Retirement Plan for the Police Officers Of the City of Clermont

Actuarial Valuation
As of October 1, 2023

Determines the Contribution
For the 2024/25 Fiscal Year

SOUTHERN ACTUARIAL SERVICES

April 22, 2024

Introduction

This report presents the revised results of the October 1, 2023 actuarial valuation for the Retirement Plan for the Police Officers of the City of Clermont. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2023 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2024/25 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2024/25 plan year. The minimum required contribution rate is 19.88% of covered payroll, which represents an increase of 0.68% of payroll from the prior valuation.

The normal cost rate is 20.14%, which is 1.15% greater than the normal cost rate that was developed in the prior valuation. Table I-C provides a breakdown of the sources of change in the normal cost rate. Significantly, the rate increased by 2.19% of payroll due to investment shortfalls and decreased by 1.04% of payroll due to demographic experience. Although the market value of assets earned 7.60% during the 2022/23 plan year, the actuarial value of assets only earned 3.43% during the 2022/23 plan year, whereas a 7.00% annual investment return was required to maintain a stable contribution rate.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2024/25 minimum required contribution will be equal to 19.88% multiplied by the total pensionable earnings for the 2024/25 plan year for the active employees who are covered by the plan and reduced by the portion of the Chapter 175/185 contribution that is allowed to be recognized during the 2024/25 plan year. The allowable Chapter 175/185 contribution is $211,000 plus one-half of the excess above $211,000.

Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is $42,176,338. As illustrated in Table I-A, current assets are sufficient to cover $30,257,916 of this amount, the employer's 2023/24 expected contribution will cover $1,074,153 of this amount, the employer's 2024/25 expected contribution will cover $1,173,284 of this amount, and future employee contributions are expected to cover $2,370,624 of this amount, leaving $7,300,361 to be covered by future employer funding beyond the 2024/25 fiscal year. Again, demographic and investment experience that differs from that assumed will either increase or decrease the future employer funding requirement.

Advance Employer Contribution

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an "advance employer contribution." As of October 1, 2023, the advance employer contribution is $1,158,472, which reflects the advance employer contribution as of October 1, 2022 plus $439,844 of actual employer contributions in excess of the minimum required contribution for the 2022/23 plan year, as shown in Table II-F.

The City may apply all or any portion of the advance employer contribution towards the minimum required contribution for the 2023/24 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the advance employer contribution that is applied in this manner.

Alternatively, at any time, the City may apply all or any portion of the advance employer contribution as an *extra* contribution in excess of the minimum required contribution. Immediate application of the entire balance of the advance employer contribution as of October 1, 2023 would reduce the minimum required contribution rate for the 2024/25 plan year to 17.31% of payroll.

Identification and Assessment of Risk

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, there is always a risk that, should these assumptions not be realized, the liabilities of the plan, the contributions required to fund the plan, and the funded status of the plan may be significantly different than the amounts shown in this report.

Although a thorough analysis of the risk of not meeting the assumptions is beyond the scope of this report, this discussion is intended to identify the significant risks faced by the plan. In some cases, a more detailed review of the risks, including numerical analysis, may be appropriate to help the plan sponsor and other interested parties assess the specific impact of not realizing certain assumptions. For example, Table I-B illustrates the impact that alternative long-term investment returns would have on the contribution rate. Note that this report is not intended to provide advice on the management or reduction of the identified risks nor is this report intended to provide investment advice.

The most significant risk faced by most defined benefit pension plans is investment risk, i.e. the risk that long-term investment returns will be less than assumed. Other related risks include a risk that, if the investments of the plan decline dramatically over a short period of time (such as occurred with many pension plans in 2008), the plan's assets may not have sufficient time to recover before benefits become due. Even if the assets of the plan grow in accordance with the assumed investment return over time, if benefit payments are expected to be large in the short-term (for example, if the plan provides an actuarial equivalent lump sum payment option and a large number of participants are expected to become entitled to such a lump sum in the near future), the plan's assets may not be sufficient to support such a high level of benefit payments. We have provided a 10-year projection of the expected benefit payments in Table III-G to help the Trustees in formulating an investment policy that is expected to provide an investment return that meets both the short- and long-term cash flow needs of the pension plan.

Another source of risk is demographic experience. This is the risk that participants will receive salary increases that are different than the amount assumed, that participants will retire, become disabled, or terminate their employment at a rate that is different than assumed, and that participants will live longer than assumed, just to cite a few examples of the demographic risk faced by the plan. Although for most pension plans, the demographic risk is not as significant as the investment risk, particularly in light of the fact that the mortality assumption includes a component for future life expectancy increases, the demographic risk can nevertheless be a significant contributing factor to liabilities and contribution rates that become higher than anticipated.

A third source of risk is the risk that the plan sponsor (or other contributing entities) will not make, or will not have the ability to make, the contributions that are required to keep the plan funded at a sufficient level. Material changes in the number of covered employees, covered payroll, and, in some cases, hours worked by active participants can also significantly impact the plan's liabilities and the level of contributions received by the plan.

Finally, an actuarial funding method has been used to allocate the gap between projected liablities and assets to each year in the future. The contribution rate under some funding methods is higher during the early years of the plan and then is lower during the later years of the plan. Other funding methods provide for lower contribution rates initially, with increasing contribution rates over time.

The Trustees have adopted the aggregate funding method for this plan, which is expected to result in a contribution rate that is level as a percentage of payroll over the working life of the plan's active participants. A brief description of the actuarial funding method is provided in Table IV-A.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Tables III-A through III-G provide statistical information concerning the plan's participant population. In particular, Table III-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are used to value the plan's benefits and of the relevant plan provisions as of October 1, 2023, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Certification

This actuarial valuation was prepared 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 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

Charles J. Carr/ccg

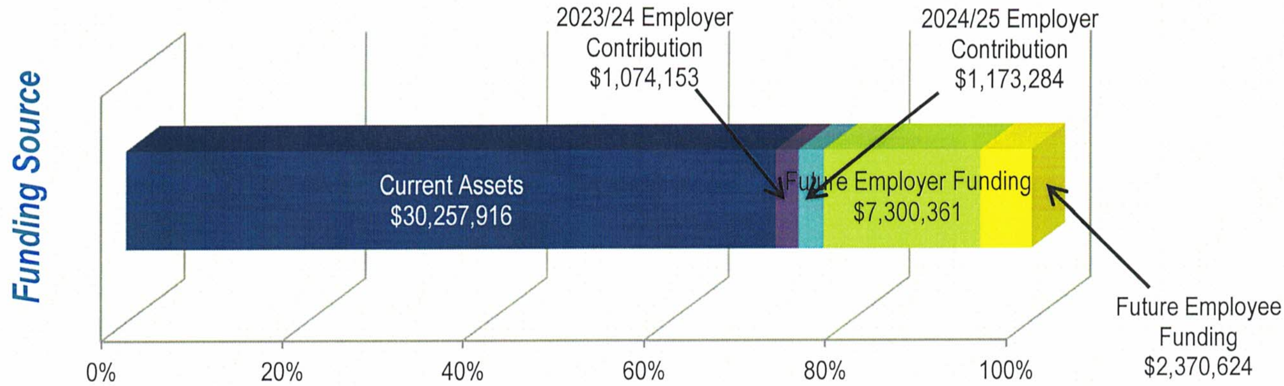
Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

Enrolled Actuary No. 23-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Minimum Required Contribution

Table I-A



	For the 2024/25 Plan Year
Present Value of Future Benefits	$41,553,042
Present Value of Future Administrative Expenses	$623,296
Actuarial Value of Assets	($30,257,916)
Present Value of Future Employee Contributions	($2,370,624)
Present Value of Future Normal Costs	$9,547,798
Present Value of Future Payroll	*÷ $47,412,526*
Normal Cost Rate	*= 20.1377%*
Expected Payroll	*x $5,594,545*
Normal Cost	$1,126,613
Adjustment to Reflect Semi-Monthly Employer Contributions	$40,186
Expected Employer Contribution for the 2023/24 Plan Year	($1,074,153)
Remaining Contribution Due/(Credit) for the 2023/24 Plan Year	$92,646
	x 0.07
One Year's Interest Charge/(Credit) on the Remaining Contribution	$6,485
Preliminary Employer Contribution for the 2024/25 Plan Year	$1,173,284
Expected Payroll for the 2024/25 Plan Year	*÷ $5,902,245*
Minimum Required Contribution Rate	**19.88%**

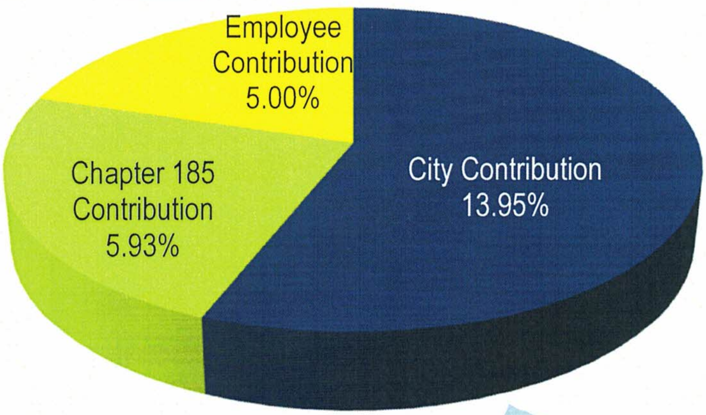
(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)

Minimum Required Contribution

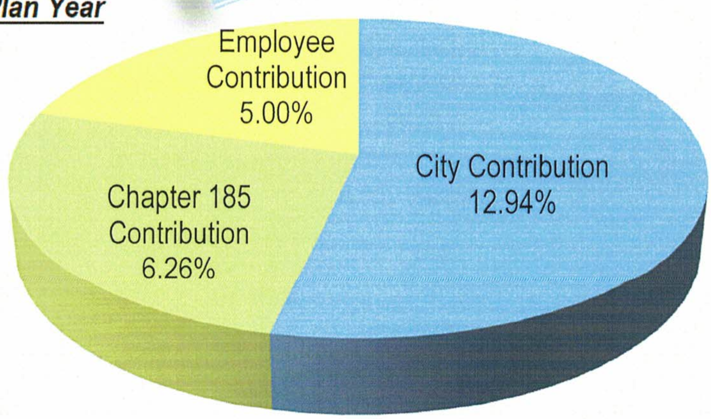
Table I-A
(continued)

The minimum required contribution rate of 19.88% includes both the City contribution and the allowable Chapter 185 contribution. In addition, employees are required to contribute 5.00% of pensionable earnings. The actual City contribution rate is expected to be approximately 13.95% based on the allowable Chapter 185 contribution for the previous year. The chart below shows the expected contribution rate by source for the 2024/25 plan year based on the expected payroll. A comparative chart shows the contribution rate by source for the previous plan year.

For the 2024/25 Plan Year

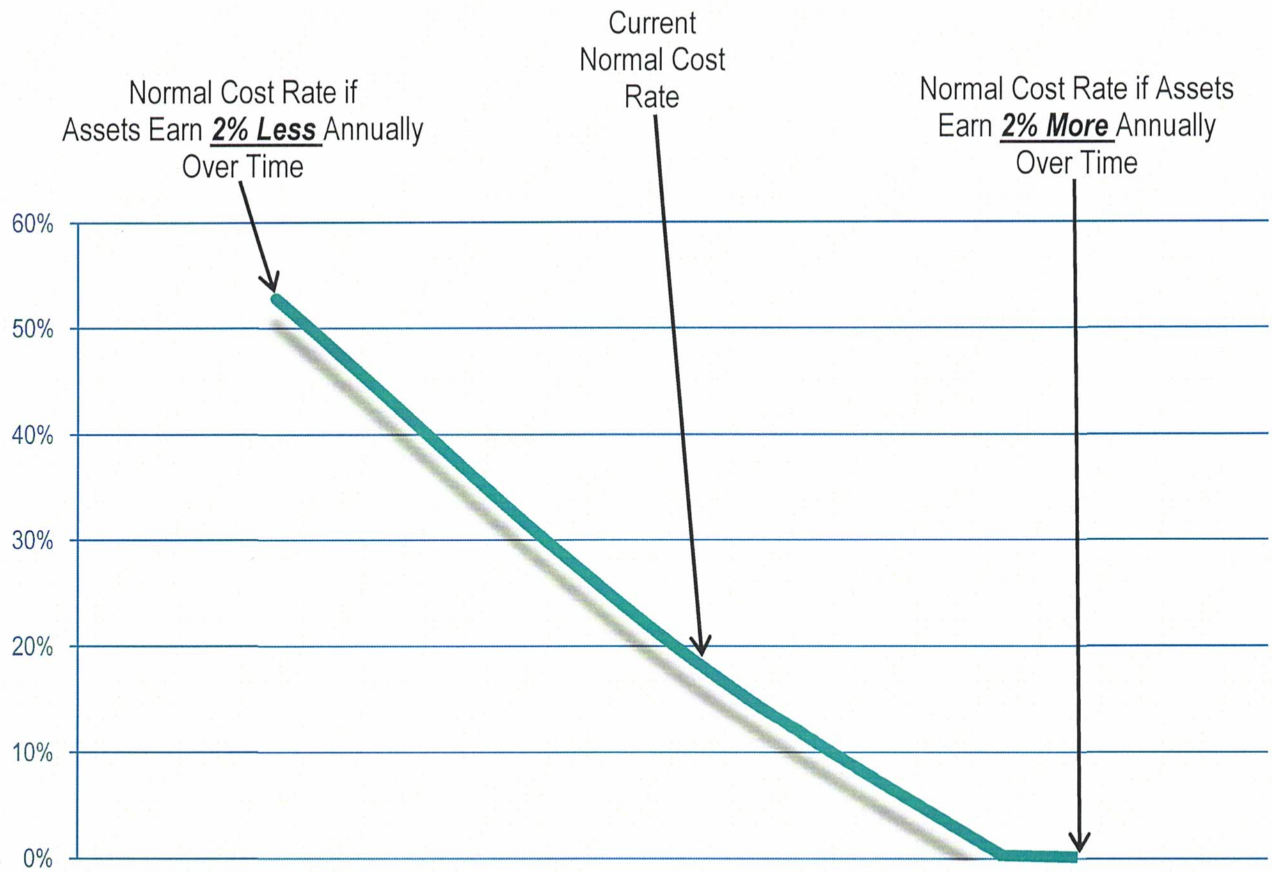


For the 2023/24 Plan Year



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.

Gain and Loss Analysis

Table I-C

Previous normal cost rate	18.99%
Increase (decrease) due to investment gains and losses	2.19%
Increase (decrease) due to demographic experience	-1.04%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	20.14%

Present Value of Future Benefits

Table I-D

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$28,980,590	$28,980,590	$28,980,590
Termination benefits	$706,783	$706,783	$706,783
Disability benefits	$178,978	$178,978	$178,978
Death benefits	$125,880	$125,880	$125,880
Refund of employee contributions	$24,255	$24,255	$24,255
Sub-total	**$30,016,486**	**$30,016,486**	**$30,016,486**
Deferred Vested Participants			
Retirement benefits	$1,250,735	$1,250,735	$1,250,735
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,250,735**	**$1,250,735**	**$1,250,735**
Due a Refund of Contributions	**$51,686**	**$51,686**	**$51,686**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$7,769,250	$7,769,250	$7,769,250
Disability retirements	$1,109,566	$1,109,566	$1,109,566
Beneficiaries receiving	$742,697	$742,697	$742,697
DROP participants	$612,622	$612,622	$612,622
Sub-total	**$10,234,135**	**$10,234,135**	**$10,234,135**
Grand Total	**$41,553,042**	**$41,553,042**	**$41,553,042**
Present Value of Future Payroll	$47,412,526	$47,412,526	$47,412,526
Present Value of Future Employee Contribs.	$2,370,624	$2,370,624	$2,370,624
Present Value of Future Employer Contribs.	$9,547,798	$9,547,798	$9,547,798

Present Value of Accrued Benefits

Table I-E

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$11,655,355	$11,655,355	$11,655,355
Termination benefits	$304,535	$304,535	$304,535
Disability benefits	$119,380	$119,380	$119,380
Death benefits	$51,904	$51,904	$51,904
Refund of employee contributions	$12,882	$12,882	$12,882
Sub-total	**$12,144,056**	**$12,144,056**	**$12,144,056**
Deferred Vested Participants			
Retirement benefits	$1,250,735	$1,250,735	$1,250,735
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,250,735**	**$1,250,735**	**$1,250,735**
Due a Refund of Contributions	**$51,686**	**$51,686**	**$51,686**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$7,769,250	$7,769,250	$7,769,250
Disability retirements	$1,109,566	$1,109,566	$1,109,566
Beneficiaries receiving	$742,697	$742,697	$742,697
DROP participants	$612,622	$612,622	$612,622
Sub-total	**$10,234,135**	**$10,234,135**	**$10,234,135**
Grand Total	**$23,680,612**	**$23,680,612**	**$23,680,612**
Funded Percentage	115.29%	115.29%	115.29%

Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$10,897,174	$10,897,174	$10,897,174
Termination benefits	$243,851	$243,851	$243,851
Disability benefits	$111,653	$111,653	$111,653
Death benefits	$43,079	$43,079	$43,079
Refund of employee contributions	$44,492	$44,492	$44,492
Sub-total	**$11,340,249**	**$11,340,249**	**$11,340,249**
Deferred Vested Participants			
Retirement benefits	$1,250,735	$1,250,735	$1,250,735
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,250,735**	**$1,250,735**	**$1,250,735**
Due a Refund of Contributions	**$51,686**	**$51,686**	**$51,686**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$7,769,250	$7,769,250	$7,769,250
Disability retirements	$1,109,566	$1,109,566	$1,109,566
Beneficiaries receiving	$742,697	$742,697	$742,697
DROP participants	$612,622	$612,622	$612,622
Sub-total	**$10,234,135**	**$10,234,135**	**$10,234,135**
Grand Total	**$22,876,805**	**$22,876,805**	**$22,876,805**

Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
Actively Employed Participants			
Retirement benefits	$16,276,076	$16,276,076	$16,276,076
Termination benefits	$389,125	$389,125	$389,125
Disability benefits	$96,025	$96,025	$96,025
Death benefits	$67,464	$67,464	$67,464
Refund of employee contributions	$12,701	$12,701	$12,701
Sub-total	**$16,841,391**	**$16,841,391**	**$16,841,391**
Deferred Vested Participants			
Retirement benefits	$1,250,735	$1,250,735	$1,250,735
Termination benefits	$0	$0	$0
Disability benefits	$0	$0	$0
Death benefits	$0	$0	$0
Refund of employee contributions	$0	$0	$0
Sub-total	**$1,250,735**	**$1,250,735**	**$1,250,735**
Due a Refund of Contributions	**$51,686**	**$51,686**	**$51,686**
Deferred Beneficiaries	**$0**	**$0**	**$0**
Retired Participants			
Service retirements	$7,769,250	$7,769,250	$7,769,250
Disability retirements	$1,109,566	$1,109,566	$1,109,566
Beneficiaries receiving	$742,697	$742,697	$742,697
DROP participants	$612,622	$612,622	$612,622
Sub-total	**$10,234,135**	**$10,234,135**	**$10,234,135**
Grand Total	**$28,377,947**	**$28,377,947**	**$28,377,947**

Actuarial Value of Assets

Table II-A

	Unexpected Investment Gain (Loss)		*Unrecognized Gain (Loss)*
For the 2021/22 plan year	*($7,017,456)*	*x 60%*	*($4,210,474)*
For the 2022/23 plan year	*$118,335*	*x 80%*	*$94,668*
			($4,115,806)

Market Value of Assets as of October 1, 2023	$27,304,461
Minus DROP account balances	($3,879)
Minus advance employer contributions	($1,158,472)
Minus excess Chapter 175/185 contributions	$0
Adjustment for unrecognized gain or loss as shown above, but restricted to an amount that keeps the actuarial value of assets within an 80%-120% corridor of the market value	$4,115,806
Actuarial Value of Assets as of October 1, 2023	**$30,257,916**

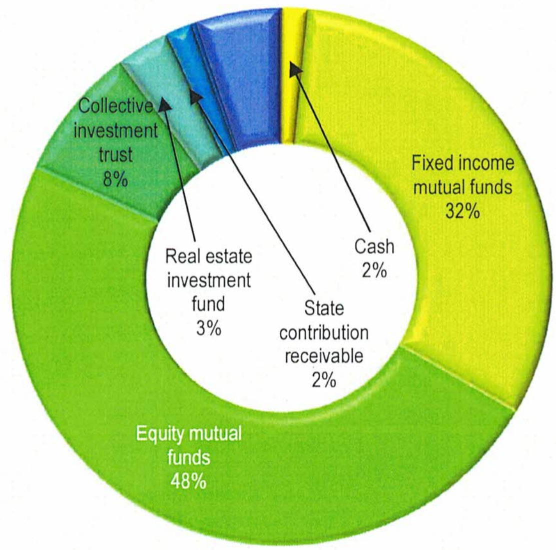
Historical Actuarial Value of Assets

October 1, 2014	$12,281,709
October 1, 2015	$12,541,760
October 1, 2016	$13,974,251
October 1, 2017	$16,439,405
October 1, 2018	$18,238,809
October 1, 2019	$20,128,032
October 1, 2020	$23,151,863
October 1, 2021	$28,764,225
October 1, 2022	$28,927,031
October 1, 2023	$30,257,916

Market Value of Assets

Table II-B

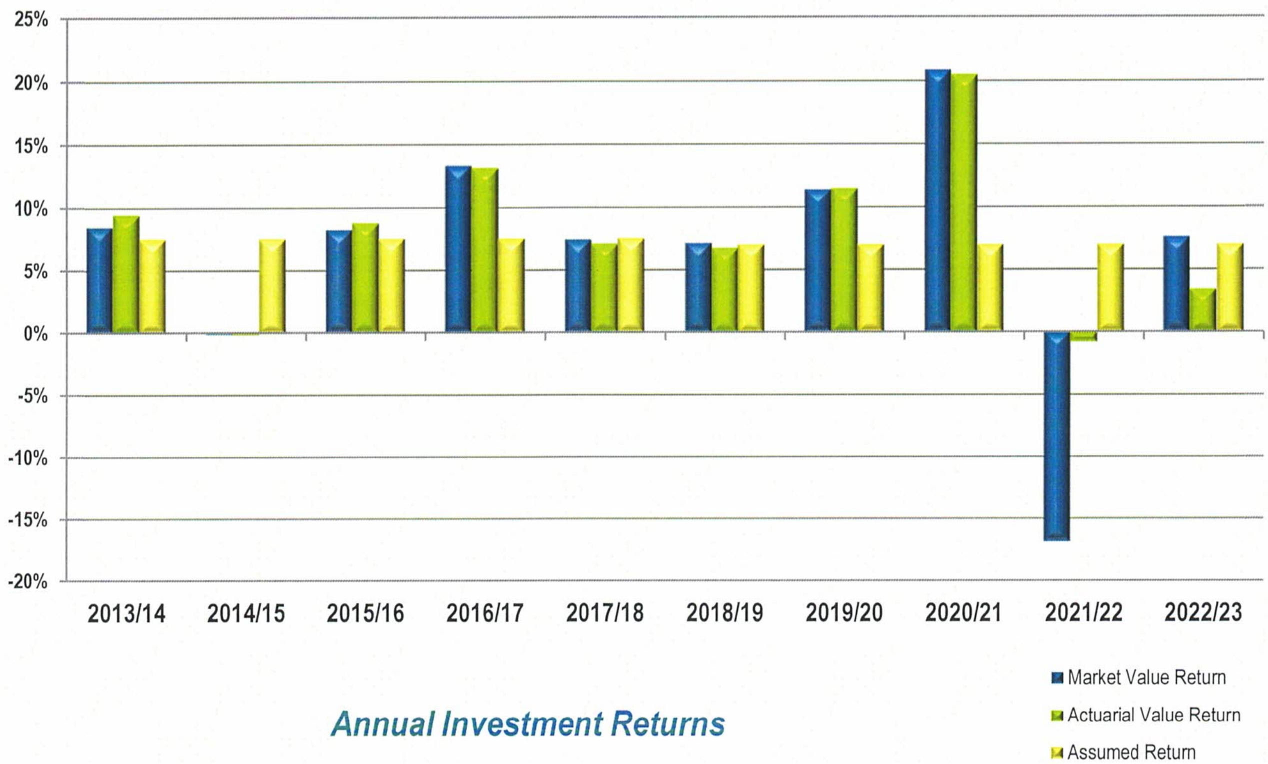
	As of October 1, 2023
Market Value of Assets	**$27,304,461**
Cash	$468,081
Fixed income mutual funds	$9,680,730
Equity mutual funds	$14,749,540
Collective investment trust	$2,433,014
Real estate investment fund	$962,008
State contribution receivable	$489,524
Other account receivable	$85,861
Share plan assets payable	($1,534,724)
Accounts payable	($29,573)



Historical Market Value of Assets	
October 1, 2014	$13,622,129
October 1, 2015	$13,994,534
October 1, 2016	$14,099,685
October 1, 2017	$16,448,667
October 1, 2018	$18,326,157
October 1, 2019	$20,217,453
October 1, 2020	$23,279,575
October 1, 2021	$28,938,693
October 1, 2022	$24,704,716
October 1, 2023	$27,304,461

Investment Return

Table II-C



Annual Investment Returns

Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2013/14	8.48%	9.44%	7.50%
2014/15	-0.11%	-0.12%	7.50%
2015/16	8.27%	8.78%	7.50%
2016/17	13.33%	13.13%	7.50%
2017/18	7.43%	7.12%	7.50%
2018/19	7.15%	6.75%	7.00%
2019/20	11.40%	11.46%	7.00%
2020/21	20.89%	20.50%	7.00%
2021/22	-16.87%	-0.77%	7.00%
2022/23	7.60%	3.43%	7.00%
10yr. Avg.	6.31%	7.81%	7.25%

Asset Reconciliation

Table II-D

	Market Value	Actuarial Value
As of October 1, 2022	**$24,704,716**	**$28,927,031**
Increases Due To:		
Employer Contributions	$685,294	$685,294
Chapter 175/185 Contributions	$439,844	$439,844
Employee Contributions	$304,306	$304,306
Service Purchase Contributions	$0	$0
Total Contributions	$1,429,444	$1,429,444
Interest and Dividends	$711,337	
Realized Gains (Losses)	$0	
Unrealized Gains (Losses)	$1,191,790	
Total Investment Income	$1,903,127	$1,047,545
Other Income	$0	
Total Income	**$3,332,571**	**$2,476,989**
Decreases Due To:		
Benefit Payments	($614,709)	($614,709)
Refund of Employee Contributions	$0	$0
DROP Credits		($3,879)
Total Benefit Payments	($614,709)	($618,588)
Investment Expenses	($30,445)	
Administrative Expenses	($87,672)	($87,672)
Advance Employer Contribution		($439,844)
Excess Chapter 175/185 Contribution		$0
Total Expenses	**($732,826)**	**($1,146,104)**
As of October 1, 2023	**$27,304,461**	**$30,257,916**

Historical Trust Fund Detail

Table II-E

Income

Plan Year	Employer Contribs.	Chapter Contribs.	Employee Contribs.	Service Purchase Contribs.	Interest / Dividends	Realized Gains / Losses	Unrealized Gains / Losses	Other Income
2013/14	$548,481	$217,653	$95,733	$0	$0	$0	$1,043,670	$0
2014/15	$400,563	$240,486	$99,188	$0	$0	$0	-$14,780	$0
2015/16	$393,619	$266,584	$108,806	$0	$0	$0	$1,115,432	$0
2016/17	$511,379	$278,846	$116,332	$0	$0	$0	$1,908,188	$0
2017/18	$679,760	$318,560	$120,269	$0	$0	$0	$1,245,288	$0
2018/19	$603,123	$365,513	$175,526	$0	$0	$0	$1,330,032	$0
2019/20	$985,611	$0	$238,416	$0	$0	$0	$2,346,071	$0
2020/21	$794,768	$379,293	$268,568	$0	$654,698	$0	$4,283,858	$0
2021/22	$761,683	$815,574	$293,891	$0	$981,627	$0	-$5,923,294	$0
2022/23	$685,294	$489,524	$304,306	$0	$711,337	$0	$1,191,790	$0

Expenses / *Other Actuarial Adjustments*

Plan Year	Benefit Payments	Contrib. Refunds	Admin. Expenses	Invest. Expenses	Transfer to Share Plan	DROP Credits	Advance Employer Contribs.	Excess Chapter Contribs.
2013/14	$267,809	$15,370	$31,851	$0	$0	$51,420	$40,520	$96,008
2014/15	$291,187	$7,371	$54,494	$0	$0	$54,864	-$61,351	$118,841
2015/16	$570,037	$30,843	$30,651	$0	$1,147,759	-$199,645	-$7,728	$27,792
2016/17	$357,355	$24,840	$49,645	$0	$33,923	$3,119	-$119,291	$0
2017/18	$358,615	$22,592	$51,400	$0	$53,780	$38,775	$39,311	$0
2018/19	$403,309	$131	$102,202	$0	$77,256	$47,527	-$45,454	$0
2019/20	$441,436	$5,126	$61,414	$0	$0	$38,291	$0	$0
2020/21	$530,470	$20,526	$59,823	$21,665	$89,583	$46,756	$0	$0
2021/22	$866,834	$0	$74,964	$24,874	$196,786	-$174,468	$718,628	$0
2022/23	$614,709	$0	$87,672	$30,445	$49,680	$3,879	$439,844	$0

Note: Information was not available to separate the investment expenses from the investment income prior to October 1, 2020 nor was information available to separate the investment income by source.

Other Reconciliations

Table II-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2022	$718,628
Additional Employer Contribution	$1,125,138
Minimum Required Contribution	($685,294)
Net Increase in Advance Employer Contribution	$439,844
Advance Employer Contribution as of October 1, 2023	$1,158,472

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2022	$0
Additional Chapter 175/185 Contribution	$489,524
Allowable Chapter 175/185 Contribution	($439,844)
Transfer to the Share Plan	($49,680)
Net Increase in Excess Chapter 175/185 Contribution	$0
Excess Chapter 175/185 Contribution as of October 1, 2023	$0

DROP Account Reconciliation

DROP Balance as of October 1, 2022	$0
DROP Benefit Credits	$3,859
DROP Investment Credits	$20
DROP Benefits Paid Out	$0
Net DROP Credit	$3,879
DROP Balance as of October 1, 2023	$3,879

Historical Chapter 175/185 Contributions

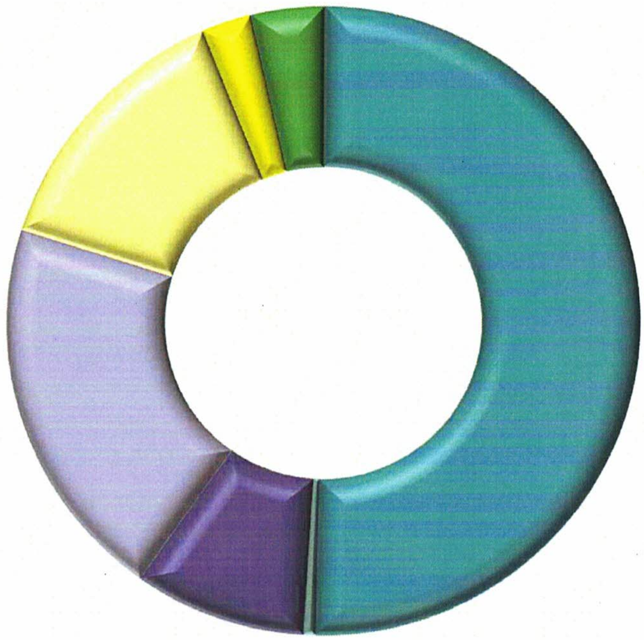
Table II-G

Total Accumulated Excess Chapter 175/185 Contribution **$0**

	Chapter 175 Regular Distribution	Chapter 175 Supplemental Distribution	Chapter 185 Distribution	Allowable Amount
1998 Distribution	$0	$0	$80,472	($71,123)
1999 Distribution	$0	$0	$87,387	($71,123)
2000 Distribution	$0	$0	$98,660	($71,123)
2001 Distribution	$0	$0	$113,749	($100,150)
2002 Distribution	$0	$0	$152,815	($121,645)
2003 Distribution	$0	$0	$167,661	($121,645)
2004 Distribution	$0	$0	$183,852	($121,645)
2005 Distribution	$0	$0	$199,035	($121,645)
2006 Distribution	$0	$0	$211,850	($121,645)
2007 Distribution	$0	$0	$218,263	($121,645)
2008 Distribution	$0	$0	$215,007	($121,645)
2009 Distribution	$0	$0	$214,298	($121,645)
2010 Distribution	$0	$0	$212,565	($121,645)
2011 Distribution	$0	$0	$203,523	($121,645)
2012 Distribution	$0	$0	$211,000	($121,645)
2013 Distribution	$0	$0	$217,653	($121,645)
2014 Distribution	$0	$0	$240,486	($121,645)
2015 Distribution	$0	$0	$266,584	($238,792)
2016 Distribution	$0	$0	$278,846	($244,923)
2017 Distribution	$0	$0	$318,560	($264,780)
2018 Distribution	$0	$0	$365,513	($288,257)
2019 Distribution	$0	$0	$0	$0
2020 Distribution	$0	$0	$379,293	($289,710)
2021 Distribution	$0	$0	$815,574	($618,788)
2022 Distribution	$0	$0	$489,524	($439,844)
Interest Adjustment				$15,655
Ordinance 342-C				($29,060)
Transfer to Share Plan				($1,648,767)

Summary of Participant Data

Table III-A



Participant Distribution by Status

As of October 1, 2023

Actively Employed Participants

Active Participants	80
DROP Participants	1

Inactive Participants

Deferred Vested Participants	14
Due a Refund of Contributions	32
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	22
Disability Retirements	4
Beneficiaries Receiving	6

Total Participants	**159**

Number of Participants Included in Prior Valuations

	Active	*DROP*	*Inactive*	*Retired*	*Total*
October 1, 2014	59	1	14	15	89
October 1, 2015	N/A	N/A	N/A	N/A	N/A
October 1, 2016	65	0	14	18	97
October 1, 2017	N/A	N/A	N/A	N/A	N/A
October 1, 2018	71	1	16	19	107
October 1, 2019	N/A	N/A	N/A	N/A	N/A
October 1, 2020	77	1	28	24	130
October 1, 2021	81	1	35	26	143
October 1, 2022	76	0	41	31	148
October 1, 2023	80	1	46	32	159

Data Reconciliation

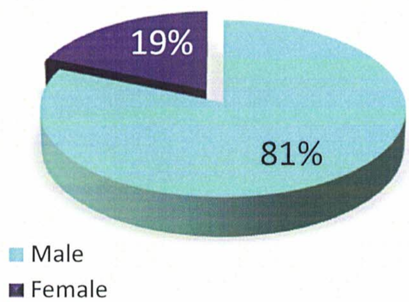
Table III-B

	Active	DROP	Deferred Vested	Due a Refund	Def. Benef.	Service Retiree	Disabled Retiree	Benef. Rec'v.	Total
October 1, 2022	76	0	12	29	0	21	4	6	**148**
Change in Status									
Re-employed									
Terminated	(5)		2	3					
Retired	(2)					2			
Participation Ended									
Transferred Out	(1)	1							
Cashed Out									
Died									
Participation Began									
Newly Hired	12								**12**
Transferred In									
New Beneficiary									
Other Adjustment						(1)			**(1)**
October 1, 2023	80	1	14	32	0	22	4	6	**159**

Active Participant Data

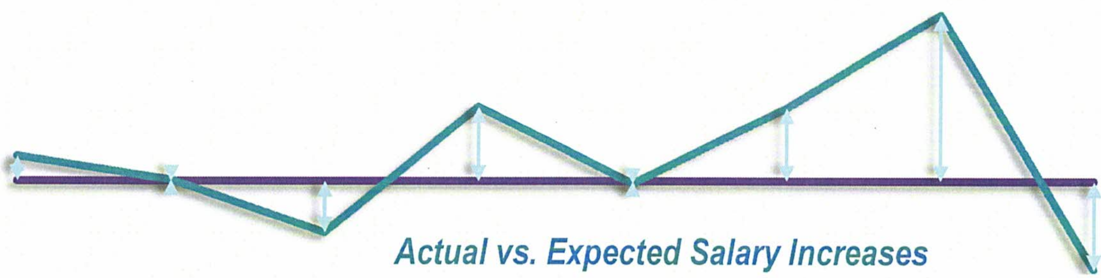
Table III-C

Gender Mix



As of October 1, 2023

Average Age	37.5 years
Average Service	7.2 years
Total Annualized Compensation for the Prior Year	$5,925,669
Total Expected Compensation for the Current Year	$5,594,545
Average Increase in Compensation for the Prior Year	0.15%
Expected Increase in Compensation for the Current Year	5.50%

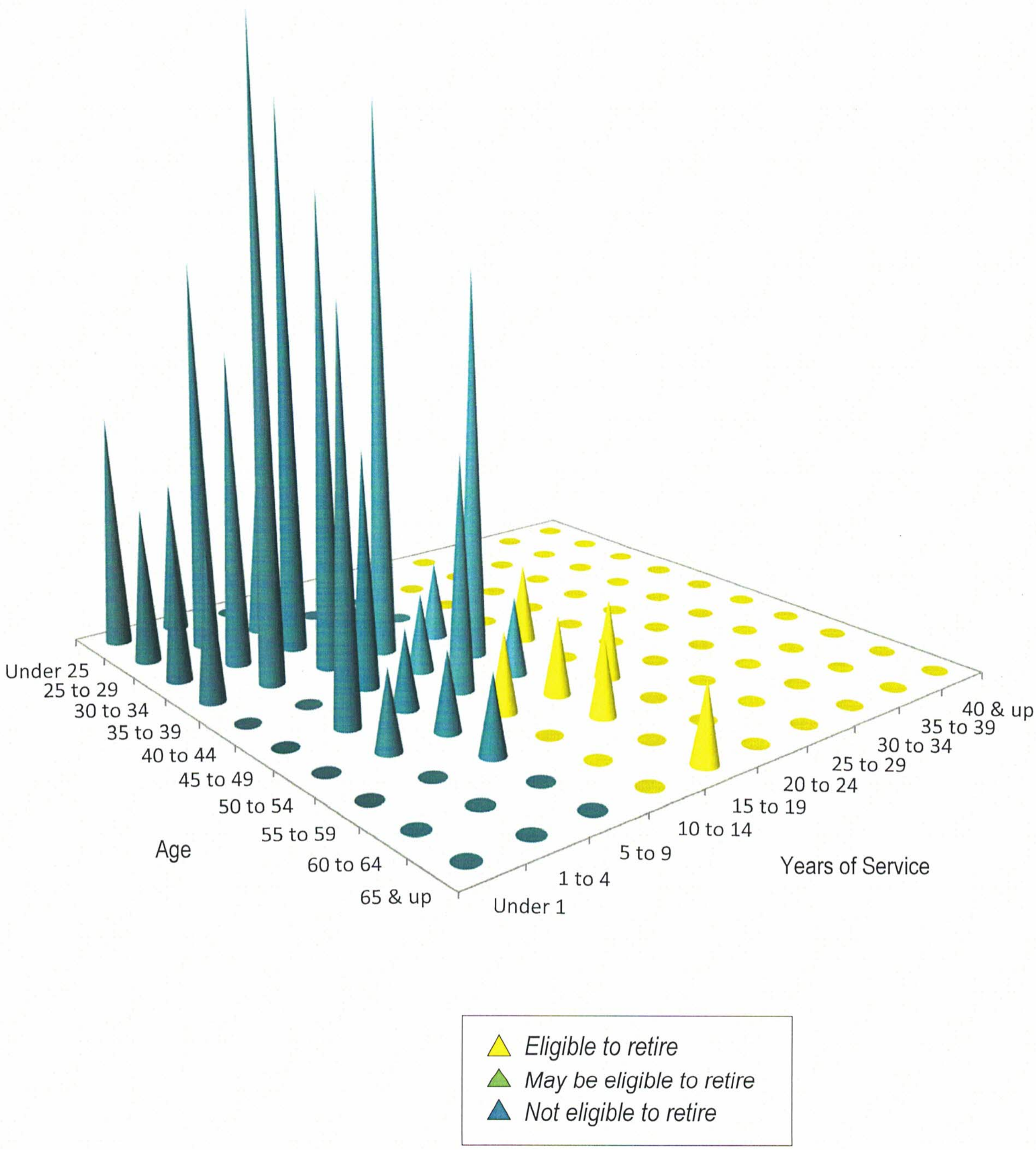


Active Participant Statistics From Prior Valuations

	Average Age	*Average Service*	*Average Salary*	*Average Expected Salary Increase*	*Average Actual Salary Increase*
October 1, 2014	38.5	6.3	$55,774	5.50%	0.36%
October 1, 2015	N/A	N/A	N/A	5.50%	2.60%
October 1, 2016	38.8	6.9	$57,077	5.50%	7.01%
October 1, 2017	N/A	N/A	N/A	5.50%	5.57%
October 1, 2018	38.3	7.0	$56,714	5.50%	2.38%
October 1, 2019	N/A	N/A	N/A	5.50%	10.00%
October 1, 2020	37.0	7.0	$61,121	5.50%	5.34%
October 1, 2021	37.3	7.0	$65,491	5.50%	9.91%
October 1, 2022	37.6	7.5	$76,620	5.50%	15.56%
October 1, 2023	37.5	7.2	$74,071	5.50%	0.15%

Active Age-Service Distribution

Table III-D



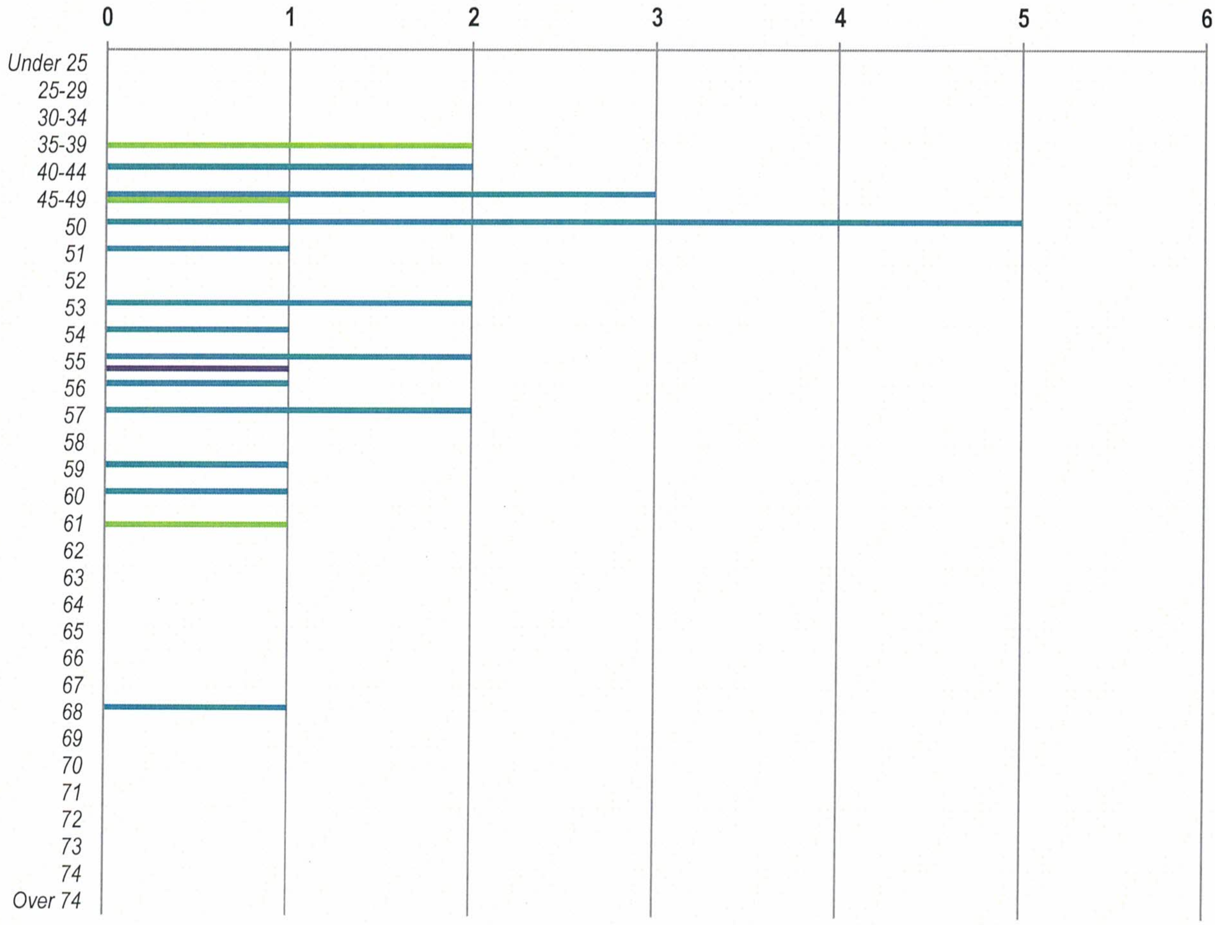
Active Age-Service-Salary Table

Table III-E

Attained Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
	Completed Years of Service										
Under 25	3	2	0	0	0	0	0	0	0	0	5
Avg.Pay	57,761	57,188	0	0	0	0	0	0	0	0	57,532
25 to 29	2	5	2	0	0	0	0	0	0	0	9
Avg.Pay	59,788	58,913	74,120	0	0	0	0	0	0	0	62,486
30 to 34	2	4	7	1	0	0	0	0	0	0	14
Avg.Pay	61,727	56,836	70,085	84,887	0	0	0	0	0	0	66,163
35 to 39	2	8	6	7	1	0	0	0	0	0	24
Avg.Pay	62,764	59,435	74,762	85,970	106,520	0	0	0	0	0	73,245
40 to 44	0	0	3	1	5	1	0	0	0	0	10
Avg.Pay	0	0	67,676	87,124	96,059	92,230	0	0	0	0	86,268
45 to 49	0	5	1	3	1	0	0	0	0	0	10
Avg.Pay	0	59,631	58,729	89,212	106,645	0	0	0	0	0	73,116
50 to 54	0	1	1	1	1	1	0	0	0	0	5
Avg.Pay	0	57,126	96,523	153,350	108,806	114,707	0	0	0	0	106,102
55 to 59	0	0	1	0	1	0	0	0	0	0	2
Avg.Pay	0	0	64,180	0	117,186	0	0	0	0	0	90,683
60 to 64	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
65 & up	0	0	0	0	1	0	0	0	0	0	1
Avg.Pay	0	0	0	0	85,741	0	0	0	0	0	85,741
Total	9	25	21	13	10	2	0	0	0	0	80
Avg.Pay	60,204	58,682	71,898	91,907	100,519	103,469	0	0	0	0	74,071

Inactive Participant Data

Table III-F



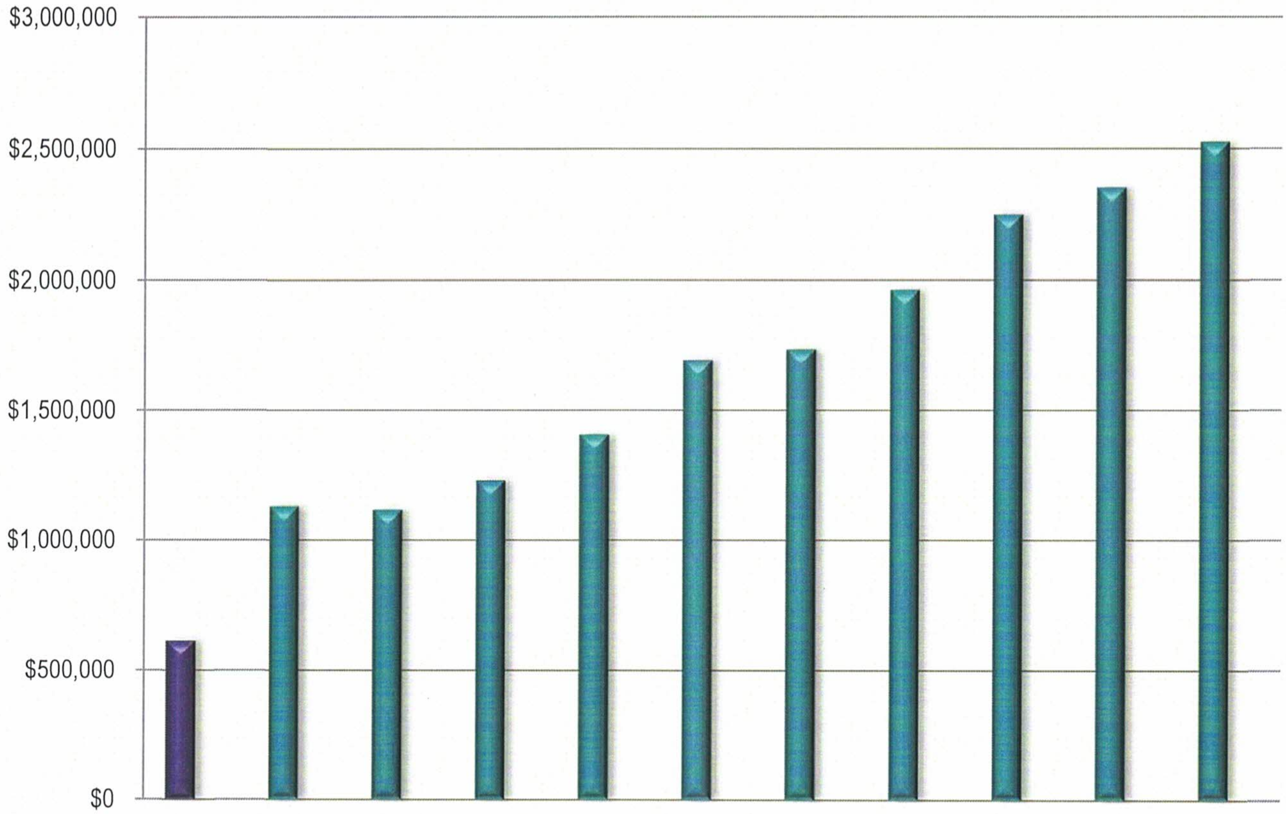
Age at Retirement

- Service Retirements
- Disability Retirements
- DROP Participants

	Average Monthly Benefit
Service Retirements	*$2,260.37*
Disability Retirements	*$1,917.08*
Beneficiaries Receiving	*$1,111.53*
DROP Participants	*$3,858.56*
Deferred Vested Participants	*$1,057.77*
Deferred Beneficiaries	*Not applicable*

Projected Benefit Payments

Table III-G



Actual

For the period October 1, 2022 through September 30, 2023	$614,709

Projected

For the period October 1, 2023 through September 30, 2024	$1,130,052
For the period October 1, 2024 through September 30, 2025	$1,115,996
For the period October 1, 2025 through September 30, 2026	$1,228,669
For the period October 1, 2026 through September 30, 2027	$1,406,199
For the period October 1, 2027 through September 30, 2028	$1,693,786
For the period October 1, 2028 through September 30, 2029	$1,735,846
For the period October 1, 2029 through September 30, 2030	$1,963,744
For the period October 1, 2030 through September 30, 2031	$2,251,188
For the period October 1, 2031 through September 30, 2032	$2,353,482
For the period October 1, 2032 through September 30, 2033	$2,524,151

Summary of Actuarial Methods and Assumptions — Table IV-A

NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under the pension ordinances and State law.

1. **Actuarial Cost Method**

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. **Asset Method**

The actuarial value of assets is equal to the market value of assets, adjusted to reflect a five-year phase-in of the unexpected investment gains and losses that occur after September 30, 2021.

3. **Interest (or Discount) Rate**

7.00% per annum

4. **Salary Increases**

Plan compensation is generally assumed to increase at the rate of 5.50% per annum, unless actual plan compensation is known for a prior plan year. In addition, average final compensation has been increased to account for accumulated sick leave and vacation for terminations prior to October 1, 2031. The percentage increase is equal to 2.00% for terminations prior to October 1, 2027 and 1.00% for terminations during the period October 1, 2027 through September 30, 2031.

5. **Decrements**

- Pre-retirement mortality: Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year

Summary of Actuarial Methods and Assumptions

Table IV-A

(continued)

- Post-retirement mortality: For non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018

- Disability: Age-based rates of disability were assumed, ranging from 0.03% at age 20, 0.04% at age 30, 0.07% at age 40, and 0.18% at age 50; 75% of all disabilities are assumed to be service-related.

- Termination: Age-based rates of termination were assumed, ranging from 5.00% at age 20, 3.80% at age 30, 1.50% at age 40, and 0.00% at age 50.

- Retirement: Retirement is assumed to occur at normal retirement age, except that those individuals who are eligible for early retirement at ages 52 through 54 are assumed to retire at the rate of 20% per year.

6. **Form of Payment**

Future retirees have been assumed to select the 10-year certain and life annuity.

7. **Expenses**

The total projected benefit liability has been loaded by 1.50% to account for anticipated administrative expenses. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.

Changes in Actuarial Methods and Assumptions

Table IV-B

There were no assumption or method changes since the completion of the previous valuation.

The following additional assumption and method changes were made during the past 10 years:

(1) *Effective October 1, 2022, the actuarial value of assets was changed from the unadjusted market value to the market value adjusted to reflect a five-year phase-in of the unexpected investment gains and losses that occur after September 30, 2021.*

(2) *Effective October 1, 2020, the mortality basis was changed from the RP-2000 Blue Collar Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.*

(3) *Effective October 1, 2018, the interest (or discount) rate was decreased from 7.50% per annum to 7.00% per annum.*

(4) *Effective October 1, 2016, the mortality basis was changed from a 2007 projection of the RP-2000 Mortality Table to a full generational projection using Scale BB of the RP-2000 Blue Collar Mortality Table as required by State law.*

Summary of Plan Provisions — Table V-A

1. **Monthly Accrued Benefit**

   2.25% of Average Final Compensation multiplied by Credited Service earned prior to October 1, 2002, plus 3.00% of Average Final Compensation multiplied by Credited Service earned after September 30, 2002

2. **Normal Retirement Age and Benefit**

   - **Age**
     Age 55 with at least 10 years of Credited Service; or
     Any age with at least 20 years of Credited Service
   - **Amount**
     Monthly Accrued Benefit
   - **Form of Payment**
     Actuarially increased single life annuity (optional);
     10-year certain and life annuity (normal form of payment);
     Actuarially reduced 50% joint and contingent annuity (optional);
     Actuarially reduced $66^{2}/_{3}$% joint and contingent annuity (optional);
     Actuarially reduced 75% joint and contingent annuity (optional);
     Actuarially reduced 100% joint and contingent annuity (optional);
     Any other actuarially equivalent form of payment approved by the Board; or
     Actuarially equivalent lump sum distribution (automatic if the single sum value of the participant's benefit is less than or equal to $5,000 or the monthly annuity is less than $100)

     (Note: A participant may change his joint annuitant up to two times after retirement.)

3. **Early Retirement Age and Benefit**

   - **Age**
     Age 50 with at least 10 years of Credited Service
   - **Amount**
     Monthly Accrued Benefit (payable at Normal Retirement Age); or
     Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)
   - **Form of Payment**
     Same as for Normal Retirement

Summary of Plan Provisions

Table V-A

(continued)

4. Service Incurred Disability Eligibility and Benefit

- **Eligibility**
  The participant is eligible if his disability was incurred during the course of his employment with the City.
- **Condition**
  The Board must find that the participant has a physical or mental condition resulting from bodily injury, disease, or a mental disorder which renders him incapable of employment as a police officer.
- **Amount Payable**
  A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-provided disability compensation from exceeding his Average Final Compensation:
  (a) Monthly Accrued Benefit; or
  (b) 42% of Average Final Compensation

5. Non-Service Incurred Disability Eligibility and Benefit

- **Eligibility**
  The participant must have earned at least 10 years of Credited Service if his disability was incurred other than during the course of his employment with the City.
- **Condition**
  Same as for a Service Incurred Disability Benefit
- **Amount Payable**
  A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-provided disability compensation from exceeding his Average Final Compensation:
  (a) Monthly Accrued Benefit; or
  (b) 25% of Average Final Compensation

6. Delayed Retirement Age and Benefit

- **Age**
  After Normal Retirement Age
- **Amount**
  Monthly Accrued Benefit
- **Form of Payment**
  Same as for Normal Retirement

Summary of Plan Provisions

Table V-A

(continued)

7. **Deferred Vested Benefit**

- **Age**
  Any age with at least five years of Credited Service
- **Amount**
  Vested portion of the Monthly Accrued Benefit (payable at Normal Retirement Age); or
  Vested portion of the Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)

  Exception: Those individuals who terminated their service prior to October 1, 1990 may not commence receipt of their Monthly Accrued Benefit prior to age 60.

- **Form of Payment**
  Same as for Normal Retirement

8. **Pre-Retirement Death Benefit**

In the case of the death of a fully or partially vested participant, his beneficiary will receive the vested portion of the participant's Monthly Accrued Benefit payable for 10 years beginning on the participant's early or normal retirement date. In the case of the death of a non-vested participant prior to retirement, his beneficiary will receive the participant's Accumulated Contributions in lieu of any other benefits payable from the plan.

9. **Average Final Compensation**

Average of the highest five years of Compensation out of the last 10 years of employment (or career average, if higher).

10. **Compensation**

Actual compensation for services rendered, including overtime, but excluding bonuses; compensation excludes overtime in excess of 300 hours per year after February 14, 2012 and excludes unused sick and annual leave accrued after February 14, 2012; annual compensation in excess of $200,000 (as indexed) is excluded in accordance with IRC §401(a)(17).

Summary of Plan Provisions

Table V-A

(continued)

11. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death, calculated to the nearest number of whole months, provided that the participant made all required contributions. A participant may purchase up to five years of additional credited service for service with the military or employment as a police officer under the conditions outlined in the plan.

12. Vesting Requirement

Participants with at least five years of Credited Service are 50% vested, with an additional 10% vesting granted for each additional year of Credited Service, to a maximum of 100% vested after 10 years of Credited Service.

13. Participation Requirement

All police officers of the City of Clermont automatically become a participant in the plan on their date of hire.

14. Accumulated Contributions

The Employee Contributions accumulated with interest at the rate of 5.00% per annum; if the participant terminates his employment with less than five years of Credited Service, he receives his Accumulated Contributions in lieu of any other benefits payable from the plan.

15. Participant Contribution

5.00% of earnings (3.00% of earnings prior to October 29, 2018 and 4.00% of earnings during the period October 29, 2018 through September 29, 2019)

16. Definition of Actuarially Equivalent

- **Interest Rate**
  7.00% per annum
- **Mortality Table**
  The unisex mortality table promulgated by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 417(e)(3)

17. Plan Effective Date

October 1, 1979

Summary of Plan Provisions

Table V-A

(continued)

18. Deferred Retirement Option Plan (DROP)

A participant who reaches his Normal Retirement Age is eligible to participate in the DROP for a period of up to 60 months.

Summary of Plan Amendments

Table V-B

No significant plan changes were adopted since the completion of the previous valuation.

The following additional plan amendments were adopted during the past 10 years and were reflected in prior valuation reports:

(1) Effective October 29, 2018, the employee contribution rate was increased from 3.00% of pensionable earnings to 4.00% for the period October 29, 2018 through September 29, 2019 and to 5.00% thereafter. (Ordinance No. 2018-38)

(2) Effective during the 2015/16 plan year, Ordinances 2015-05, 2016-07, and 2016-37 were adopted. These ordinances allow a participant to purchase up to five years of additional credited service for service with the military or employment as a police officer under the conditions specified in the plan; clarify that purchased service is applicable for vesting purposes, as well as benefit accrual credit and eligibility; establish a share plan to receive the accumulated excess Chapter 185 contributions and 50% of the Chapter 185 contributions greater than $211,000 per year; and clarify that a participant may enter the DROP at any time after he has attained his normal retirement age.

(3) Effective October 1, 2014, retirees as of that date were provided with a $2.00 per month benefit increase for each year of service. (Ordinance No. 2014-36)