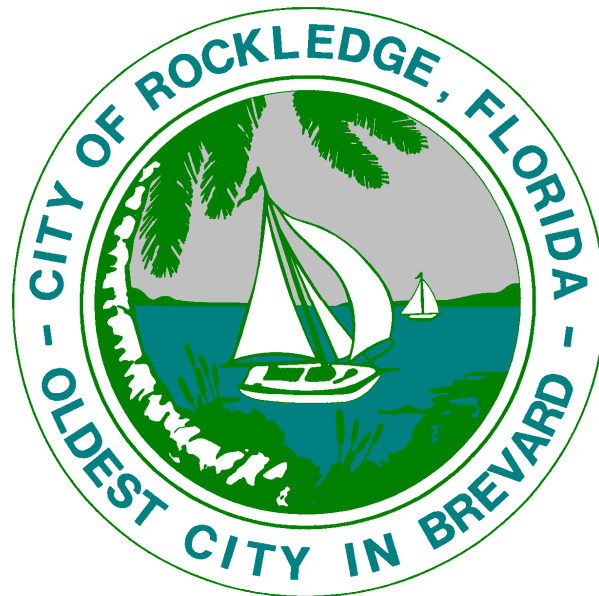
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City of Rockledge

Police Employees Retirement Plan

Actuarial Valuation as of October 1, 2024



January 30, 2025

REPORT TO DETERMINE MINIMUM FUNDING REQUIREMENTS
FOR THE PLAN AND FISCAL YEAR
BEGINNING OCTOBER 1, 2025



January 30, 2025

Board of Trustees
City of Rockledge Police Employees Retirement Plan
Rockledge, Florida

RE: Actuarial Valuation as of October 1, 2024

Dear Board Members:

We are pleased to present the actuarial valuation as of October 1, 2024 for the City of Rockledge Police Employees Retirement Plan (the Plan). This report provides a review of the current funded status of the Plan, establishes the minimum funding requirements for the fiscal year ending September 30, 2026, and provides an analysis of experience since the last valuation. In addition to providing the summary and derivation of actuarial findings, this report describes the data, assumptions, and methods used to create these results.

In producing our work product, we rely on various models, internal and external, which were used for their intended purposes. Underlying data, assumptions, methodologies, model inputs and resulting outputs have been reviewed. The 7.35% net assumed return is a prescribed assumption set by another party, as it is set by the Board. While we find all other inputs and outputs to be reasonable individually and in aggregate, this prescribed assumption significantly conflicts with our judgment regarding what would constitute a reasonable assumption for the purpose of the measurement. We continue to recommend lowering the net assumed return.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan 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 plan's funded status); and changes in plan provisions or applicable law.

Statement by Enrolled Actuary:

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

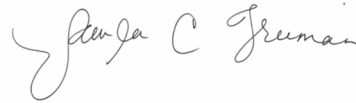
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We look forward to the presentation of these results to you in person and we are always available to answer any questions you may have.

Sincerely,



Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 23-6619



Paula C. Freiman, ASA, EA
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Section

1

Board Summary

A summary of the key valuation findings are compared with the results of the prior valuation below.

Summary of Principal Valuation Results

Fiscal Year Ending September 30,	2025	2026
Minimum Funding Requirements		
<u>Minimum Funding Requirement</u>		
Minimum Required City Contribution	\$137,678	\$149,225
Estimated State Contribution	<u>313,510</u>	<u>359,325</u>
Total Minimum Funding Requirement (City plus State)	\$451,188	\$508,550
Minimum Required City Contribution	5.35%	5.20%
Estimated State Contribution	<u>12.18%</u>	<u>12.53%</u>
Total Minimum Funding Requirement (City plus State)	17.53%	17.73%

Note: \$507,306 is the minimum funding requirement for fiscal 2026 including both contributions from the City and those from the State of Florida. We have estimated the City portion as \$111,981 which must be deposited on December 15, 2025.

The annual contribution paid by the City should take into account the actual amount of premium tax revenues received from the State of Florida that may be applied toward the actuarially determined contribution so that the total deposit for fiscal 2026 is at least \$507,306.

Funded Status

Valuation as of October 1,	2023	2024
Accrued Liability (AL)	\$19,296,135	\$20,496,865
Actuarial Value of Assets	<u>(18,623,055)</u>	<u>(19,504,608)</u>
Unfunded Accrued Liability (UAL)	\$673,080	\$992,257
Funded Percentage	96.51%	95.16%

Key Assumptions

Valuation as of October 1,	2023	2024
Assumed Investment Return, Net of Expenses	7.45%	7.35%
Salary Increase Assumption		
Year 0-10	5.50%	5.50%
Year 11+	4.50%	4.50%

Summary of Significant Events

Determination of the funded status of the Plan and minimum funding requirements are based on funding policy, participant data, asset information, Plan provisions, actuarial methods and assumptions, as well as contributions made to the Plan by the State of Florida. Any significant events associated with these items are discussed in the following.

In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Plan Administrator and the City. This information includes, but is not limited to, statutory provisions, employee census, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

Participant Data

During the year active membership increased from 43 to 44 members due to two transfers from another plan, seven non-vested terminations, and six new hires. Two terminated members due future monthly benefits commenced monthly benefits decreasing the number of deferred vested members to four. The number of members receiving payments increased from 28 to 30 due to the two terminated members who commenced monthly benefits.

The following provides a summary comparing the actual and expected pay increases for the 12-month periods ending on the date specified.

Year Ended September 30,	Individual		Total Payroll Increase
	Actual	Expected	
2024	11.4%	5.2%	11.4%
2023	2.5%	5.2%	(1.0%)
2022	13.3%	5.2%	9.4%
2021	11.1%	6.0%	15.4%
2020	2.5%	6.0%	(7.0%)
2019	10.2%	6.0%	6.0%
2018	2.6%	6.0%	(0.7%)
2017	1.8%	6.0%	(8.0%)
2016	5.2%	6.0%	2.0%
2015	4.1%	6.0%	(3.3%)
Average:	6.4%	5.8%	2.1%

Pay increases were more than expected with the actual average pay increase amongst continuing actives at 11.4% in comparison to the 5.2% salary increase assumption. In addition, total payroll increased 2.1% on average over the last 10 years. Florida Statutes 112.64(5)(a) requires that the payroll growth assumption not exceed the average payroll growth for the prior ten years. This requirement is met in that the Unfunded Accrued Liability is amortized on a level dollar basis.

Overall, there was a small demographic loss primarily due to pay increases more than expected. Should a pattern of consistent gains or losses develop, assumptions will be adjusted as needed. The last experience review was performed for the 10-year period preceding October 1, 2020. We recommend an experience review be performed.

Assets

The investment return on the Market Value of Assets was 21.18% and the return on the Actuarial Value of Assets was 8.63%, each in comparison to the 7.45% net investment return assumption used for the year ending September 30, 2024. Because the return on the Actuarial Value of Assets was more than the net assumed investment return, there was an actuarial investment gain.

Note only a portion of actual investment gains or losses are recognized in the current year Actuarial Value of Assets with the remainder recognized over the next four years. Even if all assumptions are realized in the next several years, the Plan will experience changes in the required contribution rate until prior gains and losses are fully recognized.

The table below provides a comparison of the investment return on the Market Value of Assets and the Actuarial Value of Assets in comparison to the investment return assumed in the valuation of the Plan.

12-Month Period Ended September 30,	% Market Return	% Actuarial Return	% Assumed Return
2024	21.18 %	8.63 %	7.45 %
2023	11.96 %	4.91 %	7.55 %
2022	(14.25)%	6.13 %	7.65 %
2021	20.96 %	11.28 %	7.80 %
2020	10.77 %	8.76 %	7.80 %
2019	3.27 %	7.36 %	7.80 %
2018	9.93 %	8.69 %	8.00 %
2017	12.80 %	8.08 %	8.00 %
2016	9.68 %	7.51 %	8.00 %
2015	0.11 %	4.77 %	8.00 %
Average	8.16 %	7.60 %	7.80 %

Investment returns less than the assumed rate of return result in increased annual minimum required contributions in the future.

Plan Provisions

There were no changes in Plan provisions since the prior actuarial valuation.

Assumptions and Methods

The net assumed rate of investment return was revised from 7.45% used in the October 1, 2023 actuarial valuation to 7.35% for this October 1, 2024 actuarial valuation of the Plan as directed by the Board of Trustees. The 7.35% net assumed return is a prescribed assumption set by another party, as it is set by the Board. The prescribed assumption significantly conflicts with our judgment regarding what would constitute a reasonable assumption for the purpose of the measurement. As discussed with the Board we recommend lowering the net assumed return.

See the Required Disclosure Under F.S. 112.664(1) found near the end of section 2 of this report which provides the funding results using a net assumed return assumption 2% higher and 2% lower than the 7.35% net assumed return used in this actuarial valuation. The Reasonable Actuarially Determined Contribution (RADDC) is roughly half-way between the result for the 7.35% net assumed return and that for the 5.35% net assumed return assumption.

The impact of the change in assumptions may be found in the reconciliation of the funded status and minimum funding requirements found at the end of Section 2 of this report. See "Reconciliations" in the table of contents.

State Contributions

The Estimated Minimum Required City Contribution shown on page 1 assumes that the premium tax money received from the State will be in the same amount received in the prior year. Should the amount received be less than expected or should a portion of the State contribution be used towards the DC component of the Plan, the City will need to contribute any potential shortfall to the Plan.

Assessment and Disclosure of Risk

This section is meant to address the assessment and disclosure of risk in a pension funding valuation. This is not meant to be a comprehensive summary but should provide information regarding risks related to this plan. Additional historical information provided in this report also contain relevant information regarding asset size, asset mix, pay increases, benefits and contributions. This information can be used to understand the changes over time to identify trends.

Actuarial Standards of Practice define risk as "The potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience...." The following provides examples of potential risk.

Investment Risk: As noted previously, investment returns less than the assumed rate of return result in increased annual minimum required contributions payable in a subsequent year.

Interest Rate Risk: Interest rates are used to discount the value of benefits. If the long-term expectation of returns is higher or lower than the assumed net investment return, the assumed net investment return should be adjusted. When the assumed net investment return is increased the estimated liability is decreased. When the assumed net investment return is decreased the estimated liability is increased. The chart below shows what the funded status of the plan is on a market value of assets basis after changing the net assumed return by 1% or 2%.

Funded Status on Market Value of Assets Basis						
As of 10/1	Valuation Net Assumed Return			Valuation Net Assumed Return Assumption		
	2% Decrease	1% Decrease	1% Increase	2% Increase		
2024	79.85%	89.90%	100.39%	111.24%	122.40%	7.35%
2023	72.74%	81.83%	91.28%	101.04%	111.04%	7.45%
2022	70.89%	79.82%	89.12%	98.74%	108.63%	7.55%
2021	90.09%	101.15%	112.62%	124.41%	136.46%	7.65%
2020	81.31%	91.07%	101.18%	111.58%	122.23%	7.80%
2019	76.03%	85.58%	95.49%	105.71%	116.19%	7.80%
2018	78.25%	88.24%	98.67%	109.47%	120.60%	7.80%
2017	76.77%	86.66%	97.01%	107.79%	118.93%	8.00%
2016		81.87%	91.93%	102.48%		8.00%
2015		80.51%	90.25%	100.55%		8.00%
2014		86.58%	97.23%	108.55%		8.00%

Longevity and Other Demographic Risks: The estimated liability of the Plan is based on assumptions related to mortality, retirement, disability and termination. To the extent that Plan experience is different than these assumptions the gains and losses affect future required contributions and estimated liability.

Contribution Risk: The possibility that the plan sponsor does not make contributions to the plan according to the funding policy.

Intergenerational equity risk: Intergenerational equity is the concept that resources do not belong to a specific generation and they must be preserved for future generations. One way to alleviate this risk is to pay for benefits over the average future service of the group receiving benefits. Members may feel there are inequities when one is paying more than others, receiving less than others, or paying more than others in relation to what they are receiving.

Plan maturity measures may help understand the risks associated with the plan. As the Plan matures, the ratio of the Market Value of Assets to the Covered Payroll increases. As this ratio gets larger, the impact of asset volatility has a larger effect on the volatility of the Minimum Required Contribution as a percentage of pay.

Year Ending 9/30	Market Value of Assets	Payroll	Asset Volatility Ratio
2024	\$20,576,057	\$2,639,945	7.8
2023	17,613,506	2,641,234	6.7
2022	16,257,560	2,440,793	6.7
2021	19,987,504	2,173,510	9.2
2020	17,016,469	2,211,353	7.7
2019	15,591,866	2,234,127	7.0
2018	14,965,828	2,157,825	6.9
2017	13,509,157	2,220,009	6.1
2016	11,860,589	2,412,232	4.9
2015	10,698,704	2,156,109	5.0
2014	10,799,501	2,253,905	4.8
2013	9,694,311	2,255,905	4.3
2012	8,762,060	2,224,741	3.9
2011	7,566,604	2,342,893	3.2
2010	7,614,445	2,249,420	3.4
2009	6,963,511	2,224,505	3.1
2008	6,671,261	2,186,172	3.1
2007	7,449,379	1,993,074	3.7
2006	6,614,964	1,886,337	3.5
2005	6,495,263	1,920,788	3.4

Another measure of a pension plan's maturity is the Ratio of Benefit Payments to Contributions. Over the life of a pension plan, it is expected that the majority of the benefits will be paid for by returns rather than contributions. For this to happen, as a plan matures, the plan will eventually pay out more in benefits than it receives in contributions. It is important to understand the magnitude of this difference so that steps can be taken, if necessary, to manage cash flows going forward. The table below provides the Ratio of Benefit Payments to Contributions. Note that there are other cash flows to be considered such as interest and dividends earned or expenses paid by a pension plan.

Year Ending 9/30	Benefit Payments	Contributions	Ratio of Benefit Payments to Contributions
2024	\$1,287,571	\$645,025	2.00
2023	998,520	512,680	1.95
2022	1,409,667	535,188	2.63
2021	1,085,578	614,309	1.77
2020	798,029	622,782	1.28
2019	457,662	655,759	0.70
2018	453,905	626,991	0.72
2017	382,951	568,632	0.67
2016	395,306	568,265	0.70
2015	470,342	553,522	0.85
2014	277,266	509,115	0.54
2013	335,088	543,751	0.62
2012	244,105	513,139	0.48
2011	286,476	502,430	0.57
2010	309,313	481,754	0.64
2009	219,245	489,732	0.45
2008	198,243	481,059	0.41
2007	225,939	449,419	0.50
2006	854,274	441,568	1.93
2005	124,663	422,818	0.29

When looking at Net Cash Flows, it is useful to understand the relative size of the cash flows in comparison to the Market Value of Assets. The following table provides the ratio of the Net Cash Flows divided by the Market Value of Assets. As mentioned previously, there are other cash flows to be considered such as interest and dividends earned or expenses paid by a pension plan.

Year Ending 9/30	<u>Contributions</u>	<u>Disbursements</u>	<u>Assets</u>	Net Cash Flow Divided by <u>Assets</u>
2024	\$645,025	\$1,339,810	\$20,576,057	(0.03)
2023	512,680	1,068,192	17,613,506	(0.03)
2022	535,188	1,485,014	16,257,560	(0.06)
2021	614,309	1,153,167	19,987,504	(0.03)
2020	622,782	864,106	17,016,469	(0.01)
2019	655,759	521,527	15,591,866	0.01
2018	626,991	516,683	14,965,828	0.01
2017	568,632	446,005	13,509,157	0.01
2016	568,265	448,165	11,860,589	0.01
2015	553,522	540,777	10,698,704	0.00
2014	509,115	347,005	10,799,501	0.02
2013	543,751	392,604	9,694,311	0.02
2012	513,139	272,938	8,762,060	0.03
2011	502,430	334,616	7,566,604	0.02
2010	481,754	353,490	7,614,445	0.02
2009	489,732	250,243	6,963,511	0.03
2008	481,059	234,087	6,671,261	0.04
2007	449,419	282,805	7,449,379	0.02
2006	441,568	875,551	6,614,964	(0.07)
2005	422,818	139,075	6,495,263	0.04

Low-Default-Risk Obligation Measure

This section aims to address the evaluation and disclosure of a Low-Default-Risk Obligation Measure (LDROM) within a pension funding valuation. The LDROM involves a calculation of liability, assuming that the Plan's investments are in low-default-risk securities. Importantly, the LDROM serves as a supplementary calculation and is not intended to replace the funding measures outlined in this report.

Instead, the LDROM offers an additional perspective by providing a measure of the Plan's cost if its investments were shifted to low-default-risk fixed income securities. This adjustment aligns with return profiles that essentially mirror future cash flows, potentially mitigating contribution volatility. Furthermore, the LDROM serves to illustrate the potential savings the Plan experiences by diversifying its portfolio.

The table below depicts the Actuarial Accrued Liability for funding purposes in comparison to the LDROM. The net assumed rate of return for funding purposes is shown as well as the rate used to determine the LDROM based on the S&P Municipal Bond 20 Year High Grade Rate Index (yield to maturity). All other assumptions and methods are the same as described at the end of this report.

It's essential to understand that the LDROM is not the definitive measure of the Plan's liability. Instead, it provides an estimate of the Plan's cost under the scenario where the Board opts for a portfolio exclusively comprised of low-default-risk fixed income investments.

Valuation Date	Funding Accrued Liability	Funding Net Assumed Return	LDROM Accrued Liability	LDROM Rate
10/1				
2024	\$20,496,865	7.35%	\$30,438,413	4.06%
2023	\$19,296,135	7.45%	\$26,034,274	4.87%

Section

2

Results Derivation

In this section, the assets and liabilities of the Plan are shown in detail. Assets and liabilities are then compared to determine the funded status and minimum funding requirements.

While asset information is based on the fair market value of assets, along with any techniques used to smooth out market fluctuations, liabilities are determined through a combination of the benefit provisions, participant census data which contains information for the members who will receive those benefits, and the methods and assumptions used with regard to how benefits will be paid to members. A summary of participant data, an outline of the benefit provisions, and a description of the methods and assumptions used in this valuation are described in Section 4.

Financial Information

Over the life of the Plan, the majority of assets are typically generated from investment return. In this section, we describe how the assets of the Plan are invested, show how the actuarial value of assets is derived, and review the investment results since the prior valuation.

Investment Allocation

Valuation Date	October 1, 2023		October 1, 2024	
Equity	\$12,063,034	69%	\$12,923,084	62%
Fixed Income Securities	1,766,977	10%	2,319,476	11%
Cash and Cash Equivalents	192,085	1%	327,421	2%
Real Estate	1,577,700	9%	2,208,618	11%
Infrastructure	2,323,768	13%	2,552,120	12%
DROP Assets			313,538	2%
Net Receivables	<u>(310,058)</u>	<u>(2%)</u>	<u>(68,200)</u>	<u>0%</u>
Fair Market Value of Assets	\$17,613,506	100%	\$20,576,057	100%

Note: DROP assets are shown in a separate category for the current valuation. They were included in another category in the prior valuation.

Reconciliation of Market Value of Assets

Year Ending September 30,	2023	2024
1. Market Value of Assets at Beginning of Year	\$16,257,560	\$17,613,506
2. Contributions		
a. Employer	\$14,284	\$100,904
b. State	313,510	359,325
c. Plan Members	<u>184,886</u>	<u>184,796</u>
d. Total Contributions	\$512,680	\$645,025
3. Investment Income		
a. Realized Appreciation (Depreciation)	\$93,627	\$457,287
b. Unrealized Appreciation (Depreciation)	1,488,287	2,774,574
c. Interest plus Dividends	407,581	507,838
d. Investment Expense	<u>(78,037)</u>	<u>(82,363)</u>
e. Net Investment Income	\$1,911,458	\$3,657,336
4. Deductions		
a. Monthly Benefits	(\$813,395)	(\$916,402)
b. Refund of Contributions	(15,355)	(64,767)
c. DROP Balance Disbursement	(169,770)	(306,402)
d. Administrative Expense	<u>(69,672)</u>	<u>(52,239)</u>
e. Total Deductions	(\$1,068,192)	(\$1,339,810)
5. Net Increase	<u>\$1,355,946</u>	<u>\$2,962,551</u>
6. Market Value of Assets at End of Year	\$17,613,506	\$20,576,057
7. Return on Market Value of Assets = $2I / (A + B - I)$	11.96%	21.18%

Development of Actuarial Value of Assets

The Market Value of Assets is adjusted to recognize investment earnings greater than (or less than) the assumed net investment return over a five-year period. The Actuarial Value of Assets is no more than 120% and no less than 80% of the Market Value of Assets.

1.	Market Value of Assets as of October 1, 2024			\$20,576,057
2.	Phase-In Gains (Losses) Over Five Year Period			
	<u>Year Ending</u>	<u>Original Gain (Loss)</u>	<u>Percent Unrecognized</u>	<u>Unrecognized Gain (Loss)</u>
	a. September 30, 2024	\$2,382,177	80%	\$1,905,742
	b. September 30, 2023	716,500	60%	429,900
	c. September 30, 2022	(4,264,642)	40%	(1,705,857)
	d. September 30, 2021	2,208,320	20%	441,664
	e. Total			\$1,071,449
3.	Preliminary Actuarial Value of Assets			\$19,504,608
4.	Corridor Around Market Value			
	a. Minimum = 80% of Market Value of Assets			\$16,460,846
	b. Maximum = 120% of Market Value of Assets			\$24,691,268
	c. Corridor Adjustment to Preliminary Actuarial Value			\$0
5.	Actuarial Value of Assets as of October 1, 2024			\$19,504,608

Development of Historical Gain or Loss on Market Value of Assets

Fiscal Year End	2024	2023
1. Market Value of Assets - Beginning of Year	\$17,613,506	\$16,257,560
2. Expected Interest on Assets	1,312,206	1,227,446
3. Contributions	645,025	512,680
4. Benefit Payments + Administrative Expenses	(1,339,810)	(1,068,192)
5. Interest on items (3) and (4)	<u>(37,047)</u>	<u>(32,488)</u>
6. Expected Value of Assets at End of Year	\$18,193,880	\$16,897,006
7. Market Value of Assets - End of Year	\$20,576,057	\$17,613,506
8. Gain (Loss) for Plan Year = (7) - (6)	\$2,382,177	\$716,500

Fiscal Year End	2022	2021
1. Market Value of Assets - Beginning of Year	\$19,987,504	\$17,016,469
2. Expected Interest on Assets	1,529,044	1,327,285
3. Contributions	535,188	614,309
4. Benefit Payments + Administrative Expenses	(1,485,014)	(1,153,167)
5. Interest on items (3) and (4)	<u>(44,520)</u>	<u>(25,712)</u>
6. Expected Value of Assets at End of Year	\$20,522,202	\$17,779,184
7. Market Value of Assets - End of Year	\$16,257,560	\$19,987,504
8. Gain (Loss) for Plan Year = (7) - (6)	\$(4,264,642)	\$2,208,320

Historical Asset Values

<u>Year Ending September 30,</u>	<u>Actuarial Value of Assets</u>	<u>Market Value of Assets</u>	<u>% Market Return</u>	<u>% Actuarial Return</u>	<u>% Assumed Return</u>
2024	\$19,504,608	\$20,576,057	21.18 %	8.63 %	7.45 %
2023	18,623,055	17,613,506	11.96 %	4.91 %	7.55 %
2022	18,294,238	16,257,560	(14.25)%	6.13 %	7.65 %
2021	18,160,770	19,987,504	20.96 %	11.28 %	7.80 %
2020	16,830,952	17,016,469	10.77 %	8.76 %	7.80 %
2019	15,706,702	15,591,866	3.27 %	7.36 %	7.80 %
2018	14,500,525	14,965,828	9.93 %	8.69 %	8.00 %
2017	13,235,067	13,509,157	12.80 %	8.08 %	8.00 %
2016	12,127,770	11,860,589	9.68 %	7.51 %	8.00 %
2015	11,164,802	10,698,704	0.11 %	4.77 %	8.00 %

Historical Contribution Amounts

<u>Year Ending September 30,</u>	<u>Employer</u>	<u>State</u>	<u>Members</u>	<u>Total</u>
2024	\$100,904	\$359,325	\$184,796	\$645,025
2023	14,284	313,510	184,886	512,680
2022	94,500	269,833	170,855	535,188
2021	214,932	247,231	152,146	614,309
2020	223,878	244,109	154,795	622,782
2019	238,901	229,301	187,557	655,759
2018	259,625	216,318	151,048	626,991
2017	218,130	195,099	155,403	568,632
2016	214,124	191,152	162,989	568,265
2015	218,903	175,977	158,642	553,522

Historical Deductions from Fund

<u>Year Ending September 30,</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expense</u>	<u>Total</u>
2024	\$1,222,804	\$64,767	\$52,239	\$1,339,810
2023	983,165	15,355	69,672	1,068,192
2022	1,295,701	113,966	75,347	1,485,014
2021	1,052,427	33,151	67,589	1,153,167
2020	772,315	25,714	66,077	864,106
2019	428,705	28,957	63,865	521,527
2018	417,707	36,198	62,778	516,683
2017	373,818	9,133	63,054	446,005
2016	357,372	37,934	52,859	448,165
2015	414,338	56,004	70,435	540,777

Historical State Contributions

Year Ending September 30	State Contributions
2024	\$359,325
2023	313,510
2022	269,833
2021	247,231
2020	244,109
2019	229,301
2018	216,318
2017	195,099
2016	191,152
2015	175,977
2014	175,891
2013	170,685
2012	174,478
2011	166,718
2010	162,716
2009	167,324
2008	166,345
2007	169,433
2006	164,202
2005	155,180
2004	144,978
2003	110,868
2002	101,126
2001	85,770
2000	78,865
1999	79,929
1998	80,871

Present Value of Benefits

Valuation as of October 1,	2023	2024
1. Active Members		
a. Retirement Benefits	\$8,286,951	\$9,805,850
b. Deferred Benefits	748,845	800,593
c. Survivor Benefits	149,018	166,003
d. Disability Retirement	<u>354,099</u>	<u>408,543</u>
e. Total for Active Members	\$9,538,913	\$11,180,989
2. Inactive Members		
a. Retired Members	\$12,588,737	\$12,912,930
b. Terminated members	758,003	466,858
c. Beneficiaries	320,071	313,489
d. Disability Retirement	<u>130,189</u>	<u>128,750</u>
e. Total for Inactive Members	\$13,797,000	\$13,822,027
3. Present Value of Benefits	\$23,335,913	\$25,003,016

Accrued Liability

Valuation as of October 1,	2023	2024
1. Active Members		
a. Retirement Benefits	\$5,154,940	\$6,278,735
b. Deferred Benefits	126,293	138,162
c. Survivor Benefits	64,221	75,226
d. Disability Retirement	<u>153,681</u>	<u>182,715</u>
e. Total for Active Members	\$5,499,135	\$6,674,838
2. Inactive Members		
a. Retired Members	\$12,588,737	\$12,912,930
b. Terminated members	758,003	466,858
c. Beneficiaries	320,071	313,489
d. Disability Retirement	<u>130,189</u>	<u>128,750</u>
e. Total for Inactive Members	\$13,797,000	\$13,822,027
3. Accrued Liability	\$19,296,135	\$20,496,865

Normal Cost

Valuation as of October 1,		2023	2024
1.	Preliminary Normal Cost		
a.	Retirement Benefits	\$337,558	\$388,269
b.	Deferred Benefits	64,588	69,980
c.	Survivor Benefits	9,024	9,940
d.	Disability Retirement	<u>21,417</u>	<u>24,750</u>
e.	Total	\$432,587	\$492,939
2.	Total Normal Cost		
a.	Preliminary Normal Cost	\$432,587	\$492,939
b.	Estimated Administrative Expense	<u>69,672</u>	<u>52,239</u>
c.	Total Normal Cost	\$502,259	\$545,178
d.	Total Normal Cost as a Percent of Pay	19.52 %	19.01 %
3.	Employer Normal Cost		
a.	Preliminary Normal Cost	\$432,587	
b.	Actual Administrative Expense	52,239	
c.	Actual Employee Contributions	<u>(184,796)</u>	
d.	Employer Normal Cost	\$300,030	
4.	Valuation Payroll	\$2,573,556	\$2,868,129

Unfunded Accrued Liability

Unfunded Accrued Liability

1. Accrued Liability	\$20,496,865
2. Actuarial Value of Assets	<u>(19,504,608)</u>
3. Unfunded Accrued Liability	\$992,257

Determination of Expected Unfunded Accrued Liability

1. Unfunded Accrued Liability as of Prior Year	\$673,080
2. Interest for a full year on (1)	50,144
3. Employer Normal Cost (Including Administrative Expenses)	300,030
4. Interest for a full year on (3)	22,352
5. City Plus State Contribution	(496,229)
6. Interest on Contribution for Time on Deposit	(5,977)
7. Change in Plan, Methods or Assumptions	<u>216,234</u>
8. Expected Unfunded Accrued Liability	\$759,634

Calculation of (Gain) or Loss

1. Actual Unfunded Accrued Liability	\$992,257
2. Expected Unfunded Accrued Liability	<u>759,634</u>
3. Total (Gain) or Loss	\$196,623

Reconciliation of Unfunded Accrued Liability

1. Unfunded Accrued Liability as of Prior Year	\$673,080
2. Total Change in Unfunded Accrued Liability	
a. Expected Change in Unfunded Accrued Liability	\$(93,680)
b. Change in Plan, Methods or Assumptions	216,234
c. Change Due to (Gain) or Loss	
i. Portion of (Gain) / Loss Due to Investments	\$(225,967)
ii. Portion of (Gain) / Loss Due to Demographic	<u>422,590</u>
iii. Total (Gain) or Loss	\$196,623
d. Total Change in Unfunded Accrued Liability	\$319,177
3. Unfunded Accrued Liability	\$992,257

Determination of Investment Gain (Loss)

1. Actuarial Value of Assets - Beginning of Year	\$18,623,055
2. Expected Interest on Beginning Value	1,387,418
3. Contributions (Employer)	100,904
4. Contributions (State)	359,325
5. Contributions (Employee)	184,796
6. Benefit Payments	(1,287,571)
7. Administrative Expenses	(52,239)
8. Interest on Contributions and Disbursements	<u>(37,047)</u>
9. Expected Value of Assets at End of Year	\$19,278,641
10. Actuarial Value of Assets - End of Year	\$19,504,608
11. Gain (Loss) for Plan Year = (10) - (9)	\$225,967
12. Actuarial Investment Income	\$1,576,338
13. Return on Actuarial Value of Assets	8.63 %

Amortization of Unfunded Liability

The Unfunded Actuarial Accrued Liability is being amortized as a level dollar amount based on the net assumed return assumption. Changes in the Unfunded Actuarial Accrued Liability due to plan changes, assumption changes, method changes, or gains and losses are all amortized over a 25-year period.

Amortization Bases

	10/1	Source	Original Balance	Remaining Balance	Adjusted Remaining Balance	Years Remain	Level \$ Amort
1.	2005	Method Change	\$(129,220)	\$(30,453)	\$(30,453)	11	\$(3,849)
2.	2006	Actuarial Gain	(154,247)	(37,474)	(37,474)	12	(4,477)
3.	2007	Actuarial Gain	(538,306)	(133,914)	(133,914)	13	(15,223)
4.	2008	Actuarial Loss	1,693,799	424,002	424,002	14	46,116
5.	2008	Method Change	7,606	1,926	1,926	14	209
6.	2008	Method Change	(1,183,820)	(299,815)	(299,815)	14	(32,609)
7.	2009	Actuarial Loss	449,531	115,336	115,336	15	12,058
8.	2010	Actuarial Loss	46,391	12,006	12,006	16	1,212
9.	2011	Actuarial Loss	489,026	127,197	127,197	17	12,432
10.	2012	Actuarial Gain	(278,260)	(72,498)	(72,498)	18	(6,884)
11.	2012	Asmp/Method Chg	363,487	94,703	94,703	18	8,993
12.	2013	Actuarial Loss	22,767	5,926	5,926	19	548
13.	2013	Assumption Change	10,161	2,642	2,642	19	244
14.	2014	Actuarial Loss	42,565	22,022	22,022	20	1,989
15.	2014	Assumption Change	11,211	5,801	5,801	20	524
16.	2015	Actuarial Loss	217,978	106,486	106,486	16	10,745
17.	2015	Assumption Change	11,608	5,671	5,671	16	572
18.	2016	Actuarial Gain	(108,646)	(56,772)	(56,772)	17	(5,549)
19.	2016	Assumption Change	226,678	118,451	118,451	17	11,577
20.	2017	Actuarial Gain	(79,994)	(42,391)	(42,391)	18	(4,025)
21.	2017	Assumption Change	(3,883)	(2,059)	(2,059)	18	(196)
22.	2018	Actuarial Gain	(226,939)	(146,002)	(146,002)	19	(13,506)
23.	2018	Assumption Change	321,084	206,573	206,573	19	19,110
24.	2019	Actuarial Loss	98,384	79,427	79,427	20	7,175
25.	2019	Plan Change	(12,487)	(10,081)	(10,081)	20	(911)
26.	2020	Actuarial Gain	(230,997)	(216,007)	(216,007)	21	(19,096)
27.	2020	Assumption Change	(321,354)	(300,499)	(300,499)	21	(26,565)
28.	2021	Actuarial Gain	(376,070)	(505,165)	(505,165)	22	(43,785)
29.	2021	Assumption Change	132,191	125,949	125,949	22	10,917
30.	2022	Actuarial Loss	278,688	161,780	161,780	23	13,772
31.	2022	Assumption Change	190,262	184,453	184,453	23	15,702
32.	2023	Actuarial Loss	534,295	515,729	515,729	24	43,182
33.	2023	Assumption Change	201,541	198,555	198,555	24	16,625
34.	2024	Actuarial Loss	196,623	196,623	114,518	25	9,444
35.	2024	Assumption Change	216,234	<u>216,234</u>	<u>216,234</u>	25	<u>17,833</u>
Scheduled Amortization Payment							\$84,304
Outstanding Bases				\$1,074,362	\$992,257		
Unfunded Accrued Liability					992,257		

Projected Unfunded Actuarial Liability and Amortization Payments

Plan Year Beginning October 1	Total Outstanding Bases	Total Amortization Payment
2024	\$992,257	\$84,304
2025	974,688	84,304
2026	955,827	84,304
2027	935,580	84,304
2028	913,844	84,304
2029	890,512	84,304
2030	865,464	84,304
2031	838,575	84,304
2032	809,710	84,304
2033	778,723	84,304
2034	745,459	84,299
2035	709,755	88,146
2036	667,297	92,623
2037	616,912	107,862
2038	546,466	94,146
2039	485,565	82,083
2040	433,138	69,562
2041	390,300	51,078
2042	364,155	53,198
2043	333,812	46,844
2044	308,060	38,044
2045	289,862	83,660
2046	221,357	116,510
2047	112,554	87,103
2048	27,322	27,322
2049	0	0

Actions Taken to Reduce Unfunded Actuarial Accrued Liability

The required contributions calculated each year include a payment for the amortization of the unfunded actuarial accrued liability. This payment is designed to reduce the unfunded actuarial accrued liability in an orderly fashion over the next 25 years.

Minimum Funding Requirements

Determination of Required Contribution

Valuation as of October 1, Funding for Year Ending September 30,	2023 2025	2024 2026
1. Minimum Required Contribution		
a. Total Normal Cost	\$502,259	\$545,178
b. Amortization of Unfunded Accrued Liability	<u>57,441</u>	<u>84,304</u>
c. Beginning of Year Contribution	\$559,700	\$629,482
d. Interest	<u>71,637</u>	<u>79,837</u>
e. Minimum Required Contribution	\$631,337	\$709,319
2. Contribution by Source - \$ Amount		
a. City Policy Contribution	\$137,678	\$149,225
b. Expected State Contribution	313,510	359,325
c. Expected Member Contributions	<u>180,149</u>	<u>200,769</u>
d. Total	\$631,337	\$709,319
3. Contribution by Source - % Pay		
a. City Policy Contribution	5.35 %	5.20 %
b. Expected State Contribution	12.18 %	12.53 %
c. Expected Member Contributions	<u>7.00 %</u>	<u>7.00 %</u>
d. Total	24.53 %	24.73 %
4. Valuation Payroll	\$2,573,556	\$2,868,129
5. Key Assumptions		
a. Net Assumed Rate of Return	7.45 %	7.35 %
b. Assumed Valuation Payroll Increase	0.00 %	0.00 %

Note: The \$149,225 minimum funding requirement for fiscal 2026 must be deposited on December 15, 2025. The actual premium tax distribution for the fiscal years ending September 30, 2025 and 2026 are not yet known. If state contributions are less than expected the City contributions must be increased to make up the difference.

Reconciliations

Reconciliation of Funded Status

	Unfunded Actuarial Accrued Liability	Funded Percentage	Change in Unfunded Actuarial Accrued Liability	Change in Funded Percentage
As of Prior Valuation	\$673,080	96.51 %		
Changes in due to:				
Normal Operation of Plan	579,400	97.08 %	\$(93,680)	0.57 %
Investment Experience	353,433	98.22 %	(225,967)	1.14 %
Demographic Experience	776,023	96.17 %	422,590	(2.05)%
New Return 7.35%	992,257	95.16 %	<u>216,234</u>	<u>(1.01)%</u>
Total Changes			\$319,177	(1.35)%
As of Current Valuation	\$992,257	95.16 %		

Reconciliation of City Minimum Funding Requirement

	Dollar Amount	% of Pay
City Required Contribution for Fiscal 2025	\$137,678	5.35 %
Changes in Contribution due to:		
Normal Operation of Plan	\$0	0.00 %
Change in Expenses	(19,002)	(0.74)%
Change in State \$	(43,253)	(1.68)%
Investment Experience	(20,473)	(0.79)%
Demographic Experience	65,103	2.04 %
Net Return 7.35%	<u>29,172</u>	<u>1.02 %</u>
Total Changes	\$11,547	(0.15)%
City Required Contribution for Fiscal 2026	\$149,225	5.20 %

Note: The City required contributions shown above must be deposited on December 15.

Section
3

Accounting Information

Information Required by GASB 67/68

A supplemental report provides information under the Governmental Accounting Standards Board No. 67/68.

Statement of Accumulated Plan Benefits

The present value of accrued benefits is an estimate of the liability for all benefits accrued to date.

Valuation as of October 1,	2023	2024
1. Actuarial present value of accumulated benefits		
a. Participants currently receiving benefits	\$13,038,997	\$13,355,169
b. Other participants	<u>3,966,219</u>	<u>4,403,940</u>
c. Vested participants	\$17,005,216	\$17,759,109
d. Nonvested participants	<u>709,585</u>	<u>737,868</u>
e. Total	\$17,714,801	\$18,496,977
2. Change in actuarial present value of accumulated benefits		
a. Actuarial present value of accumulated benefits beginning of year		\$17,714,801
b. Increase (decrease) during year attributable to:		
i. Plan amendment		\$0
ii. Change in assumptions or methods		191,160
iii. Increase for interest and probability of payment due to decrease in discount period and benefits accrued		1,878,587
iv. Benefits paid		(1,287,571)
v. Other		<u>0</u>
vi. Net increase (decrease)		\$782,176
c. Actuarial present value of accumulated benefits end of year		\$18,496,977

Other Disclosures Required by the State of Florida

Valuation as of October 1,	2023	2024
Present value of active member:		
Future salaries (attained age)	\$24,380,879	\$26,532,801
Future contributions (attained age)	\$1,706,662	\$1,857,296
Balance of contributions with interest for actives	\$1,337,800	\$1,464,341

Required Disclosure Under F.S. 112.664(1)

As required under F.S. Section 112.664(1) we have produced the following information:

- (a) Total pension liability calculated based on mortality used in one of the last two Florida Retirement System (FRS) valuations. This actuarial valuation assumes mortality as used in one of the last two actuarial valuations for special risk members of FRS.
- (b) Total pension liability calculated using an assumed interest rate that is 200 basis points lower than that assumed in the valuation of the Plan.
- (c) Determination of the number of months or years for which the current market value of assets is adequate to sustain the payment of expected retirement benefits.
- (d) Recommended contribution to the Plan using the most recent valuation and the contributions necessary prepared pursuant to (a) and (b) stated as a dollar amount and % of payroll.

	2% Decrease (5.35%)	Current Discount Rate (7.35%)	2% Increase (9.35%)
Total pension liability	\$25,769,190	\$20,496,865	\$16,810,084
Plan fiduciary net position	<u>(20,576,057)</u>	<u>(20,576,057)</u>	<u>(20,576,057)</u>
Net pension liability	<u>\$5,193,133</u>	<u>\$(79,192)</u>	<u>\$(3,765,973)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 79.85%	 100.39%	 122.40%
 Years of benefit payments:			
Expected for current members:	98	98	98
Paid for with current assets:	19.13	25.59	98.00
 City Plus State Contribution Requirement, Plus Expected Employee Contributions			
Dollar Amount	\$1,363,838	\$709,319	\$560,094
Percent of Payroll	47.55%	24.73%	19.53%
 Increase (Decrease)	 \$654,519		 \$(149,225)

Required Disclosure Under F.S. 112.664(2)(b)2.

F.S. Section 112.664(2)(b)2. - For the previous five years, beginning with 2013, a side-by-side comparison of the plan's assumed rate of return compared to the actual rate of return, as well as the percentages of cash, equity, bond and alternative investments in the plan portfolio.

Year Ending September 30,	2024	2023	2022	2021	2020
Assumed rate of return	7.45%	7.55%	7.65%	7.8%	7.8%
Actual rate of return	21.2%	12.0%	(14.2%)	21.0%	10.8%
Percentages of assets in:					
Cash	2%	(1%)	2%	2%	2%
Equity	62%	69%	63%	71%	72%
Bond	11%	10%	10%	15%	17%
Alternative	25%	22%	25%	12%	9%
Total	100%	100%	100%	100%	100%

Section
4**Supplementary
Information****Summary of Participant Data****Member Statistics**

Valuation as of October 1,	2023	2024
<u>Active Participants</u>		
Number	43	44
Average Age	37.0	37.8
Average Credited Service	7.5	7.7
Percent Male	76.7	72.7
Average Valuation Salary	\$59,850	\$65,185
Total Valuation Salary	\$2,573,556	\$2,868,129
Payroll Covered in Valuation	\$2,573,556	\$2,868,129
<u>Terminated with Rights to Deferred Benefits</u>		
Number	6	4
Average Age	45.2	43.5
Percent Male	83.3	100.0
Average Monthly Benefit	\$1,394	\$1,513
Total Benefits	\$100,388	\$72,622
<u>Retirements (DROP and Service Retirees)</u>		
Number	26	28
Average Age	61.7	61.9
Percent Male	84.6	82.1
Average Monthly Benefit	\$3,386	\$3,223
Total Benefits	\$1,056,536	\$1,083,086
Total of DROP Account Balances September 30	\$601,524	\$627,564
<u>Beneficiaries</u>		
Number	1	1
Average Age	73.3	74.3
Percent Male	0.0	0.0
Average Monthly Benefit	\$3,100	\$3,100
Total Benefits	\$37,203	\$37,203
<u>Disability Retirements</u>		
Number	1	1
Average Age	62.1	63.1
Percent Male	100.0	100.0
Average Monthly Benefit	\$1,239	\$1,239
Total Benefits	\$14,873	\$14,873

Number of Active Members by Age and Service as of October 1, 2024

Age	< 1	< 5	< 10	< 15	< 20	< 25	< 30	< 35	Total
< 20									
< 25	2								2
< 30	2	5							7
< 35	2	6	3						11
< 40		2	3	1	1				7
< 45	1	1		1	4				7
< 50	1	1		1		1			4
< 55		1				1		1	3
< 60				2		1			3
< 65									
Total	8	16	6	5	5	3		1	44

Active Valuation Pay by Age and Service as of October 1, 2024

Age	< 1	< 5	< 10	< 15	< 20	< 25	< 30	< 35	Total
< 20									
< 25	48,400								48,400
< 30	50,000	56,425							54,589
< 35	50,000	56,110	72,786						59,547
< 40		54,614	63,140	62,902	87,606				64,165
< 45	50,000	58,914		65,699	91,483				77,220
< 50	55,600	57,334		69,608		89,887			68,107
< 55		59,582				76,232		100,528	78,781
< 60				78,804		78,107			78,572
< 65									
Total	50,300	56,490	67,963	71,163	90,707	81,409		100,528	65,185

DROP Balance Reconciliation

Year Ending September 30,	2023	2024
1. Beginning Balance	\$463,135.84	\$601,523.77
2. Additions	\$250,645.51	\$207,814.21
3. Interest	\$57,512.40	\$124,627.62
4. Distributions	\$169,769.98	\$306,401.95
5. Ending Balance	\$601,523.77	\$627,563.65

Reconciliation of Plan Participants

	Active	Retired	DROP	Deferred Vested	Disabled	Survivor	Total
October 1, 2023	43	20	6	6	1	1	77
Retired		5	-3	-2			0
Nonvested Termination	-7						-7
Transfers							
from Another Plan	2						2
Additions	6						6
October 1, 2024	44	25	3	4	1	1	78

Outline of Plan Provisions

Plan Type: Single-employer Defined Benefit Pension Plan

Effective Date: November 1, 1969. Plan amendment and restatement adopted December 4, 2019 effective December 14, 2019 with Ordinance No. 1765-2019. Subsequently amended by Ordinance No. 1769-2019, 1771-2020, 1778-2020, and 1793-2020.

Plan Administrator: The Board of Trustees

Board Composition: Two members are elected from among the police employees of the City, who are members of the plan, two city residents appointed by the Commission and one person is chosen by a majority of the previous four members.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended by ordinance.

Plan Year: The 12-month period from October 1st to the next September 30th.

Member: Full-time police officers participate in the Plan immediately upon hire.

Credited Service: Employee service computed in years and completed calendar months. Members may purchase a total of 5 years of combined Credited Service for eligible military service or law enforcement service prior to employment with the City, and receive credit for that time upon full payment and vesting in the Plan. See Ordinance 1778-2020 regarding the "cross-credit" of service.

Vesting: Members become 100% vested after earning 10 years of Credited Service.

Basic Compensation: Total compensation actually paid in a Plan Year by the City including tax deferred compensation, as well as educational incentive monies, and excluding overtime in excess of 300 hours, commissions, bonuses, expense allowances and payment for accrued annual leave, accrued sick leave, and accrued compensatory leave.

Employee Contributions: 7.0% of Basic Compensation. Members receive benefits under the Plan no less than the value of their accumulated Employee Contributions with interest.

Members who terminate non-vested are entitled to the return of Employee Contributions accumulated with interest to the first day of the month in which termination occurs. The interest rate for accumulation was 5% from October 1, 1984 until October 1, 2019 when it was revised to 1.5%. Prior to October 1, 1984 a different interest rate was credited to Employee Contributions.

Average Monthly Compensation: The sum of the highest five successive Plan Years of Basic Compensation in the last ten Plan Years of employment divided by 60.

Normal Retirement Date: The first day of the month coincident with or next following attainment of age 52 and 10 years of Credited Service.

Accrued Benefit: For Members hired before January 2, 2013, the amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

3% x Average Monthly Compensation x Credited Service up to 25 years

Plus

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1.5% x Average Monthly Compensation x Credited Service between 25 and 35 years

For Members hired on or after January 2, 2013, the amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

3% x Average Monthly Compensation x Credited Service up to 25 years

The Accrued Benefit is payable in the form of a 10-year certain and continuous annuity. However, any member with a spouse shall receive an actuarially equivalent 50% joint and survivor annuity unless the member chooses another Optional Form of Retirement Income.

Members who terminate employment 100% vested prior the Normal Retirement Date are eligible to receive their Accrued Benefit once the age requirements for the Normal Retirement Date are met, provided Employee Contributions remain in the Plan.

Late Retirement Benefit: The amount of monthly retirement income payable to a Member who retires after the Normal Retirement Date is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit payable if he had retired at the Normal Retirement Date, accumulated with interest from the Normal Retirement Date to the date the monthly retirement income payments are to commence, and (ii) the monthly retirement income computed as described for the Accrued Benefit using Credited Service and Average Monthly Compensation determined at the Member's actual retirement date.

Early Retirement Date: The first day of the month coincident with or next following the date an employee retires prior to the Normal Retirement Date after the earlier of attainment of age 44 and 25 years of Credited Service or age 50 and 10 years of Credited Service.

Early Retirement Benefit: The Accrued Benefit is reduced for commencement earlier than the Normal Retirement Date at a rate of 3/12% per month. However, the minimum monthly retirement income for a Member who retires before the Normal Retirement Date with 25 years Credited Service is 50% x Average Monthly Compensation.

Members who terminate employment 100% vested prior to reaching the Early Retirement Date age requirements may elect to receive an Early Retirement Benefit once the age requirements are met, provided Employee Contributions remain in the Plan.

Members who terminate employment 100% vested prior the Normal Retirement Date but on or after their Early Retirement Date but do not commence receipt of an Early Retirement Benefit at that time will receive a monthly retirement income not less than the monthly retirement income which can be provided by the single-sum value of the monthly early retirement income which would have been payable if he had retired immediately upon termination, accumulated with interest from termination to the date the monthly retirement income payments are to commence.

Members who recover from Disability Retirement and who were eligible for an Early Retirement Benefit at the date of disability may elect to receive this benefit upon recovery from disability.

Disability Retirement: This benefit is payable from the first day of the month coincident with or next following the date the Retirement Committee approves the Member's Disability Retirement. The benefit is payable in the form of a 10 year certain and continuous annuity. The last payment is that due next preceding the earlier of (1) the date of recovery prior to the Normal Retirement Date and (2) the later of the date of death or the 120th payment. The amount of monthly retirement income is determined as follows:

- (a) Non-Line of Duty: Members with less than 10 years of Credited Service upon disability receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year



immediately preceding disability. The monthly retirement income which can be provided by (ii) is limited to $60\% \times$ Anticipated Monthly Retirement Income at the Normal Retirement Date. In no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.

- (b) Non-Line of Duty: Members with 10 years of Credited Service or more upon disability receive a monthly retirement income which is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit and (ii) $30\% \times$ Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed $100 \times$ the Anticipated Monthly Retirement Income at the Normal Retirement Date. In no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.
- (c) Line of Duty: Members receive a monthly retirement income which is $50\% \times$ Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed $100 \times$ the Anticipated Monthly Retirement Income at the Normal Retirement Date. In no event shall the benefit payable be less than the benefit required under section 185.18 of the Florida Statutes.

Members who recover from disability and re-enter the service of the City within 30 days of recovery will be deemed to have continuous service except that the period beginning with the first month for which Disability Retirement income was received and ending with the date of service re-entry is not considered as Credited Service.

Anticipated Monthly Retirement Income at the Normal Retirement Date: Determined as described for the Accrued Benefit, but instead using Anticipated Credited Service and Anticipated Average Monthly Compensation. Anticipated Credited Service is employee service computed in years and completed calendar months as if the member remains employed to the Normal Retirement Date. Anticipated Average Monthly Compensation is computed assuming that the last complete Plan Year of Basic Compensation is paid in each Plan Year, without change, to the Normal Retirement Date.

Survivor Benefit at Death of Disabled Member Prior to Disability Retirement: The designated beneficiary of a disabled Member who dies prior to receipt of Disability Retirement benefits is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the date of the disabled Member's death. The designated beneficiary will receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) $2 \times$ Basic Compensation paid in the Plan Year immediately preceding disability not more than $100 \times$ Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Vested Terminated Members: The designated beneficiary of vested Member who dies prior to retirement is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the Member's death, which can be provided by the single-sum value of the Member's Accrued Benefit or Early Retirement Benefit.

Survivor Benefit at Death of Active Employee Prior to Normal Retirement Date: The designated beneficiary of a Member who dies while in active service prior to the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the greater of (i) the single-sum value of the Accrued Benefit as of the date of death, not less than the single-sum value of the Early Retirement Benefit which would have been payable if the Member had retired early on the date of death, and (ii) $2 \times$ Basic Compensation paid in the Plan Year immediately preceding death not more than $100 \times$ Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Active Employee After Normal Retirement Date: The designated beneficiary of a Member who dies while in active service after the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the single-sum value of the Late Retirement Benefit.

Optional Forms of Retirement Income: In addition to the 10 year certain and continuous form of annuity, also available under the terms of the Plan are the life only annuity and the joint and 50%, 66 2/3%, 75%, or 100% survivor annuity. With the joint and survivor options, the member may also elect the pop-up feature. The Plan also allows for other amounts and forms of retirement income that will meet the circumstances of the Participant, in the opinion of the Retirement Committee, and will not substantially affect the actuarial soundness of the Plan.

Deferred Retirement Option Program (DROP): Members are eligible to enter the DROP at the Normal Retirement Date. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates with interest in the DROP account and is payable as a single-lump sum (or as an actuarially equivalent annuity) upon DROP exit. The DROP account earns interest at a rate equal to the funds net rate of investment return minus 1% in administration fees, unless the DROP participant, as a one-time irrevocable option, elects a self-directed DROP as approved by the board of trustees. The maximum DROP participation duration is 5 years and participation will end if the employee resigns, dies or is terminated with cause prior to completion of the 5 years.

Defined Contribution (DC) Component: Ordinance 1709-2017 was adopted effective June 7, 2017 creating a DC component which will be funded by a portion of the premium tax revenues if the City and the collective bargaining representative do not reach mutual consent to use the premium tax revenues for an alternative means.

Description of Assumptions and Methods

Assumed Rate of Investment Return: 7.35% per year, net of investment expenses (revised from 7.45% used in the prior actuarial valuation).

Inflation: 2.0% per year. Note this assumption is not used directly in the valuation.

Salary Increase – Individual: 5.5% per year for 0-10 years of service and 4.5% per year at service levels over 10 years. (Note overtime hours are not assumed to increase at the end of the member's career.)

Salary Increase – Total Payroll: Based on individual salary increase assumptions and other decrements assumed in the valuation of Plan liabilities.

Unfunded accrued liability is amortized as a level dollar amount.

Mortality: Mortality rates are those required by state statute. Mortality is as assumed in one of the last two valuations for the Florida Retirement System (FRS) for special risk employees, as follows:

The following sex distinct tables are used with fully generational mortality improvements using sex distinct Scale MP-2018.

Active:	Male:	PubS.H-2010(B) male employee set forward 1 year
	Female:	PubS.H-2010 female employee set forward 1 year
Healthy Retiree:	Male:	PubS.H-2010(B) male healthy retiree set forward 1 year
	Female:	PubS.H-2010 female healthy retiree set forward 1 year

The following sex distinct tables are used with no mortality improvement projection.

Disabled Retiree:	Male:	80% PubG.H-2010 male disabled retiree + 20% PubS.H-2010 male disabled retiree
	Female:	80% PubG.H-2010 female disabled retiree + 20% PubS.H-2010 female disabled retiree

Juvenile rates are used for ages 15-17.

The active tables reference the healthy retiree rates, above, at ages 80+.

The healthy retiree tables reference the active mortality rates, above, before age 44.

Retirement: Unisex rates of retirement are as shown in the following.

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
<=51	0.00	56	0.30
52	0.30	57	0.35
53	0.30	58	0.40
54	0.30	59	0.50
55	0.30	>=60	1.00

Termination: Unisex rates of termination are as shown in the following.

<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>	<u>Service</u>	<u>Rate</u>
0	0.1000	9	0.0375	18	0.0150
1	0.1000	10	0.0350	19	0.0150
2	0.0925	11	0.0325	20	0.0150
3	0.0900	12	0.0300	21	0.0150
4	0.0850	13	0.0275	22	0.0150
5	0.0825	14	0.0250	23	0.0150
6	0.0725	15	0.0200	24	0.0150
7	0.0700	16	0.0175	>=25	0.0000
8	0.0575	17	0.0150		

Disability: Sex distinct rates as used for special risk employees in the Florida Retirement System actuarial valuation report as of July 1, 2005. Linear interpolation has been used between the rates shown in five year age increments, as follows:

Age	Line-of-Duty		Age	Not Line-of-Duty	
	Male	Female		Male	Female
20	0.012%	0.008%	20	0.037%	0.036%
25	0.012%	0.008%	25	0.037%	0.036%
30	0.017%	0.016%	30	0.043%	0.046%
35	0.029%	0.037%	35	0.055%	0.075%
40	0.051%	0.068%	40	0.087%	0.118%
45	0.087%	0.106%	45	0.140%	0.259%
50	0.138%	0.153%	50	0.292%	0.318%
55	0.215%	0.230%	55	0.446%	0.492%
60	0.301%	0.285%	60	0.628%	0.597%
65+	0.231%	0.143%	65+	0.698%	0.380%

Funding Method: Entry Age Normal (level percent of salary)

A description of the funding method is found on the next page entitled "Glossary of Actuarial Terms."

Glossary of Actuarial Terms

Present Value of Benefits (PVB): The present value, as of the valuation date, of all benefits that will become payable by the Plan for the current group of members in the census.

Normal Cost (NC): Under the Individual Entry Age Normal Cost Method, the annual normal cost for each individual active member is determined as the amount, from the date of employment to the date of retirement, sufficient to accumulate the value of the member's benefit at the time of retirement. The annual normal cost is a constant percentage of the member's projected covered pay.

Accrued Liability (AL): This is the portion of the PVB attributable to the past at the valuation date. For active members, AL is the annual NC accumulated from date of entry to the valuation date for each member. For retired and terminated members, the PVB and the AL are equal. The AL is the estimated liability owed by the pension fund at the valuation date.

Unfunded Accrued Liability (UAL): Any excess of the Accrued Liability over the fund assets. A negative UAL indicates fund assets are greater than the Accrued Liability, otherwise known as a surplus. Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Actuarial Value of Assets: The value of assets used in the actuarial valuation of the Plan which is compared to the AL to determine the UAL and minimum funding requirements. A method may be used to smooth out short term volatility in the fair market value of assets. In this valuation, the Actuarial Value of Assets has been calculated to smooth out unexpected fluctuations in the fair market value of assets over a 5-year period.