CITY OF FORT MYERS
GENERAL EMPLOYEES' PENSION PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2025

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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December 12, 2023

Board of Trustees
City of Fort Myers
General Employees' Pension Board

Re: City of Fort Myers General Employees' Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Fort Myers General Employees' Pension Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Fort Myers, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Fort Myers, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the General Employees' Pension Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: Patrick T. Donlan

Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #23-6595

By: Luke Schoenhofen

Luke M. Schoenhofen, FSA, EA, MAAA
Enrolled Actuary #23-8968

PTD/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Fort Myers General Employees' Pension Plan, performed as of October 1, 2023, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2025.

The contribution requirements, compared with those set forth in the October 1, 2022 actuarial valuation report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2023 9/30/2025	10/1/2022 9/30/2024
Minimum Required Contribution		
% of Projected Annual Payroll	30.4%	30.9%
Member Contributions (Est.)		
% of Projected Annual Payroll	2.5%	2.7%
City Required Contribution [1]		
% of Projected Annual Payroll	27.9%	28.2%

[1] Please note that a shortfall contribution of $222,084.28 is due in addition to the above stated requirements for the fiscal year ending September 30, 2024. Please also note that the Member Contribution Rate shown above only reflects the amount that the City can use to offset their funding requirements and does not include the 2.3% of Salaries to help pay down the UAAL.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results set forth in the October 1, 2022 actuarial valuation report. The decrease is mainly attributable to a reduction in the payment required to amortize the unfunded actuarial accrued liability as percent of annual payroll. The decrease was offset in part by net unfavorable plan experience.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 4.38% (Actuarial Asset Basis) which fell short of the 7.25% assumption, an average salary increase of 17.21% which exceeded the 5.24% assumption, and unfavorable turnover experience. There were no significant sources of actuarial gain.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1)	Contribution Determined as of October 1, 2022	28.2%
(2)	Summary of Contribution Impact by component:	
	Change in Normal Cost Rate	-0.4%
	Change in Administrative Expense Percentage	0.0%
	Payroll Change Effect on UAAL Amortization	-2.6%
	Investment Return (Actuarial Asset Basis)	1.6%
	Salary Increases	1.4%
	Active Decrements	0.5%
	Inactive Mortality	-0.1%
	UAAL Amortization Impact from Contribution Policy	-0.8%
	Assumption Change	0.0%
	Other	0.1%
	Total Change in Contribution	-0.3%
(3)	Contribution Determined as of October 1, 2023	27.9%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2023	10/1/2022
A. Participant Data		
Actives	501	488
Service Retirees	572	546
DROP Retirees	38	27
Beneficiaries	62	57
Disability Retirees	4	5
Terminated Vested	482	462
Total	1,659	1,585
Projected Annual Payroll	33,133,958	28,542,605
Annual Rate of Payments to:		
Service Retirees	10,989,751	10,313,792
DROP Retirees	1,589,729	1,161,407
Beneficiaries	1,025,948	907,166
Disability Retirees	50,409	52,923
Terminated Vested	1,574,933	1,769,856
B. Assets		
Actuarial Value (AVA) [1]	173,554,024	169,130,237
Market Value (MVA) [1]	161,791,743	145,113,074
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	66,673,932	66,214,415
Disability Benefits	1,315,468	1,280,442
Death Benefits	347,479	323,035
Vested Benefits	9,784,895	8,572,352
Refund of Contributions	665,224	575,613
Service Retirees	113,478,369	106,760,128
DROP Retirees [1]	20,752,738	15,939,091
Beneficiaries	8,382,273	7,213,647
Disability Retirees	451,420	489,979
Terminated Vested	15,279,174	17,018,589
Total	237,130,972	224,387,291

C. Liabilities - (Continued)	10/1/2023	10/1/2022
Present Value of Future Salaries	193,682,611	160,869,703
Present Value of Future Member Contributions	9,296,765	8,011,311
Normal Cost (Retirement)	2,656,557	2,405,277
Normal Cost (Disability)	85,282	82,906
Normal Cost (Death)	19,947	18,590
Normal Cost (Vesting)	441,908	378,024
Normal Cost (Refunds)	179,976	147,606
Total Normal Cost	3,383,670	3,032,403
Present Value of Future Normal Costs	18,337,227	15,610,184
Accrued Liability (Retirement)	52,005,915	53,714,647
Accrued Liability (Disability)	823,434	829,059
Accrued Liability (Death)	234,306	222,855
Accrued Liability (Vesting)	7,220,609	6,429,581
Accrued Liability (Refunds)	165,507	159,531
Accrued Liability (Inactives) [1]	158,343,974	147,421,434
Total Actuarial Accrued Liability (EAN AL)	218,793,745	208,777,107
Unfunded Actuarial Accrued Liability (UAAL)	45,239,721	39,646,870
Funded Ratio (AVA / EAN AL)	79.3%	81.0%

D. Actuarial Present Value of Accrued Benefits

	10/1/2023	10/1/2022
Vested Accrued Benefits		
Inactives [1]	158,343,974	147,421,434
Actives	27,830,490	31,763,434
Member Contributions	7,950,435	8,089,205
Total	194,124,899	187,274,073
Non-vested Accrued Benefits	4,577,975	4,218,643
Total Present Value Accrued Benefits (PVAB)	198,702,874	191,492,716
Funded Ratio (MVA / PVAB)	81.4%	75.8%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	6,886,385	
Benefits Paid	(13,085,114)	
Interest	13,408,887	
Other	0	
Total	7,210,158	

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024
E. Pension Cost		
Normal Cost (with interest)		
% of Projected Annual Payroll [2]	10.6	11.0
Administrative Expenses (with interest)		
% of Projected Annual Payroll [2]	0.7	0.7
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2023, with interest)		
% of Projected Annual Payroll [2]	19.1	19.2
Minimum Required Contribution		
% of Projected Annual Payroll [2]	30.4	30.9
Expected Member Contributions		
% of Projected Annual Payroll [2] [3]	2.5	2.7
Expected City Contribution		
% of Projected Annual Payroll [2]	27.9	28.2

F. Past Contributions

Plan Years Ending:	9/30/2023
Total Required Contribution	10,293,334
City Requirement	8,663,642
Actual Contributions Made:	
Members (excluding buyback)	1,629,692
City	8,663,642
Total	10,293,334

G. Net Actuarial (Gain)/Loss	9,886,931

[1] The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023 and 9/30/2022.

[2] Contributions developed as of 10/1/2023 are expressed as a percentage of Projected Annual Payroll at 10/1/2023 of $33,133,958.

[3] The Members agreed to increase their contribution rate for each tier by 2.3% of Salary over a 3 year period to help pay down the Unfunded Actuarial Accrued Liability. The above rates represent only the portion of the contributions attributable to offsetting the City's bottom line requirement.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Actuarial Accrued Liability
2023	45,239,721
2024	41,975,045
2025	38,473,679
2028	26,371,538
2032	5,726,701
2035	3,538,830
2038	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2023	17.21%	5.24%
Year Ended	9/30/2022	7.25%	5.20%
Year Ended	9/30/2021	8.41%	5.20%
Year Ended	9/30/2020	8.02%	5.32%
Year Ended	9/30/2019	7.78%	6.07%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2023	13.77%	4.38%	7.25%
Year Ended	9/30/2022	-18.81%	5.02%	7.25%
Year Ended	9/30/2021	22.52%	10.24%	7.25%
Year Ended	9/30/2020	13.27%	10.78%	7.50%
Year Ended	9/30/2019	1.99%	9.47%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2023	$33,133,958
	10/1/2013	21,075,427
(b) Total Increase		57.22%
(c) Number of Years		10.00
(d) Average Annual Rate		4.63%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation 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.

Patrick T. Donlan, ASA, EA, MAAA
Enrolled Actuary #23-6595

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2022	$39,646,870
(2)	Sponsor Normal Cost developed as of October 1, 2022	2,226,916
(3)	Expected administrative expenses for the year ended September 30, 2023	189,157
(4)	Expected interest on (1), (2) and (3)	3,042,706
(5)	Sponsor contributions to the System during the year ended September 30, 2023 [1]	9,415,580
(6)	Expected interest on (5)	337,279
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	35,352,790
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	9,886,931
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2023	45,239,721

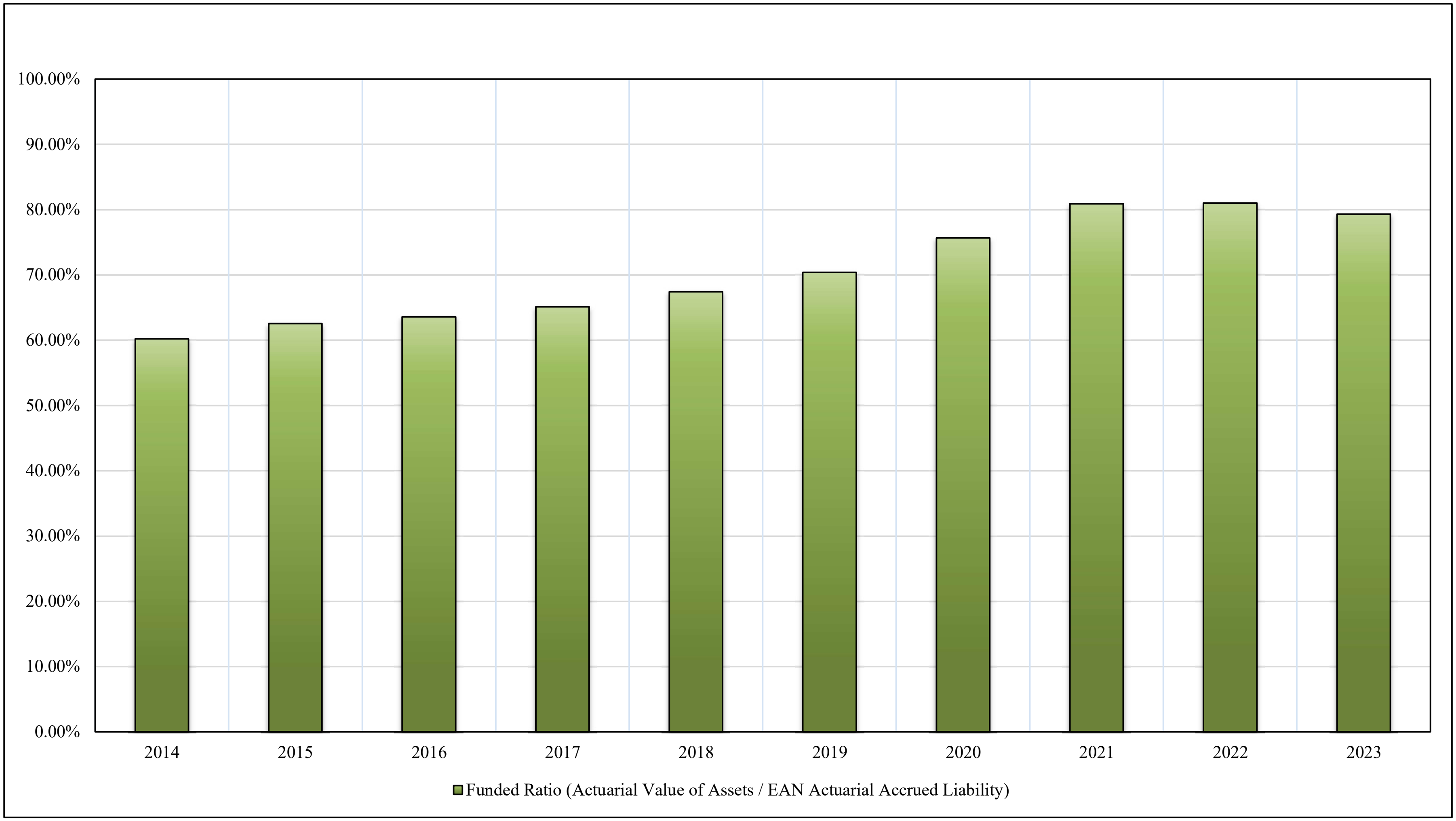
Type of Base	Date Established	Years Remaining	10/1/2023 Amount	Amortization Amount
Consolidated Base	10/1/2017	9	34,345,643	4,967,639
Actuarial Gain	10/1/2018	10	(509,849)	(68,468)
Assump Change	10/1/2018	10	1,434,496	192,640
Actuarial Loss	10/1/2019	11	287,377	36,179
Assump Change	10/1/2019	11	597,092	75,171
Actuarial Gain	10/1/2020	12	(2,807,595)	(333,992)
Asmp/Mthd Change	10/1/2020	12	494,088	58,777
Benefit Change	10/1/2020	12	(10,634)	(1,265)
Actuarial Gain	10/1/2021	13	(3,540,098)	(400,557)
Actuarial Loss	10/1/2022	14	5,062,270	547,835
Actuarial Loss	10/1/2023	15	9,886,931	1,028,192
			45,239,721	6,102,151

[1] Includes addional contribuitons from Members of $751,938.71

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	$39,646,870
(2)	Expected UAAL as of October 1, 2023	35,352,790
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	4,804,638
	Salary Increases	4,170,697
	Active Decrements	1,556,096
	Inactive Mortality	(212,658)
	Other	(431,842)
	Increase in UAAL due to (Gain)/Loss	9,886,931
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2023	$45,239,721

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.

Healthy Retiree Lives:

Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.
Male: PubG.H-2010 for Healthy Retirees, set back one year.

Disabled Lives:

PubG.H-2010 for Disabled Retirees, set forward three years.

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

7.25% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

Credited Service	Increase
0 - 1 Years	10.00%
More than 1Year	5.00%

This assumption is supported by our 8/20/2019 Experience Study.

Payroll Growth	0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.
Administrative Expenses	$217,971 annually, based on the average of actual expenses incurred in the prior two fiscal years.
Amortization Method	New UAAL amortization bases are amortized over 15 years. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.
Retirement Age	30 years of service - 100% Age 62 with 5 years of service - 50% at ages 62, 63 and 64. 100% at age 65. 80-plus points – 50% at 80 and 81 points. 100% at 82 points. This assumption is based on the 8/20/2019 experience study.
Early Retirement	Commencing with the earliest Early Retirement Age (55 with 7 years of service, or age 60 with 5 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5.00% per year. We feel that this assumption is reasonable based on the 8/20/2019 experience study.
Disability Rate	See table of sample rates later in this section. This assumption is based on the 8/20/2019 experience study.
Termination Rate	See table of sample rates later in this section. This assumption is based on the 8/20/2019 experience study.
Funding Method	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: Interest - A half year, based on current 7.25% assumption. Salary - None.

Asset Valuation Method

All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses over a five-year period (as measured by actual market value investment return against expected market value investment return).

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.87% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

% Terminating During the Year		
Age	Rate (0 - 5 Years)	Rate (5+ Years)
20	28.0%	25.0%
25	25.5%	25.0%
30	20.0%	15.0%
35	16.0%	14.0%
40	16.0%	9.0%
45	12.0%	6.0%
50	10.0%	5.0%
55+	8.0%	4.5%

% Becoming Disabled During the Year	
Age	Rate
20	0.03%
25	0.03%
30	0.04%
35	0.05%
40	0.07%
45	0.10%
50	0.18%
55	0.36%
60	0.90%
65	2.20%

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method **-** Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Salary Increases</u>: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- <u>Demographic Assumptions:</u> Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 75.6% on October 1, 2013 to 61.0% on October 1, 2023, indicating that the plan has been maturing during the period.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 72.4%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 58.2% on October 1, 2013 to 79.3% on October 1, 2023.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, stayed approximately the same from October 1, 2013 to October 1, 2023. The current Net Cash Flow Ratio of -1.8% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a "low-default-risk obligation measure" (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 10 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20-Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of $283,791,730. The LDROM should not be considered the "correct" liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan's contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan's Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan's investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2023	10/1/2022	10/1/2018	10/1/2013
Support Ratio				
Total Actives	501	488	472	499
Total Inactives [1]	821	790	750	660
Actives / Inactives [1]	61.0%	61.8%	62.9%	75.6%
Asset Volatility Ratio				
Market Value of Assets (MVA)	161,791,743	145,113,074	127,159,982	83,322,059
Total Annual Payroll	34,787,324	29,832,865	23,449,108	21,075,427
MVA / Total Annual Payroll	465.1%	486.4%	542.3%	395.4%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	158,343,974	147,421,434	118,913,058	84,520,068
Total Accrued Liability (EAN)	218,793,745	208,777,107	177,280,753	136,510,112
Inactive AL / Total AL	72.4%	70.6%	67.1%	61.9%
Funded Ratio				
Actuarial Value of Assets (AVA)	173,554,024	169,130,237	119,543,767	79,486,877
Total Accrued Liability (EAN)	218,793,745	208,777,107	177,280,753	136,510,112
AVA / Total Accrued Liability (EAN)	79.3%	81.0%	67.4%	58.2%
Net Cash Flow Ratio				
Net Cash Flow [2]	(2,923,540)	(2,065,128)	(509,121)	(1,387,738)
Market Value of Assets (MVA)	161,791,743	145,113,074	127,159,982	83,322,059
Ratio	-1.8%	-1.4%	-0.4%	-1.7%

[1] Excludes terminated participants awaiting a refund of member contributions.

[2] Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	6,272,046.30	6,272,046.30
Checking Account	483,833.27	483,833.27
Prepaid Benefits	856,198.72	856,198.72
Prepaid Expenses	1,477.00	1,477.00
Cash	197,807.52	197,807.52
Total Cash and Equivalents	7,811,362.81	7,811,362.81
Receivables:		
Additional City Contributions	222,084.28	222,084.28
Prior Year Member Contributions	5,050.62	5,050.62
From Broker for Investments Sold	894,129.65	894,129.65
Investment Income	194,562.09	194,562.09
Total Receivable	1,315,826.64	1,315,826.64
Investments:		
U. S. Bonds and Bills	3,974,103.89	3,922,130.30
Federal Agency Guaranteed Securities	16,380,464.85	14,015,860.33
Corporate Bonds	12,565,152.66	11,342,047.55
Municipal Obligations	1,772,487.13	1,523,800.22
Stocks	39,335,150.91	56,235,780.56
Mutual Funds:		
Fixed Income	18,028,949.88	15,797,591.31
Equity	11,255,478.96	11,534,727.34
Pooled/Common/Commingled Funds:		
Equity	17,331,790.74	20,996,519.75
Real Estate	13,178,358.83	18,161,310.66
Total Investments	133,821,937.85	153,529,768.02
Total Assets	142,949,127.30	162,656,957.47
LIABILITIES		
Payables:		
Benefit Payments	18,451.74	18,451.74
PLOP Distributions	123,800.32	123,800.32
Investment Expenses	136,074.19	136,074.19
Administrative Expenses	2,554.10	2,554.10
To Broker for Investments Purchased	583,817.03	583,817.03
Prepaid Member Contribution	517.58	517.58
Total Liabilities	865,214.96	865,214.96
NET POSITION RESTRICTED FOR PENSIONS	142,083,912.34	161,791,742.51

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

<u>ADDITIONS</u>			
Contributions:			
Member		1,629,691.96	
Buy-Back		97,622.28	
City		8,663,641.67	
Total Contributions			10,390,955.91
Investment Income:			
Net Realized Gain (Loss)	332,107.16		
Unrealized Gain (Loss)	16,142,988.17		
Net Increase in Fair Value of Investments		16,475,095.33	
Interest & Dividends		3,651,805.02	
Less Investment Expense[1]		(524,690.70)	
Net Investment Income			19,602,209.65
Total Additions			29,993,165.56
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		11,433,154.46	
Lump Sum DROP Distributions		990,927.65	
Lump Sum PLOP Distributions		533,705.89	
Refunds of Member Contributions		127,326.24	
Total Distributions			13,085,114.24
Administrative Expense			229,382.37
Total Deductions			13,314,496.61
Net Increase in Net Position			16,678,668.95
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			145,113,073.56
End of the Year			161,791,742.51

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2023

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Gains/Losses Not Yet Recognized

Plan Year Ending	Gain/(Loss)	Amounts Not Yet Recognized by Valuation Year 2023	2024	2025	2026	2027
09/30/2021	22,052,006	8,820,803	4,410,402	0	0	0
09/30/2022	(46,560,459)	(27,936,275)	(18,624,183)	(9,312,091)	0	0
09/30/2023	9,191,489	7,353,191	5,514,893	3,676,595	1,838,297	0
Total		(11,762,281)	(8,698,888)	(5,635,496)	1,838,297	0

Development of Investment Gain/Loss

Market Value of Assets, including Prepaid Contributions, 09/30/2022	145,224,351
Contributions Less Benefit Payments & Admin Expenses	(3,256,385)
Expected Investment Earnings*	10,410,721
Actual Net Investment Earnings	19,602,210
2023 Actuarial Investment Gain/(Loss)	9,191,489

*Expected Investment Earnings = 0.0725 * (145,224,351 - 0.5 * 3,256,385)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2023	161,791,743
(2) Gains/(Losses) Not Yet Recognized	(11,762,281)
(3) Actuarial Value of Assets, 09/30/2023, (1) - (2)	173,554,024
(4) Limited Actuarial Value of Assets, 09/30/2023	173,554,024
(A) 09/30/2022 Actuarial Assets, including Prepaid Contributions:	169,241,514
(I) Net Investment Income:	
1. Interest and Dividends	3,651,805
2. Realized Gain (Loss)	332,107
3. Unrealized Gain (Loss)	16,142,988
4. Change in Actuarial Value	(12,254,882)
5. Investment Expenses	(524,691)
Total	7,347,328
(B) 09/30/2023 Actuarial Assets, less Shortfall Contributions:	173,332,457
Actuarial Assets Rate of Return = 2I/(A+B-I):	4.38%
Market Value of Assets Rate of Return:	13.77%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(4,804,638)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2023
Actuarial Asset Basis

REVENUES		
Contributions:		
Member	1,629,691.96	
Buy-Back	97,622.28	
City	8,663,641.67	
Total Contributions		10,390,955.91
Earnings from Investments:		
Interest & Dividends	3,651,805.02	
Net Realized Gain (Loss)	332,107.16	
Unrealized Gain (Loss)	16,142,988.17	
Change in Actuarial Value	(12,254,882.00)	
Total Earnings and Investment Gains		7,872,018.35
EXPENDITURES		
Distributions to Members:		
Benefit Payments	11,433,154.46	
Lump Sum DROP Distributions	990,927.65	
Lump Sum PLOP Distributions	533,705.89	
Refunds of Member Contributions	127,326.24	
Total Distributions		13,085,114.24
Expenses:		
Investment related[1]	524,690.70	
Administrative	229,382.37	
Total Expenses		754,073.07
Change in Net Assets for the Year		4,423,786.95
Net Assets Beginning of the Year		169,130,236.56
Net Assets End of the Year[2]		173,554,023.51

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2022 to September 30, 2023

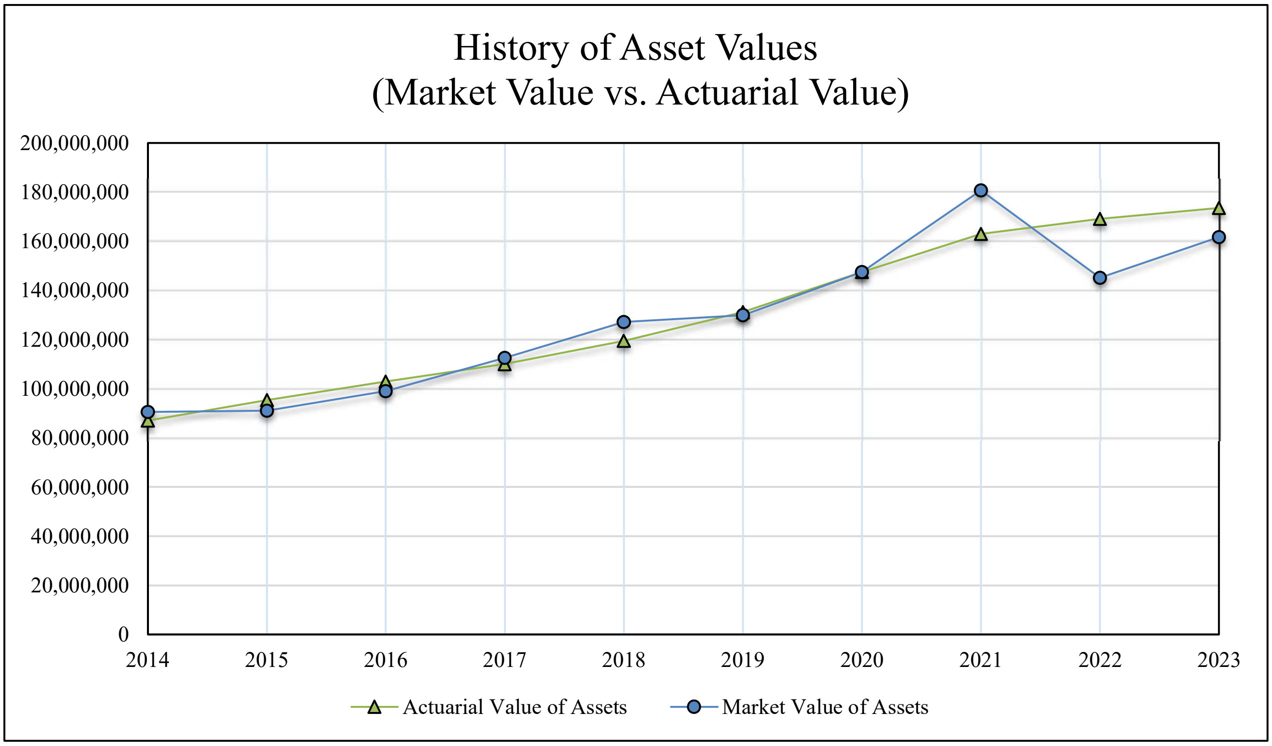
Beginning of the Year Balance	2,393,480.39
Plus Additions	1,288,320.56
Investment Return Earned	81,267.21
Less Distributions	(990,927.65)
End of the Year Balance	2,772,140.51

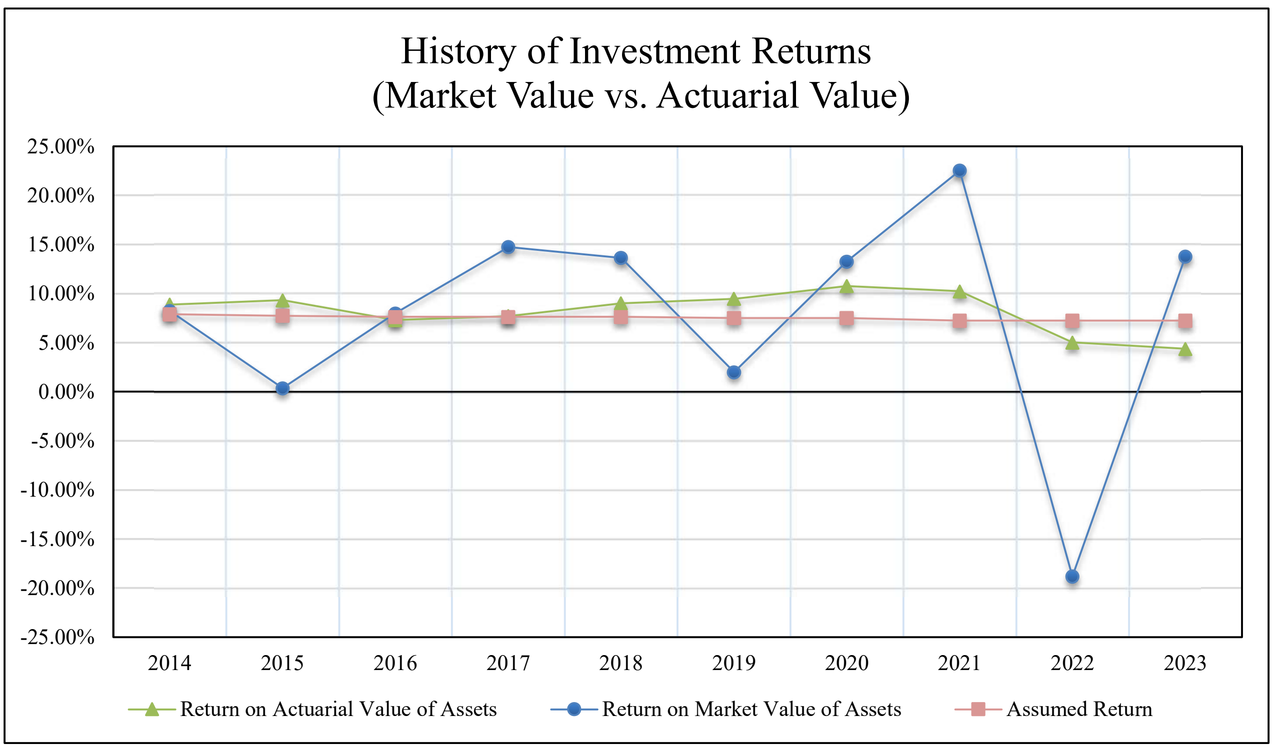
Note: Election option assumption for several DROP participants is the Normal Form.
Note: Election option updated and investment earnings included from 2022 for one new DROP participant.
Note: Election option updated and investment earnings included from 2021 for one new DROP participant.

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2023

(1)	City Required Contribution Rate	26.5%
(2)	Pensionable Payroll	$32,692,987.44
(3)	City Required Contribution (1) x (2)	8,663,641.67
(4)	Less 2022 Prepaid Contribution	(110,759.63)
(5)	Less Actual City Contributions	(8,330,797.76)
(6)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2023	$222,084.28

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2023	10/1/2022	10/1/2021	10/1/2020
Actives				
Number	501	488	528	513
Average Current Age	46.9	47.9	47.2	47.5
Average Age at Employment	40.0	40.2	39.8	39.7
Average Past Service	6.9	7.7	7.4	7.8
Average Annual Salary	$69,436	$61,133	$57,223	$55,258
Service Retirees				
Number	572	546	531	510
Average Current Age	70.7	70.7	70.3	70.3
Average Annual Benefit	$19,213	$18,890	$18,270	$17,989
DROP Retirees				
Number	38	27	30	30
Average Current Age	62.1	61.3	60.1	61.3
Average Annual Benefit	$41,835	$43,015	$42,036	$30,916
Beneficiaries				
Number	62	57	53	50
Average Current Age	68.2	69.1	68.8	68.1
Average Annual Benefit	$16,548	$15,915	$15,779	$13,811
Disability Retirees				
Number	4	5	7	7
Average Current Age	68.0	68.7	65.1	64.1
Average Annual Benefit	$12,602	$10,585	$12,115	$12,115
Terminated Vested				
Number	482	462	383	366
Average Current Age [1]	56.6	56.8	56.6	56.1
Average Annual Benefit [1]	$10,862	$11,418	$11,215	$11,066

[1] The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24	14	6		1	1							22
25 - 29	12	4	3	4	1	4						28
30 - 34	14	5	3	8	10	8	1					49
35 - 39	8	5	2	2	4	17	5		1			44
40 - 44	8	7	7	3	3	16	6	7	4			61
45 - 49	8	2	5	1	5	18	4	12	3	3		61
50 - 54	8	3	2	5	5	16	6	13	4	2		64
55 - 59	10	8	10	7	8	21	7	16	4	2		93
60 - 64	8	8	2	8	3	12	3	12	1	1		58
65+	2	1	1		2	9	3	1	1		1	21
Total	92	49	35	39	42	121	35	61	18	8	1	501

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	488
b. Terminations	
i. Vested (partial or full) with deferred annuity	(8)
ii. Vested in refund of member contributions only	(27)
iii. Refund of member contributions or full lump sum distribution	(10)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(17)
f. DROP	(21)
g. Continuing participants	405
h. New entrants / Rehires	96
i. Total active life participants in valuation	501

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	546	27	57	5	155	307	1,097
Retired	45	(10)			(18)		17
DROP		21					21
Vested (Deferred Annuity)					8		8
Vested (Due Refund)						27	27
Hired/Terminated in Same Year						14	14
Death, With Survivor	(6)		7				1
Death, No Survivor	(13)			(1)			(14)
Disabled							0
Refund of Contributions					(1)	(8)	(9)
Rehires						(3)	(3)
Expired Annuities	(1)		(2)				(3)
Data Corrections	1				1		2
b. Number current valuation	572	38	62	4	145	337	1,158

SUMMARY OF CURRENT PLAN
(Through Ordinance No. 3856)

Effective Date	January 1, 1970.
Latest Amendment	January 22, 2019.
Eligibility	Regular full-time employees (at least 35 hours per week and 12 months per year, and excluding sworn police officers, firefighters, and those receiving City pensions or retainers) enter on the first of the month coincident with or next following their date of employment. Certain positions are allowed to opt out of the plan.
Salary	Total Compensation for Members represented by the Police Benevolent Association, otherwise base pay including the first 300 hours of overtime and only including lump sum accrued sick and vacation time accrued as of September 17, 2012.
Average Final Compensation	Average of the 5 highest years of Salary during the final 10 years of service.
Credited Service	Years and fractional parts of years of service as a General Employee with Member Contributions, when required.

Normal Retirement

Date	First of month coincident with or next following the earlier of: (1) the attainment of age 62 and the completion of 5 years of Credited Service, (2) the age when Credited Service plus age equals 80, or (3) 30 years of Credited Service, regardless of age.
Benefit Amount	2.10% of Average Final Compensation times Credited Service prior to 4/2/1998 plus 3.00% of Average Final Compensation times Credited Service after 4/2/1998 through 9/17/2012 plus Rate A or B for service after 9/17/2012. Rate A is 1.80% and Rate B is 3.00%.
Form of Benefit	Life Annuity (options available).

Early Retirement

Date	Earlier of the attainment of age 55 and completion of 7 years of Credited Service, or age 60 and 5 years of Credited Service.
Benefit	Determined as for Normal Retirement and reduced by 4.00% for each year prior to Normal Retirement.
Form of Benefit	Life Annuity (options available).

Supplemental Benefit: $200 per month (Tier 2 and Tier 4 members), payable for the retiree's lifetime only (not subject to cost of living adjustments). Members must make additional contributions for a minimum of three years for this benefit.

Disability Benefit

Eligibility	Total and permanent (as determined by the Board). Member must have at least 5 years of Credited Service to be eligible.
Benefit	Determined as for Normal Retirement based on total service and Average Final Compensation as of the date of disability.

Death Benefit

Pre-Retirement	Vested benefits paid for 10 years at Member's Normal (unreduced) or Early (reduced) Retirement Date. Beneficiaries of non-vested members receive return of Accumulated Contributions.
Post-Retirement	According to optional form of benefit selected.

Termination of Employment

Vesting Schedule

Years of Service	Vested %
Less than 7	0%
7 or more	100%

Benefit

Vested	Accrued benefit payable at retirement age.
Non-Vested	Return of Accumulated Contributions.

Cost of Living Adjustment

Annual 2.50% increase (Tier 3 and Tier 4 members) with at least three years of increased member contributions. The COLA is payable to Normal and Early Retirees, in addition to Disability Retirees, Vested Terminated members, and Joint Pensioners and Beneficiaries. The supplemental benefit, described above, is not adjusted for the COLA.

Contributions

Members

The following rates by group/Tier are applied to Salary during the given time period.

Rate A (1.8%):

	Rate Effective 6/10/2021
Tier 1	3.0% [1]
Tier 2	4.5% [1]
Tier 3	6.8% [1]
Tier 4	8.3% [1]

Rate B (3.0%):

	Rate Effective 6/10/2021
Tier 1	6.8% [1]
Tier 2	8.3% [1]
Tier 3	10.7% [1]
Tier 4	12.2% [1]

[1] Please note that the rates shown reflect the total Member Contribution Rate for each Tier going forward. 2.3% of Salary of this total Member Contribution Rate was negotiated to be used to pay down the Unfunded Actuarial Accrued Liability (UAAL) and not to be used to reduce the City's bottom line funding requirement. For example, for Tier 1A Members, 0.7% of Salary can be used to offset the City's bottom line funding requirement and 2.3% of Salary will be used to pay down the UAAL. Please also note that new Members hired after September 17, 2012 are not allowed to choose Rate B for the higher benefit accrual rate.

City

Balance required to fund the Normal Cost and amortize the Unfunded Actuarial Accrued Liability over not more than 30 years.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	At Member's election: (1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (2) 3.00% per annum compounded monthly. Members may elect to change form of return one time.
Form of Distribution	Cash lump sum (options available) at termination of employment.