

# MIAMI SPRINGS POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

ANNUAL ACTUARIAL VALUATION AS OF OCTOBER 1, 2020

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2022







May 3, 2021

Board of Trustees  
City of Miami Springs Police  
and Firefighters' Retirement System  
Miami Springs, Florida

Dear Board Members:

The results of the October 1, 2020 Annual Actuarial Valuation of the City of Miami Springs Police and Firefighters' Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2022, and to report the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67 for the fiscal year ending September 30, 2020. This report also includes estimated GASB Statement No. 67 information for the fiscal year ending September 30, 2021. This report should not be relied on for any purpose other than the purpose described herein. Determinations of financial results associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report includes risk metrics in Section A, but does not include a robust assessment of the risks of future experience not meeting the actuarial assumptions. A robust assessment of risks was outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data or other information through September 30, 2020. The valuation was based upon information furnished by the City and the Plan Administrator concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the City and the Plan Administrator.

This report was prepared using certain assumptions approved by the Board and prescribed by the Florida Statutes as described in the section of this report entitled "Actuarial Assumptions and Cost Method". The prescribed assumptions are the assumed mortality rates detailed in the Actuarial

Assumptions and Cost Method section in accordance with Florida Statutes Chapter 112.63. All actuarial assumptions used in this report are reasonable for purposes of this valuation.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Miami Springs Police and Firefighters' Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

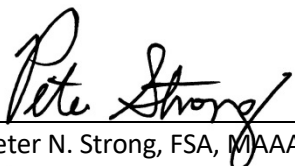
Peter N. Strong and Nicolas Lahaye are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.


This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the system and/or paid from the system'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 system costs or required contribution rates have been taken into account in the valuation.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

By   
Peter N. Strong, FSA, MAAA, FCA  
Enrolled Actuary No. 20-6975

By   
Nicolas Lahaye, FSA, MAAA, FCA  
Enrolled Actuary No. 20-7775



# TABLE OF CONTENTS

Section	Title	Page
<b>A</b>	Discussion of Valuation Results	1
	Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution	4
	State Contribution Reserve	6
<b>B</b>	Valuation Results	
	1. Participant Data	7
	2. Actuarially Determined Contribution (ADC)	8
	3. Adjustment to Employer and Member Contributions	9
	4. Actuarial Value of Benefits and Assets	10
	5. Calculation of Employer Normal Cost	11
	6. Liquidation of the Unfunded Actuarial Accrued Liability	12
	7. Actuarial Gains and Losses	13
	8. History of Valuation Results	19
	9. History of Required and Actual Contributions	20
	10. Actuarial Assumptions and Cost Method	22
11. Glossary of Terms	28	
<b>C</b>	Pension Fund Information	
	1. Statement of Plan Assets at Market Value	31
	2. Reconciliation of Plan Assets	32
	3. Development of Actuarial Value of Assets	33
	4. Reconciliation of DROP Accounts	34
5. Investment Rate of Return	35	
<b>D</b>	Financial Accounting Information	
	1. FASB No. 35	36
	2. GASB No. 67	37
<b>E</b>	Miscellaneous Information	
	1. Reconciliation of Membership Data	43
	2. Active Member Distribution	44
	3. Inactive Member Distribution	45
<b>F</b>	Summary of Plan Provisions	46





## SECTION A

---

### DISCUSSION OF VALUATION RESULTS

# DISCUSSION OF VALUATION RESULTS

## Comparison of Required Employer Contributions

The required employer contribution developed in this year's valuation is compared below to last year's results.

	For FYE 9/30/2022	For FYE 9/30/2021*	Increase (Decrease)
Total Required Contribution	\$ 486,118	\$ 597,763	\$ (111,645)
As % of Covered Payroll	16.18 %	22.29 %	(6.11) %
Credit for State Revenue	\$ 123,217	\$ 133,219	\$ (10,002)
As % of Covered Payroll	4.10 %	4.97 %	(0.87) %
Required Employer Contribution	\$ 362,901	\$ 464,544	\$ (101,643)
As % of Covered Payroll	12.08 %	17.32 %	(5.24) %
As % of Total Payroll including DROP participants	10.65 %	15.10 %	(4.45) %
Member Contribution Rate	8.4 %	9.5 %	(1.1) %

\*Based on results from October 14, 2020 Actuarial Impact Statement.

This valuation reflects Ordinance No. 1119-2020 and our Actuarial Impact Statement dated October 14, 2020 which sets the maximum member contribution rate at 9.5% for the fiscal years ending September 30, 2021 through 2023. The reduction in the member contribution rate is funded by Chapter 185 premium tax revenue and, if necessary, additional City contributions.

The required employer contribution for the fiscal year ending September 30, 2022 has been calculated assuming it will be made in full on October 1, 2021.

The actual amount of State money used and the City contributions deposited for the fiscal year ending September 30, 2020 were \$126,870 and \$505,798, respectively, for a total contribution of \$632,668. The minimum required contribution reflecting actual payment timing was \$632,668.

## Revision in Benefits

Under Ordinance No. 1119-2020, for the fiscal years ending September 30, 2021 through 2023, the member contribution rate was reduced to a maximum of 9.5%. The impact of this change was measured in the October 14, 2020 Actuarial Impact Statement. The prior year results in this valuation report (as of October 1, 2019) reflect this change.





## Revisions in Actuarial Assumptions or Methods

There was a change made to the mortality assumption in this actuarial valuation report. Florida Statutes Chapter 112.63(1)(f) mandates the use of the same mortality tables used by the Florida Retirement System (FRS) in either of its two most recently published actuarial valuation reports. The FRS updated its mortality tables in its July 1, 2019 actuarial valuation report after conducting a statewide experience study. The mortality tables and improvement scales have been updated in this year's actuarial valuation report to reflect the mortality assumptions that were used in the July 1, 2019 FRS actuarial valuation for Special Risk Class members. Please see the Actuarial Assumptions and Cost Method section for more details.

The change in the actuarial assumptions decreases the required employer contribution (State/City combined) by \$85,432, or 2.84% of payroll (2.74% of payroll reflecting beginning of year payment timing).

## Actuarial Experience

There was a net actuarial gain of \$601,997 for the year which means that actual experience was more favorable than expected. The gain is primarily due to a recognized investment return above the assumed rate of 7.0%. The investment return was 10.0% based on the actuarial value of assets (and 11.2% based on the market value of assets). Demographic experience resulted in losses which partially offset the investment gains. Demographic losses occurred primarily due to fewer than expected employment terminations and mortality experience (there were no deaths reported during the year). The net actuarial gain caused the required City contribution to decrease by 1.89% of covered payroll.

## Funded Ratio

The funded ratio, one measure of the Plan's financial health, is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability. The funded ratio is 99.3% this year compared to 94.1% last year. The funded ratio would have been 96.6% this year prior to assumption change.

## Analysis of Change in Required Contributions

The components of change in the required City contribution are as follows:

City Contribution rate last year	17.32 %
Revision in assumptions and methods	(2.74)
Amortization of UAAL	(1.31)
Normal Cost Rate	(0.80)
Experience (gain) loss	(1.89)
Change in administrative expense	(0.47)
Change in State revenue needed to reduce employee contribution rate to 9.5%	<u>1.97</u>
City Contribution rate this year	12.08



## **Variability of Future Contribution Rates**

The Actuarial Cost Method used to determine the contribution rate is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Market Value of Assets exceeds the Actuarial Value of Assets by \$1,810,588 as of the valuation date (see Section C). This difference will be recognized over the next four years. In turn, the computed City contribution rate is expected to decrease by approximately 1.1% of covered payroll (after reflecting cost sharing) over the same period in the absence of offsetting losses.

## **Relationship to Market Value**

If we were not using an asset smoothing method, the funded ratio would have been 104.8%, the City contribution rate (reflecting beginning-of-year payment timing and no use of State money) would have been 11.01%. The market value-based funded ratio was 98.0% last year.

## **Conclusion**

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

## **RISKS ASSOCIATED WITH THE MEASURING THE ACCRUED LIABILITY AND ACTUARIALLY DETERMINED CONTRIBUTION**

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns;
2. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
3. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
4. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
5. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The computed contribution rate shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.



## Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	2020	2019
Ratio of the market value of assets to total payroll	11.6	12.2
Ratio of actuarial accrued liability to payroll	11.1	12.4
Ratio of actives to retirees and beneficiaries	0.8	0.7
Ratio of net cash flow to market value of assets (Net of DROP)	-4.0%	-3.7%
Duration of the actuarial accrued liability	10.7	11.1

### Ratio of Market Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

### Ratio of Actuarial Accrued Liability to Payroll

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

### Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

### Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

### Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.



## STATE CONTRIBUTION RESERVE

As of the valuation date, some minimum benefits under Chapter 99-1, Laws of Florida, are not in place. The minimum duty disability benefit should be equal to the accrued pension, a minimum non-duty death benefit payable after 10 years of service should be added, and the normal form of benefit should be changed to 10 years certain and life annuity to meet the minimum required benefits.

For the fiscal years ending September 30, 2021 through September 30, 2023, the City and the Police Officers Union have reached mutual consent with regard to the use of State Chapter Money. All accumulated excess and annual Chapter 185 premium tax monies shall be used to fund the reduction in the employee contribution rate to no more than 9.5% for fiscal years ending September 30, 2021 through September 30, 2023.

<b>Actuarial Confirmation of the Use of State Chapter Money</b>	
1. Accumulated Excess at Beginning of Previous Year	11,369
2. Amount Received for Previous Plan Year	124,360
3. Amount Used in Previous Plan Year	126,870
4. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (1) + (2) - (3)	8,859
5. Expected Amount to be Received This Plan Year:	124,360

The Accumulated Excess shown in line 4 is being held in reserve to fund the reduction in the employee cost sharing contribution. The reserve is subtracted from Plan assets (see Section C of this Report).

## **SECTION B**

---

### **VALUATION RESULTS**

<b>PARTICIPANT DATA</b>		
	October 1, 2020	October 1, 2019*
<b>ACTIVE MEMBERS</b>		
Number	39	35
Covered Annual Payroll	\$ 3,005,283	\$ 2,681,641
Average Annual Payroll	\$ 77,059	\$ 76,618
Average Age	35.8	36.7
Average Past Service	7.6	8.1
Average Age at Hire	28.2	28.6
<b>RETIREES, BENEFICIARIES &amp; DROP</b>		
Number	50	48
Annual Benefits	\$ 2,275,592	\$ 2,169,217
Average Annual Benefit	\$ 45,512	\$ 45,192
Average Age	67.5	67.0
<b>DISABILITY RETIREES</b>		
Number	0	0
Annual Benefits	\$ 0	\$ 0
Average Annual Benefit	\$ 0	\$ 0
Average Age	0.0	0.0
<b>TERMINATED VESTED MEMBERS</b>		
Number	3	4
Annual Benefits	\$ 75,634	\$ 94,858
Average Annual Benefit	\$ 25,211	\$ 23,715
Average Age	50.5	52.3

\* From October 14, 2020 Actuarial Impact Statement.



**ACTUARIALLY DETERMINED (REQUIRED) CONTRIBUTION (ADC)**

	October 1, 2020 <i>After Changes</i>	October 1, 2020 <i>Before Changes</i>	October 1, 2019*
A. Valuation Date			
B. ADC to Be Paid During Fiscal Year Ending	9/30/2022	9/30/2022	9/30/2021
C. Assumed Date of Employer Contributions	Evenly	Evenly	Evenly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 59,056	\$ 130,556	\$ 196,211
E. Employer Normal Cost	374,721	380,352	371,115
F. Employer ADC if Paid on the Valuation Date: D+E	433,777	510,908	567,326
G. Employer ADC Adjusted for Frequency of Payments	480,460	565,892	628,382
H. Employer ADC as % of Covered Payroll	15.99 %	18.83 %	23.43 %
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %	0.00 %
J. Covered Payroll for Contribution Year	3,005,283	3,005,283	2,681,641
K. Employer ADC for Contribution Year: H x J *	480,460	565,892	628,382
L. Employer ADC as % of Covered Payroll in Contribution Year: K ÷ J *	15.99 %	18.83 %	23.43 %

\* From October 14, 2020 Actuarial Impact Statement.

\*\* See Adjustment page for final results.





<b>ADJUSTMENT TO EMPLOYER AND MEMBER CONTRIBUTIONS</b>			
	<b>As of October 1</b>		
	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<i>After Changes</i>	<i>Before Changes</i>	
	<b>For FYE 9/30/2022</b>	<b>For FYE 9/30/2022</b>	<b>For FYE 9/30/2021*</b>
1. Covered Annual Payroll for All Members	\$ 3,005,283	\$ 3,005,283	\$ 2,681,641
2. Employer Cost Before Adjustment as % of Covered Payroll	15.99 %	18.83 %	23.43 %
3. Combined Employer/Employee Cost	24.99 %	27.83 %	32.43 %
4. Excess of (3) over 18%, or Excess of 14% over (3)** [rounded to 0.1%]	7.0 %	9.8 %	14.4 %
5. One-Half of (4)	3.5 %	4.9 %	7.2 %
6. Employer Contribution Rate: 5% - (5); 9% + (5); or (2) (not less than 0%)	12.5 %	13.9 %	16.2 %
7. Employer Contribution Amount: (6) x (1)	\$ 375,660	\$ 417,734	\$ 434,426
8. Member Contribution Rate for Next Year: 9% - (5) (not less than 0.5%); or 9% + (5) if (3) is greater than 18%	12.5 %	13.9 %	16.2 %
9. Reduction in Member Contribution Rate From the Use of State Contribution Funds and Additional City Contributions (if necessary)	4.1 %	4.4 %	6.7 %
10. Revised Member Contribution Rate for Next Year: (8) - (9)	8.4 %	9.5 %	9.5 %
11. Estimated Amount of State Contribution Funds Utilized	\$ 123,217 ***	\$ 124,360 ***	\$ 133,219 ***
12. Amount of Additional City Contribution	0	7,872	\$ 46,451
13. Total Employer Contribution: (7) + (12) As % of Covered Payroll	\$ 375,660 12.50 %	\$ 425,606 14.16 %	\$ 480,877 17.93 %
<b>If the City Makes its Contribution on October 1st:</b>			
14. <b>Employee Contribution Rate for All Members</b>	8.4 % ##	9.5 % ##	9.5 % ##
15. <b>Total Employer Contribution</b>	\$ 362,901	\$ 411,150	\$ 464,544
16. <b>As % of Covered Payroll</b>	12.08 %	13.68 %	17.32 %

\* From October 14, 2020 Actuarial Impact Statement.

\*\* If (3) is between 14% and 18%, the Union Member Contribution Rate remains at 9%.

\*\*\* Assumes annual Chapter 185 revenue received from the State will be no less than \$124,360. If State revenue falls below this amount, the City will have to make up the difference.

## For the fiscal years ending September 30, 2021 through September 30, 2023, the employee contribution rate is capped at 9.5% of covered pay.



<b>ACTUARIAL VALUE OF BENEFITS AND ASSETS</b>			
A. Valuation Date	October 1, 2020 <i>After Changes</i>	October 1, 2020 <i>Before Changes</i>	October 1, 2019*
<b>B. Actuarial Present Value of All Projected Benefits for</b>			
1. Active Members			
a. Service Retirement Benefits	\$ 10,554,462	\$ 10,656,133	\$ 10,308,368
b. Vesting Benefits	1,123,861	1,128,353	977,478
c. Disability Benefits	131,878	129,065	113,577
d. Preretirement Death Benefits	110,875	141,783	126,181
e. Return of Member Contributions	54,948	57,839	55,711
f. Total	<u>11,976,024</u>	<u>12,113,173</u>	<u>11,581,315</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	25,239,965	26,084,058	24,933,284
b. Disability Retirees	-	-	-
c. Terminated Vested Members	816,798	823,985	1,008,802
d. Total	<u>26,056,763</u>	<u>26,908,043</u>	<u>25,942,086</u>
3. Total for All Members	38,032,787	39,021,216	37,523,401
C. Actuarial Accrued (Past Service) Liability	33,268,640	34,217,989	33,324,755
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	32,013,278	32,942,923	32,192,919
E. Plan Assets			
1. Market Value	34,855,512	34,855,512	32,652,633
2. Actuarial Value	33,044,924	33,044,924	31,365,382
F. Unfunded Actuarial Accrued Liability: C - E2	223,716	1,173,065	1,959,373
G. Actuarial Present Value of Projected Covered Payroll	27,688,535	27,669,698	23,279,993
H. Actuarial Present Value of Projected Member Contributions	2,491,968	2,490,273	2,095,200
I. Accumulated Contributions of Active Members	3,006,745	3,006,745	2,863,538

\* From October 14, 2020 Actuarial Impact Statement.



**CALCULATION OF EMPLOYER NORMAL COST**

A. Valuation Date	October 1, 2020 <i>After Changes</i>	October 1, 2020 <i>Before Changes</i>	October 1, 2019*
B. Normal Cost for			
1. Service Retirement Benefits	\$ 445,600	\$ 449,231	\$ 418,103
2. Vesting Benefits	88,939	89,217	82,166
3. Disability Benefits	10,481	10,236	9,090
4. Preretirement Death Benefits	9,811	11,606	10,575
5. Return of Member Contributions	<u>9,696</u>	<u>9,868</u>	<u>8,859</u>
6. Total for Future Benefits	564,527	570,158	528,793
7. Assumed Amount for Administrative Expenses	<u>80,669</u>	<u>80,669</u>	<u>83,670</u>
8. Total Normal Cost	645,196	650,827	612,463
C. Expected Member Contribution (9.00%)	270,475	270,475	241,348
D. Employer Normal Cost: B8-C	374,721	380,352	371,115
E. Employer Normal Cost as % of Covered Payroll	12.47 %	12.66 %	13.84 %

\* From October 14, 2020 Actuarial Impact Statement.



## LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

UAAL Amortization Period and Payments						
Original UAAL				Current UAAL		
Date Established	Source	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/09	Initial Unfunded	30	\$ 126,169	19	\$ 337,050	\$ 30,477
10/1/10	(Gain)/Loss	20	137,668	10	91,198	12,135
10/1/10	Assumption Change	30	435,269	20	392,729	34,646
10/1/11	(Gain)/Loss	20	1,999,999	11	1,072,845	133,711
10/1/11	Assumption Change	30	467,798	21	335,458	28,934
10/1/12	(Gain)/Loss	20	650,071	12	355,513	41,832
10/1/12	Assumption Change	30	247,309	22	173,632	14,670
10/1/13	(Gain)/Loss	20	459,569	13	267,237	29,883
10/1/13	Assumption Change	30	487,877	23	349,595	28,985
10/1/13	Plan Change	30	(518,873)	23	(371,805)	(30,826)
10/1/14	(Gain)/Loss	20	(280,317)	14	(172,933)	(18,480)
10/1/15	(Gain)/Loss	20	(222,509)	15	(147,058)	(15,090)
10/1/16	(Gain)/Loss	20	(886,593)	16	(629,764)	(62,304)
10/1/16	Assumption Change	30	8,960	26	7,090	560
10/1/17	(Gain)/Loss	20	(637,181)	17	(497,706)	(47,643)
10/1/17	Assumption Change	30	1,432,345	27	1,207,839	94,173
10/1/18	(Gain)/Loss	20	(944,691)	18	(784,723)	(72,908)
10/1/19	(Gain)/Loss	20	(228,139)	19	(211,135)	(19,092)
10/1/20	(Gain)/Loss	20	(601,997)	20	(601,997)	(53,107)
10/1/20	Assumption Change	30	(949,349)	30	(949,349)	(71,500)
			\$ 1,183,385		\$ 223,716	\$ 59,056

### Amortization Schedule

The UAAL is being liquidated as a level dollar amount over the number of years remaining in the amortization period. The following schedule illustrates the expected amortization of the UAAL:

Amortization Schedule	
Year	Expected UAAL
2020	\$ 223,716
2021	176,186
2022	125,329
2023	70,912
2024	12,686
2025	-

## ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long-term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year is computed as follows:

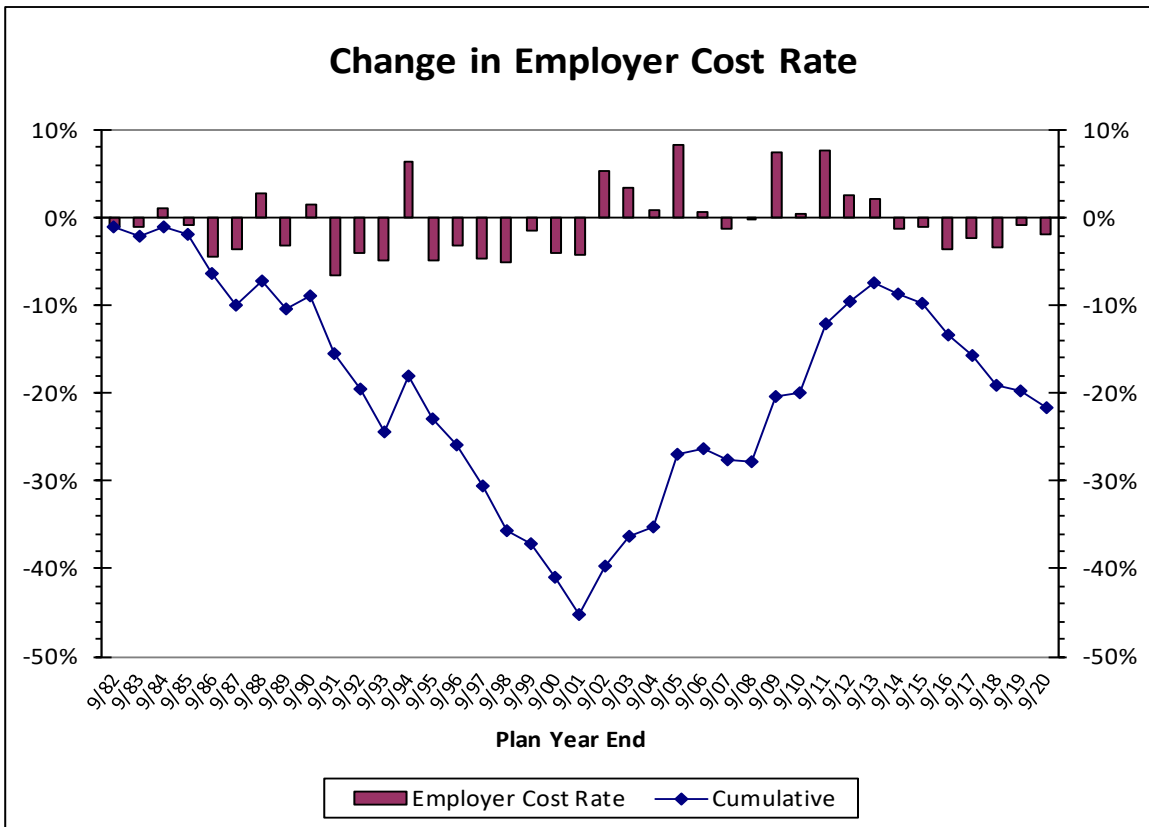
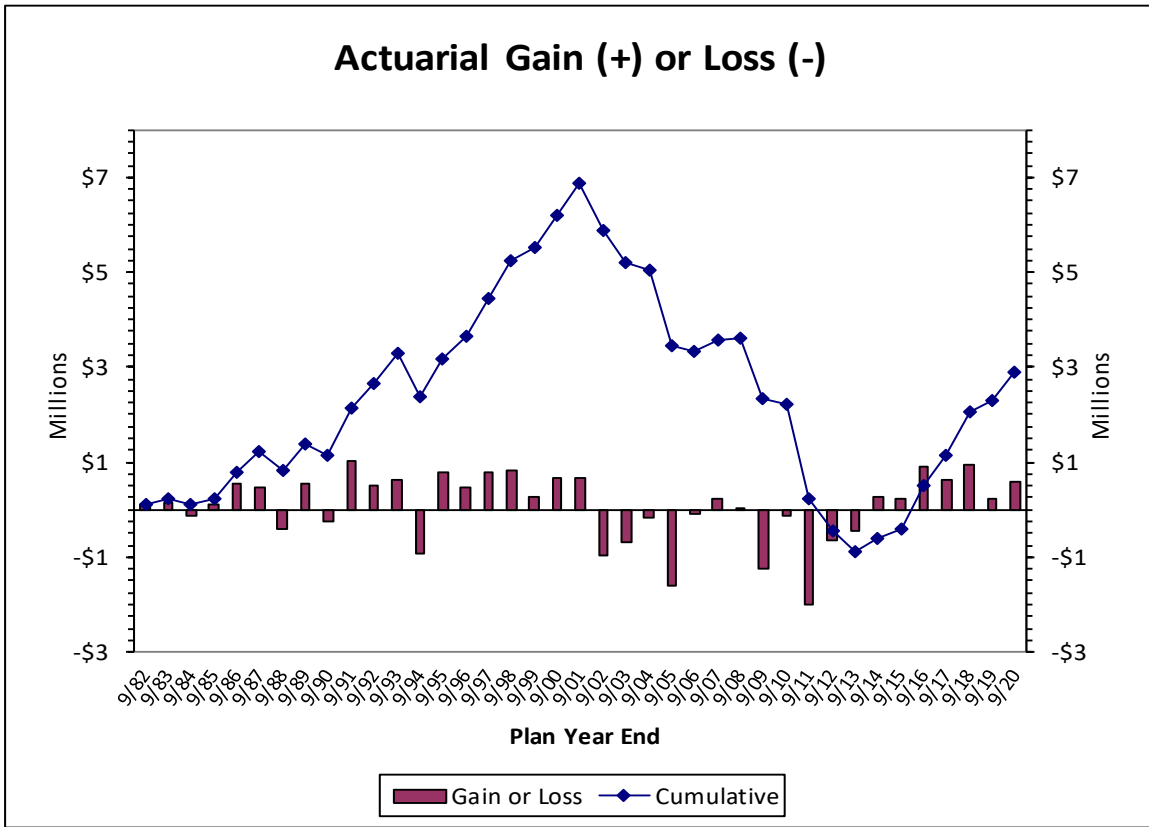
<b>Derivation of the Current UAAL</b>	
1. Last Year's UAAL*	\$ 1,959,373
2. Last Year's Employer Normal Cost*	371,115
3. Last Year's Employer/State Contributions & Excess Employee Sharing Contributions	677,157
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	163,134
b. 3 from dates paid	41,403
c. a - b	121,731
5. This Year's Expected UAAL: 1 + 2 - 3 + 4c	1,775,062
6. This Year's Actual UAAL (Before any changes in benefits and/or assumptions)	1,173,065
7. Net Actuarial Gain (Loss): (5) - (6)	601,997
8. Gain (Loss) due to investments	930,929
9. Gain (Loss) due to other sources	(328,932)
10. Change in UAAL due to assumption changes	(949,349)
11. This Year's Actual UAAL (After assumption changes)	223,716

\* From October 14, 2020 Actuarial Impact Statement.

Net actuarial gains in previous years have been as follows:

Year Ended	Change in Employer Cost Rate	Gain (Loss)
9/30/82	(0.96) %	\$ 116,839
9/30/83	(1.06)	130,253
9/30/84	1.01	(133,338)
9/30/85	(0.86)	123,277
9/30/86	(4.48)	535,696
9/30/87	(3.58)	467,598
9/30/88	2.72	(406,082)
9/30/89	(3.21)	548,079
9/30/90	1.53	(247,930)
9/30/91	(6.61)	1,012,130
9/30/92	(3.93)	509,906
9/30/93	(4.91)	632,963
9/30/94	6.41	(909,739)
9/30/95	(4.92)	788,804
9/30/96	(3.09)	478,412
9/30/97	(4.59)	786,754
9/30/98	(5.11)	816,496
9/30/99	(1.50)	267,011
9/30/00	(3.91)	667,046
9/30/01	(4.12)	674,533
9/30/02	5.41	(968,673)
9/30/03	3.49	(674,975)
9/30/04	0.97	(173,041)
9/30/05	8.39	(1,595,352)
9/30/06	0.60	(102,352)
9/30/07	(1.27)	226,866
9/30/08	(0.17)	26,333
9/30/09	7.40	(1,245,631)
9/30/10	0.48	(137,668)
9/30/11	7.72	(1,999,999)
9/30/12	2.56	(650,071)
9/30/13	2.17	(459,569)
9/30/14	(1.35)	280,317
9/30/15	(1.05)	222,509
9/30/16	(3.49)	886,593
9/30/17	(2.36)	637,181
9/30/18	(3.33)	944,691
9/30/19	(0.80)	228,139
9/30/20	(1.89)	601,997





The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

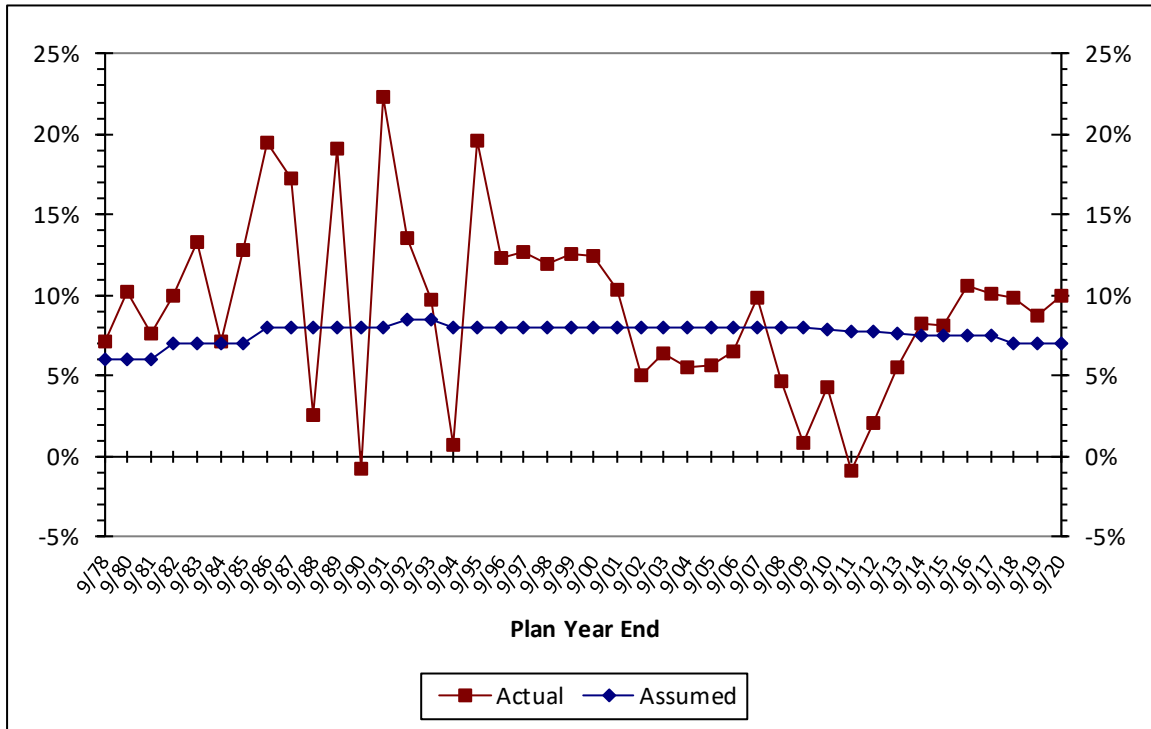
Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/1977	---	5.0 %	4.9 %	3.5 %
9/30/1978	7.1 %	6.0	9.9	5.0
9/30/1979	---	6.0	5.2	5.0
9/30/1980	10.2	6.0	12.2	5.0
9/30/1981	7.6	6.0	9.1	5.0
9/30/1982	10.0	7.0	11.7	7.0
9/30/1983	13.3	7.0	4.7	7.0
9/30/1984	7.1	7.0	12.3	7.0
9/30/1985	12.8	7.0	9.0	7.0
9/30/1986	19.5	8.0	6.8	8.0
9/30/1987	17.3	8.0	6.6	8.0
9/30/1988	2.6	8.0	10.8	8.0
9/30/1989	19.1	8.0	8.7	8.0
9/30/1990	(0.7)	8.0	2.8	8.0
9/30/1991	22.3	8.0	2.8	8.0
9/30/1992	13.6	8.5	2.8	7.5
9/30/1993	9.7	8.5	4.6	7.5
9/30/1994	0.7	8.0	12.6	7.5
9/30/1995	19.6	8.0	6.4	7.5
9/30/1996	12.3	8.0	6.4	7.5
9/30/1997	12.7	8.0	4.0	6.5
9/30/1998	11.9	8.0	4.2	6.5
9/30/1999	12.6	8.0	5.1	6.5
9/30/2000	12.4	8.0	5.2	6.5
9/30/2001	10.4	8.0	5.2	6.5
9/30/2002	5.1	8.0	4.8	6.5
9/30/2003	6.4	8.0	3.9	6.5
9/30/2004	5.5	8.0	6.7	6.5
9/30/2005	5.6	8.0	10.7	6.5
9/30/2006	6.5	8.0	1.9	6.5
9/30/2007	9.9	8.0	7.2	6.5
9/30/2008	4.7	8.0	4.1	6.5
9/30/2009	0.9	8.0	6.8	6.5
9/30/2010	4.3	7.9	2.1	6.3
9/30/2011	(0.9)	7.8	3.2	6.8
9/30/2012	2.1	7.7	2.4	6.9
9/30/2013	5.5	7.6	0.3	5.6
9/30/2014	8.3	7.5	2.5	5.4
9/30/2015	8.1	7.5	3.8	5.4
9/30/2016	10.6	7.5	8.3	5.4
9/30/2017	10.1	7.5	2.4	5.9
9/30/2018	9.8	7.0	6.0	5.3
9/30/2019	8.7	7.0	7.1	5.2
9/30/2020	10.0	7.0	5.7	5.6
Averages	9.0 %	---	6.0 %	---

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and the end of each year.

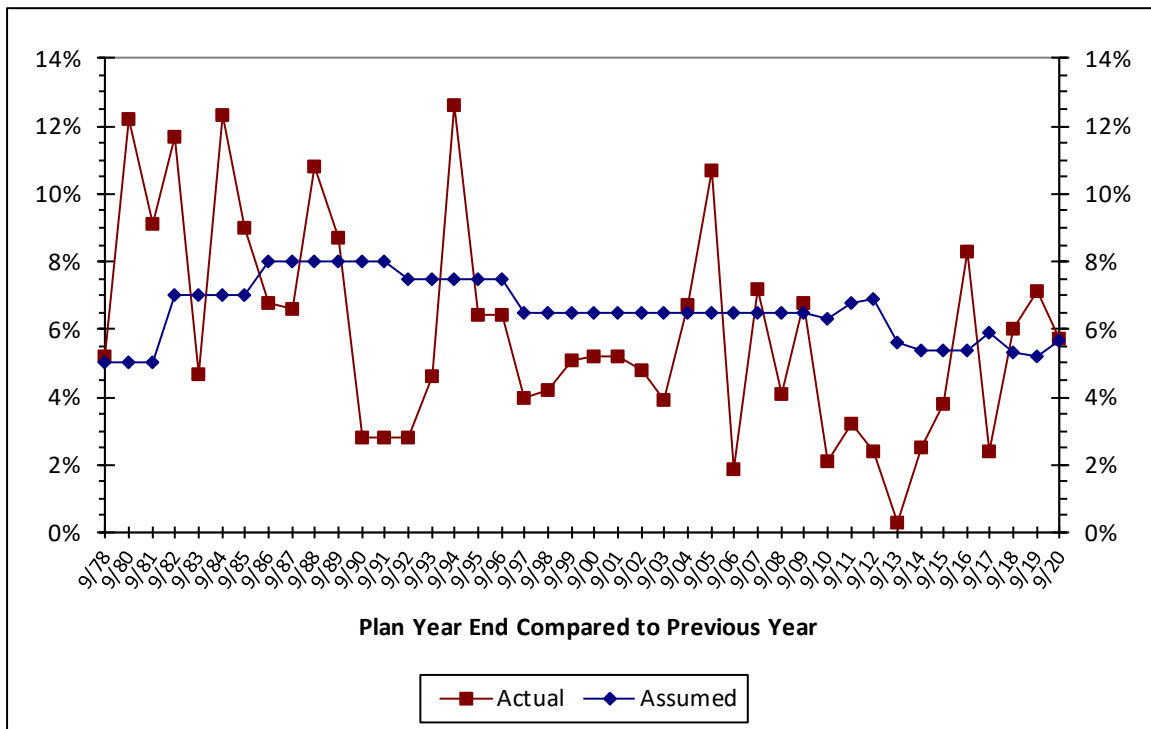




## History of Investment Return Based on Actuarial Value of Assets



## History of Salary Increases



**Actual (A) Compared to Expected (E) Decrements  
Among Active Employees**

Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2005	9	2	1	5	0	0	0	0	1	0	1	1	<b>43</b>
9/30/2006	1	3	0	5	0	0	0	0	1	2	3	1	<b>41</b>
9/30/2007	2	2	1	7	0	0	0	0	0	1	1	1	<b>41</b>
9/30/2008	1	5	0	9	0	0	0	0	1	4	5	1	<b>37</b>
9/30/2009	2	1	1	9	0	0	0	0	0	0	0	1	<b>38</b>
9/30/2010	5	1	0	8	0	0	0	0	0	1	1	1	<b>42</b>
9/30/2011	3	7	7	10	0	0	0	0	0	0	0	1	<b>38</b>
9/30/2012	1	3	2	5	0	0	0	0	0	1	1	1	<b>36</b>
9/30/2013	0	5	4	5	0	1	0	0	0	1	1	1	<b>31</b>
9/30/2014	2	4	2	1	0	0	0	0	2	0	2	1	<b>29</b>
9/30/2015	2	2	0	2	0	0	0	0	2	0	2	1	<b>29</b>
9/30/2016	9	3	2	1	0	0	0	0	0	1	1	1	<b>35</b>
9/30/2017	4	2	1	1	0	0	0	0	0	1	1	1	<b>37</b>
9/30/2018	2	3	0	1	0	0	0	0	3	0	3	2	<b>36</b>
9/30/2019	6	7	3	3	0	0	0	0	1	3	4	1	<b>35</b>
9/30/2020	5	1	1	1	0	0	0	0	0	0	0	2	<b>39</b>
9/30/2021				1		0		0				2	
16 Yr Totals *	54	51	25	73	0	1	0	0	11	15	26	18	

\* Totals are through current Plan Year only



HISTORY OF VALUATION RESULTS									
Valuation Date	Number of		Covered Annual Payroll	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Employer Normal Cost	
	Active Members	Inactive Members						Amount	% of Payroll
10/1/91	39	19	1,497,245	6,047,914	7,351,487	(1,303,573)	121.6 %	64,777	4.33
10/1/92	41	19	1,719,567	6,511,956	8,371,472	(1,859,516)	128.6	55,911	3.25
10/1/93	41	19	1,671,539	7,439,759	9,139,118	(1,699,359)	122.8	56,559	3.38
10/1/94	41	19	1,861,526	8,290,037	9,173,332	(883,295)	110.7	157,101	8.44
10/1/95	42	22	1,928,267	9,057,279	10,801,762	(1,744,483)	119.3	96,314	4.99
10/1/96	41	24	1,979,735	9,964,792	11,781,770	(1,816,978)	118.2	47,237	2.39
10/1/97	40	24	2,011,862	10,678,212	13,172,435	(2,494,223)	123.4	(33,900)	(1.69)
10/1/98	34	30	1,694,220	11,224,635	14,419,701	(3,195,066)	128.5	(24,973)	(1.47)
10/1/99	37	31	1,864,081	12,300,196	15,694,388	(3,394,192)	127.6	(55,162)	(2.96)
10/1/00	34	34	1,762,503	13,050,899	16,997,941	(3,947,042)	130.2	(104,810)	(5.95)
10/1/01	33	35	1,784,871	13,696,930	18,066,919	(4,369,989)	131.9	(177,120)	(9.92)
10/1/02	35	35	1,975,547	14,386,889	18,220,141	(3,833,252)	126.6	(101,837)	(5.15)
10/1/03	38	37	2,150,827	15,064,523	18,524,225	(3,459,702)	123.0	(33,300)	(1.55)
10/1/04	36	38	2,129,336	16,705,557	18,785,109	(2,079,552)	112.4	111,350	5.23
10/1/05	43	40	2,643,594	17,915,014	19,124,909	(1,209,895)	106.8	336,420	12.73
10/1/06	41	41	2,577,762	18,856,229	19,830,782	(974,553)	105.2	353,054	13.70
10/1/07	41	38	2,758,044	20,247,518	21,524,929	(1,277,411)	106.3	342,014	12.40
10/1/08	37	38	2,603,398	21,056,209	22,226,151	(1,169,942)	105.6	319,885	12.29
10/1/09	38	36	2,802,601	22,294,846	22,168,677	126,169	99.4	568,239	20.28
10/1/10	42	35	3,044,657	23,790,041	22,837,385	952,656	96.0	637,303	20.93
10/1/11	38	42	2,700,275	26,067,780	22,377,116	3,690,664	85.8	593,638	21.98
10/1/12	36	42	2,608,415	27,041,069	22,335,041	4,706,028	82.6	527,423	20.22
10/1/13	31	45	2,173,033	27,807,221	22,758,500	5,048,721	81.8	448,142	20.62
10/1/14	29	48	2,043,213	28,424,890	23,784,762	4,640,128	83.7	444,538	21.76
10/1/15	29	49	2,069,404	28,986,140	24,771,577	4,214,563	85.5	441,484	21.33
10/1/16	35	49	2,491,689	29,631,328	26,530,152	3,101,176	89.5	458,929	18.42
10/1/17	37	47	2,637,346	31,776,159	28,161,404	3,614,755	88.6	414,215	15.71
10/1/18	36	49	2,676,755	32,378,370	29,908,919	2,469,451	92.4	385,913	14.42
10/1/19	35	52	2,681,641	33,324,755	31,365,382	1,959,373	94.1	371,115	13.84
10/1/20	39	53	3,005,283	33,268,640	33,044,924	223,716	99.3	374,721	12.47



**HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS**  
(Continued on Next Page)

<b>Valuation Date</b>	<b>End of Year To Which Valuation Applies</b>	<b>Employer Contribution Rate Before Adjustment</b>	<b>Adjusted Employer Contribution Rate</b>	<b>Adjusted Employer Contribution Amount*</b>	<b>Actual Employer Contribution For Year</b>
10/1/76	9/30/78	13.50%	13.75%	\$ 144,794	\$ 142,039
10/1/77	9/30/79	12.80	13.40	141,186	141,186
10/1/78	9/30/80	13.00	13.50	93,080	93,080
10/1/79	9/30/81	13.80	13.90	97,089	97,089
10/1/80	9/30/82	14.10	14.05	106,730	106,730
10/1/81	9/30/83	15.78	14.89	120,910	120,910
10/1/82	9/30/84	24.13	23.42	207,352	207,352
10/1/83	9/30/85	21.37	22.18	204,744	212,717
10/1/84	9/30/86	23.31	23.15	236,364	233,234
10/1/85	9/30/87	14.92	14.46	167,401	161,036
10/1/86	9/30/88	7.43	7.43	83,441	79,284
10/1/87	9/30/89	3.18	3.18	39,207	46,864
10/1/88	9/30/90	7.12	7.12	96,039	93,372
10/1/89	9/30/91	4.23	5.12	77,374	81,388
10/1/90	9/30/92	5.72	6.47	97,870	97,870

\*Equals the Adjusted Rate multiplied by the Covered Payroll.



HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS										
Valuation	Applies to Fiscal Year Ending	Required Contributions						Actual Contributions		
		Employer & State*		Estimated State		Net Employer*		Employer	State	Total
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll			
10/1/91	9/30/93	\$ 90,072	6.02 %	\$ 43,403	2.90 %	\$ 46,669	3.12 %	\$ 53,674	\$ 36,398	\$ 90,072
10/1/92	9/30/94	102,762	5.98	35,776	2.08	66,986	3.90	68,093	41,120	109,213
10/1/93	9/30/95	104,551	6.25	36,398	2.18	68,153	4.08	84,900	39,996	124,896
10/1/94	9/30/96	187,360	10.06	39,131	2.10	148,229	7.96	148,229	46,201	194,430
10/1/95	9/30/97	131,185	6.80	39,996	2.07	91,189	4.73	97,041	50,727	147,768
10/1/96	9/30/98	108,756	5.49	46,201	2.33	62,555	3.16	60,695	49,427	110,122
10/1/97	9/30/99	66,210	3.29	50,727	2.52	15,483	0.77	19,343	46,867	66,210
10/1/98	9/30/00	55,842	3.29	49,427	2.91	6,415	0.38	14,205	41,901	56,106
10/1/99	9/30/01	49,703	2.67	46,867	2.52	2,836	0.15	13,862	44,271	58,133
10/1/00	9/30/02	43,649	2.48	41,901	2.38	1,748	0.10	1,872	49,427	51,299
10/1/01	9/30/03	44,346	2.48	44,271	2.48	75	0.00	75	49,427	49,502
10/1/02	9/30/04	51,555	2.61	49,427	2.50	2,128	0.11	4,345	49,427	53,772
10/1/03	9/30/05	61,673	2.87	49,427	2.30	12,246	0.57	13,930	49,427	63,357
10/1/04	9/30/06	144,756	6.80	49,427	2.32	95,329	4.48	112,800	49,427	162,227
10/1/05	9/30/07	337,176	12.75	49,427	1.87	287,749	10.88	294,086	49,427	343,513
10/1/06	9/30/08	343,008	13.31	49,427	1.92	293,581	11.39	305,103	49,427	354,530
10/1/07	9/30/09	344,208	12.48	49,427	1.79	294,781	10.69	302,448	49,427	351,875
10/1/08	9/30/10	325,216	12.49	49,427	1.90	275,789	10.59	307,956	49,427	357,383
10/1/09	9/30/11	475,428	17.06	49,427	1.76	426,001	15.30	426,001	49,427	475,428
10/1/10	9/30/12	566,884	18.62	49,427	1.62	517,457	17.00	539,341	49,427	588,768
10/1/11	9/30/13	662,619	24.54	49,427	1.83	613,192	22.71	613,192	49,427	662,619
10/1/12	9/30/14	650,366	24.93	49,427	1.89	600,939	23.04	600,939	49,427	650,366
10/1/13	9/30/15	712,370	32.78	49,427	2.27	662,943	30.51	663,337	49,427	712,764
10/1/14	9/30/16	752,596	36.83	49,427	2.42	703,169	34.41	703,169	49,427	752,596
10/1/15	9/30/17	728,190	35.19	49,427	2.39	678,763	32.80	678,763	49,427	728,190
10/1/16	9/30/18	750,523	30.12	126,539	5.08	623,984	25.04	623,984	126,539	750,523
10/1/17	9/30/19	720,433	27.20	192,169	7.29	528,264	19.91	528,264	192,169	720,433
10/1/18	9/30/20	632,668	23.64	126,870	4.74	505,798	18.90	505,798	126,870	632,668
10/1/19	9/30/21	597,763	22.29	133,219	4.97	464,544	17.32	---	---	---
10/1/20	9/30/22	486,118	16.18	123,217	4.10	362,901	12.08	---	---	---

\*Reflects assumed City contribution timing of October 1<sup>st</sup> beginning after the fiscal year ending September 30, 2013.



# ACTUARIAL ASSUMPTIONS AND COST METHOD

## Valuation Methods

**Actuarial Cost Method** - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

**Financing of Unfunded Actuarial Accrued Liabilities** - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

**Actuarial Value of Assets** - The Actuarial Value of Assets phases in the difference between the actual and expected investment earnings over a period of 5 years. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

## Valuation Assumptions

The **actuarial assumptions used** in the valuation are shown in this Section. With the exception of the mortality assumption, which is prescribed by Florida Statutes, all assumptions listed herein were established following the Assumption Study and Experience Review for the Nine-Year Period Ending September 30, 2016, dated December 22, 2017.

## Economic Assumptions

The **investment return rate** assumed in the valuations is 7.0% per year, compounded annually (net after investment expenses).

The **Price Inflation Rate** assumed in this valuation was 2.5% per year. The Inflation Rate is defined to be the expected long-term rate of annual increases in the prices of goods and services.

The assumed **real rate of return** over inflation is defined to be the portion of total investment return that is more than the assumed inflation rate. Considering other economic assumptions, the 7.0% investment return rate translates to an assumed real rate of return over inflation of 4.5%.



**The assumed rates of salary increase** for individual active members are shown below. This assumption is used to project a member’s current salary to the salaries upon which benefits will be based. Part of the assumption is for productivity, merit and/or seniority increase, and 2.5% recognizes inflation.

Years of Service at Valuation Date	Salary Increase Rates		
	% Increase in Salary		
	Merit and Seniority	Inflation	Total Increase
0 - 1	7.00%	2.5%	9.50%
2 - 6	5.00	2.5	7.50
7 - 9	2.00	2.5	4.50
10 - 19	0.75	2.5	3.25
20 +	1.75	2.5	4.25

### Demographic Assumptions

**The mortality tables used in the valuation** are based on the PUB-2010 Headcount Weighted Mortality Tables described below, with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018. No mortality improvement is projected for disabled lives.

	Pre-Retirement PUB-2010 Table	Post-Retirement PUB-2010 Table
Female Healthy	Headcount Weighted Safety Employee Female Table, set forward 1 year	Headcount Weighted Safety Healthy Retiree Female Table, set forward 1 year
Male Healthy	Headcount Weighted Safety Below Median Employee Male Table, set forward 1 year	Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year
Female Disabled	N/A	80% Headcount Weighted General Disabled Retiree Female Table; 20% Headcount Weighted Safety Disabled Retiree Female Table
Male Disabled	N/A	80% Headcount Weighted General Disabled Retiree Male Table; 20% Headcount Weighted Safety Disabled Retiree Male Table

These are the same rates as used by the Florida Retirement System (FRS) in their July 1, 2019 Actuarial Valuation Report for Special Risk class members. Florida Statutes Chapter 112.63(1)(f) mandates the use of the mortality tables used in either of the two most recently published actuarial valuation reports of FRS.



**FRS Healthy Post-Retirement Mortality for Special Risk Class Members**

Sample Attained Ages (in 2020)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.42 %	0.20 %	32.40	36.24
55	0.56	0.36	27.63	31.21
60	0.93	0.61	23.05	26.43
65	1.32	0.92	18.80	21.93
70	2.09	1.45	14.80	17.68
75	3.56	2.44	11.21	13.75
80	6.35	4.19	8.14	10.30

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

**FRS Healthy Pre-Retirement Mortality for Special Risk Class Members**

Sample Attained Ages (in 2020)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.17 %	0.11 %	35.58	39.50
55	0.26	0.16	30.50	34.36
60	0.43	0.22	25.55	29.30
65	0.69	0.30	20.80	24.29
70	1.18	0.55	16.28	19.39
75	2.09	1.08	12.05	14.69
80	6.35	4.19	8.14	10.30

This assumption is used to measure the probabilities of active members dying prior to retirement (66.7% of deaths are assumed to be service-connected).

**FRS Disabled Mortality for Special Risk Class Members**

Sample Attained Ages (in 2020)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	1.45 %	1.25 %	24.04	26.84
55	1.91	1.50	20.88	23.54
60	2.37	1.81	17.92	20.32
65	3.00	2.22	15.07	17.17
70	3.91	2.90	12.39	14.10
75	5.30	4.13	9.87	11.22
80	7.66	6.21	7.60	8.67



The rates of retirement used to measure the probability of eligible members retiring are as shown below.

For employees hired on or after October 12, 2014 the rates are shown below:

<b>Number of Years After First Eligibility for Normal Retirement</b>	<b>Probability of Normal Retirement</b>
0	80 %
1	40
2	40
3	40
4	40
5+	100

For employees hired before October 12, 2014, the retirement rates are shown below:

<b>Number of Years After First Eligibility for Normal Retirement</b>	<b>Probability of Normal Retirement</b>
0	50 %
1	25
2	25
3	50
4	50
5	50
6	50
7+	100

The rate of retirement is 3% for each year of eligibility for early retirement.

**Rates of separation from active membership** are as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members separating from employment for reasons other than death, disability or retirement.

<b>Years of Service</b>	<b>% of Active Members Separating Within Next Year</b>
0	25.0 %
1 - 3	7.0
4 - 7	4.0
8+	2.5

**Rates of disability** among active members are as shown below. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in the July 1, 2018 FRS Actuarial Valuation.

Sample Ages	% Becoming Disabled within Next Year			
	Non-Service Connected		Service Connected	
	Males	Females	Males	Females
20	0.020 %	0.000 %	0.010 %	0.000 %
25	0.020	0.020	0.010	0.004
30	0.030	0.020	0.010	0.004
35	0.030	0.030	0.010	0.004
40	0.030	0.030	0.020	0.040
45	0.030	0.060	0.060	0.040
50	0.080	0.110	0.140	0.050
55	0.050	0.110	0.100	0.080

**Changes from previous valuation.** The mortality tables and improvement scales were updated to reflect the updated mortality assumptions used in the July 1, 2019 Florida Retirement System (FRS) Actuarial Valuation.

## Miscellaneous and Technical Assumptions

<b>Administrative &amp; Investment Expenses</b>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the expenses over the previous 2 years. Assumed administrative expenses are added to the Normal Cost.
<b>Benefit Service</b>	Exact fractional service (years and completed months) is used to determine the amount of benefit payable.
<b>Decrement Operation</b>	Disability and mortality decrements operate during retirement eligibility.
<b>Decrement Timing</b>	Decrement of all types are assumed to occur at the beginning of the year.
<b>Eligibility Testing</b>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<b>Forfeitures</b>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<b>Incidence of Contributions</b>	Employer contributions are assumed to be made in equal installments at the end of each pay period. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<b>Marriage Assumption</b>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<b>Normal Form of Benefit</b>	A life annuity is the normal form of benefit.
<b>Pay Increase Timing</b>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<b>Service Credit Accruals</b>	It is assumed that members accrue one year of service credit per year.



## GLOSSARY OF TERMS

<b>Actuarial Accrued Liability (AAL)</b>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<b>Actuarial Assumptions</b>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<b>Actuarial Cost Method</b>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<b>Actuarially Determined Contribution (ADC)</b>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADC consists of the Employer Normal Cost and Amortization Payment.
<b>Actuarial Equivalent</b>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<b>Actuarial Present Value (APV)</b>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<b>Actuarial Present Value of Future Benefits (APVFB)</b>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<b>Actuarial Valuation</b>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.

<b>Actuarial Value of Assets</b>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined contribution (ADC).
<b>Amortization Method</b>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<b>Amortization Payment</b>	That portion of the plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<b>Amortization Period</b>	The period used in calculating the Amortization Payment.
<b>Closed Amortization Period</b>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<b>Employer Normal Cost</b>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<b>Equivalent Single Amortization Period</b>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<b>Experience Gain/Loss</b>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<b>Funded Ratio</b>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<b>GASB</b>	Governmental Accounting Standards Board.
<b>GASB No. 67 and GASB No. 68</b>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<b>Normal Cost</b>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<b>Open Amortization Period</b>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<b>Unfunded Actuarial Accrued Liability</b>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<b>Valuation Date</b>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.



**SECTION C**

---

**PENSION FUND INFORMATION**

## Statement of Plan Assets at Market Value

Item	September 30	
	2020	2019
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. State Contribution	-	-
4. Investment Income and Other Receivables	9,460	70,920
5. Total Receivables	<u>\$ 9,460</u>	<u>\$ 70,920</u>
C. Investments		
1. Short Term Investments	\$ 1,179,730	\$ 1,021,529
2. Domestic Equities	21,989,195	19,972,654
3. International Equities	-	-
4. Domestic Fixed Income	9,270,074	9,444,436
5. International Fixed Income	501,814	-
6. Real Estate	2,687,408	2,673,887
7. Private Equity	-	-
8. Total Investments	<u>\$ 35,628,221</u>	<u>\$ 33,112,506</u>
D. Liabilities		
1. Benefits Payable	\$ -	\$ -
2. Accrued Expenses and Other Payables	(32,868)	(24,076)
3. Prepaid Contribution	-	-
4. Due to Broker	-	-
5. Total Liabilities	<u>\$ (32,868)</u>	<u>\$ (24,076)</u>
E. Total Market Value of Assets Available for Benefits	\$ 35,604,813	\$ 33,159,350
F. Reserves		
1. DROP Accounts	\$ (740,442)	\$ (495,348)
2. State Contribution Reserve	(8,859)	(11,369)
3. Total Reserves	<u>\$ (749,301)</u>	<u>\$ (506,717)</u>
G. Market Value Net of Reserves	\$ 34,855,512	\$ 32,652,633
H. Allocation of Investments (excluding unsettled trades)		
1. Short Term Investments	3.3%	3.1%
2. Domestic Equities	61.7%	60.3%
3. International Equities	0.0%	0.0%
4. Domestic Fixed Income	26.0%	28.5%
5. International Fixed Income	1.4%	0.0%
6. Real Estate	7.6%	8.1%
7. Private Equity	0.0%	0.0%
8. Total Investments	<u>100.0%</u>	<u>100.0%</u>





## Reconciliation of Plan Assets

Item	September 30	
	2020	2019
A. Market Value of Assets at Beginning of Year	\$ 33,159,350	\$ 33,047,918
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 311,426	\$ 357,453
b. Employer Contributions	505,798	528,264
c. State Contribution	124,360	130,143
d. Purchased Service Credit	-	-
e. Total	<u>\$ 941,584</u>	<u>\$ 1,015,860</u>
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 776,815	\$ 741,870
b. Net Realized/Unrealized Gains/(Losses)	3,077,312	1,269,918
c. Investment Expenses	<u>(193,637)</u>	<u>(202,028)</u>
d. Net Investment Income	<u>\$ 3,660,490</u>	<u>\$ 1,809,760</u>
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (1,922,855)	\$ (1,830,312)
b. Refunds	(30,757)	(110,657)
c. Lump Sum Benefits Paid	-	-
d. DROP Distributions	<u>(125,539)</u>	<u>(689,342)</u>
e. Total	<u>\$ (2,079,151)</u>	<u>\$ (2,630,311)</u>
4. Administrative and Miscellaneous Expenses	\$ (77,460)	\$ (83,877)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 35,604,813	\$ 33,159,350
D. Reserves		
1. DROP Accounts	\$ (740,442)	\$ (495,348)
2. State Contribution Reserve	<u>(8,859)</u>	<u>(11,369)</u>
3. Total Reserves	<u>\$ (749,301)</u>	<u>\$ (506,717)</u>
E. Market Value Net of Reserves	\$ 34,855,512	\$ 32,652,633



### Development of Actuarial Value of Assets

Valuation Date – September 30	2019	2020	2021	2022	2023	2024
A. Actuarial Value of Assets Beginning of Year	\$ 30,934,634	\$ 31,872,099				
B. Market Value End of Year	33,159,350	35,604,813				
C. Market Value Beginning of Year	33,047,918	33,159,350				
D. Non-Investment/Administrative Net Cash Flow	(1,698,328)	(1,215,027)				
E. Investment Income						
E1. Actual Market Total: B-C-D	1,809,760	3,660,490				
E2. Assumed Rate of Return	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
E3. Assumed Amount of Return	2,124,472	2,206,224				
E4. Amount Subject to Phase-In: E1–E3	(314,712)	1,454,266				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 0.2 x E4	(62,942)	290,853				
F2. First Prior Year	289,690	(62,942)	\$ 290,853			
F3. Second Prior Year	256,622	289,690	(62,942)	\$ 290,853		
F4. Third Prior Year	156,707	256,622	289,690	(62,942)	\$ 290,853	
F5. Fourth Prior Year	(128,756)	156,706	256,623	289,690	(62,944)	\$ 290,854
F6. Total Phase-Ins	511,321	930,929	774,224	517,601	227,909	290,854
<b>G. Actuarial Value of Assets End of Year</b>						
G1. Preliminary Actuarial Value of Assets End of Year: A+D+E3+F6	\$ 31,872,099	\$ 33,794,225				
G2. Upper Corridor Limit: 120%*B	39,791,220	42,725,776				
G3. Lower Corridor Limit: 80%*B	26,527,480	28,483,850				
G4. Actuarial Value of Assets End of Year	31,872,099	33,794,225				
G5. DROP Accounts	(495,348)	(740,442)				
G6. State Contribution Reserve	(11,369)	(8,859)				
G7. Final Actuarial Value of Assets End of Year	31,365,382	33,044,924				
H. Difference between Market & Actuarial Value of Assets	1,287,251	1,810,588				
I. Actuarial Rate of Return	8.68%	9.95%				
J. Market Value Rate of Return	5.57%	11.16%				
K. Ratio of Actuarial Value of Assets to Market Value	96.12%	94.91%				

**Reconciliation of DROP Accounts**

<b>Year Ended 9/30</b>	<b>Balance at Beginning of Year</b>	<b>Adjustment to DROP Account</b>	<b>Credits</b>	<b>Interest</b>	<b>Distributions</b>	<b>Balance at End of Year</b>
2010	\$ -	\$ -	\$ 66,019	\$ 2,245	\$ -	\$ 68,264
2011	68,264	-	160,403	(12,212)	(83,472)	132,983
2012	132,983	-	295,363	44,469	-	472,815
2013	472,815	-	736,302	93,784	-	1,302,901
2014	1,302,901	-	737,613	170,310	(255,624)	1,955,200
2015	1,955,200	(5,366)	705,639	97,070	(845,401)	1,907,142
2016	1,907,142	-	406,279	158,198	(1,224,735)	1,246,884
2017	1,246,884	-	296,708	105,592	(1,026,201)	622,983
2018	622,983	-	239,817	89,520	-	952,320
2019	952,320	-	204,521	27,849	(689,342)	495,348
2020	495,348	4,955	303,682	61,996	(125,539)	740,442



Year Ended September 30th	Investment Rate of Return	
	Market Value	Actuarial Value
1978	4.9 %	7.1 %
1979	5.8	---
1980	5.7	10.2
1981	6.2	7.6
1982	19.0	10.0
1983	14.4	13.3
1984	5.7	7.1
1985	16.8	12.8
1986	23.3	19.5
1987	11.5	17.3
1988	4.0	2.6
1989	19.1	19.1
1990	(0.7)	(0.7)
1991	22.3	22.3
1992	13.6	13.6
1993	9.7	9.7
1994	0.7	0.7
1995	19.6	19.6
1996	12.3	12.3
1997	28.2	12.7
1998	5.9	11.9
1999	12.8	12.6
2000	8.7	12.4
2001	1.9	10.4
2002	(3.8)	5.1
2003	15.3	6.4
2004	8.9	5.5
2005	9.2	5.6
2006	6.9	6.5
2007	13.5	9.9
2008	(12.7)	4.7
2009	(2.6)	0.9
2010	7.5	4.3
2011	(3.6)	(0.9)
2012	19.0	2.1
2013	12.0	5.5
2014	12.0	8.3
2015	4.6	8.1
2016	10.1	10.6
2017	11.8	10.1
2018	11.4	9.8
2019	5.6	8.7
2020	11.2	10.0

**Average Returns:**

Last 5 Years	10.0 %	9.8 %
Last 10 Years	9.3 %	7.2 %
All Years	9.2 %	9.0 %

The above rates are based on the retirement system's financial information reported to the actuary. They may differ from figures that the investment consultant reports, in part because of differences in the handling of administrative and investment expenses, and in part because of differences in the handling of cash flows.



## **SECTION D**

---

### **FINANCIAL ACCOUNTING INFORMATION**

**FASB NO. 35 INFORMATION**

A. Valuation Date	October 1, 2020	October 1, 2019
<b>B. Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 25,239,965	\$ 24,933,284
b. Terminated Vested Members	816,798	1,008,802
c. Other Members	5,956,515	6,250,833
d. Total	<u>32,013,278</u>	<u>32,192,919</u>
2. Non-Vested Benefits	0	0
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	32,013,278	32,192,919
4. Accumulated Contributions of Active Members	3,006,745	2,863,538
<b>C. Changes in the Actuarial Present Value of Accumulated Plan Benefits</b>		
1. Total Value at Beginning of Year	32,192,919	31,413,399
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	(929,645)	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	3,007,298	2,925,010
d. Benefits Paid (including DROP credits)	<u>(2,257,294)</u>	<u>(2,145,490)</u>
e. Net Increase	(179,641)	779,520
3. Total Value at End of Period	32,013,278	32,192,919
D. Market Value of Assets	34,855,512	32,652,633
E. Funded Ratio: D/C3	108.9%	101.4%
F. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		



**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
GASB Statement No. 67**

Fiscal year ending September 30,	<u>2021*</u>	<u>2020</u>	<u>2019</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 570,158	\$ 528,793	\$ 546,751
Interest	2,380,766	2,312,255	2,293,156
Benefit Changes	-	-	-
Difference between actual & expected experience	381,175	308,668	(132,350)
Assumption Changes	(1,021,829)	-	-
Benefit Payments	(2,321,380)	(2,048,394)	(2,519,654)
Refunds	(19,148)	(30,757)	(110,657)
Other (adjustments to Excess State Contribution Reserve)	(8,859)	(2,510)	(62,026)
<b>Net Change in Total Pension Liability</b>	<b>(39,117)</b>	<b>1,068,055</b>	<b>15,220</b>
<b>Total Pension Liability - Beginning</b>	<b>34,611,052</b>	<b>33,542,997</b>	<b>33,527,777</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 34,571,935</b>	<b>\$ 34,611,052</b>	<b>\$ 33,542,997</b>
<b>Plan Fiduciary Net Position</b>			
Contributions – Employer (from city)	\$ 464,544	\$ 505,798	\$ 528,264
Contributions – Employer (from state)	124,360	124,360	130,143
Contributions – Non-Employer contributing entity	-	-	-
Contributions – Member (including buyback contributions)	285,502	311,426	357,453
Net Investment Income	2,450,106	3,660,490	1,809,760
Benefit Payments	(2,321,380)	(2,048,394)	(2,519,654)
Refunds	(19,148)	(30,757)	(110,657)
Administrative Expense	(80,669)	(77,460)	(83,877)
Other	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>903,315</b>	<b>2,445,463</b>	<b>111,432</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>35,604,813</b>	<b>33,159,350</b>	<b>33,047,918</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 36,508,128</b>	<b>\$ 35,604,813</b>	<b>\$ 33,159,350</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>(1,936,193)</b>	<b>(993,761)</b>	<b>383,647</b>
<b>Plan Fiduciary Net Position as a Percentage</b>			
<b>of Total Pension Liability</b>	<b>105.60 %</b>	<b>102.87 %</b>	<b>98.86 %</b>
<b>Covered Payroll</b>	<b>\$ 3,005,283</b>	<b>\$ 2,965,962</b>	<b>\$ 2,859,624</b>
<b>Net Pension Liability as a Percentage of Payroll</b>	<b>(64.43)%</b>	<b>(33.51)%</b>	<b>13.42 %</b>

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year. Note that only three years are shown here for summary purposes. The actual September 30, 2021 GASB 67 disclosure report will include all years (up to 10) beginning with the first year GASB 67 was implemented (fiscal year 2014).



## SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY

### GASB Statement No. 67

FY Ending September 30,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 30,662,066	\$ 27,625,271	\$ 3,036,795	90.10%	\$ 2,111,573	143.82%
2015	31,061,233	27,671,000	3,390,233	89.09%	1,995,510	169.89%
2016	30,993,624	28,740,140	2,253,484	92.73%	2,358,240	95.56%
2017	30,940,740	30,332,993	607,747	98.04%	2,543,260	23.90%
2018	33,527,777	33,047,918	479,859	98.57%	2,711,544	17.70%
2019	33,542,997	33,159,350	383,647	98.86%	2,859,624	13.42%
2020	34,611,052	35,604,813	(993,761)	102.87%	2,965,962	(33.51)%
2021*	34,571,935	36,508,128	(1,936,193)	105.60%	3,005,283	(64.43)%

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.





## NOTES TO SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY

### GASB Statement No. 67

**Valuation Date:** October 1, 2020  
**Measurement Date:** September 30, 2021

**Methods and Assumptions Used to Determine Net Pension Liability:**

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary Increases	3.25% to 9.50% depending on service, including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The same versions of Pub-2010 Headcount-Weighted Mortality Tables for Special Risk class members as used by the Florida Retirement System (FRS) in their July 1, 2019 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

**Other Information:**

Notes See Discussion of Valuation Results on page 1.



## SCHEDULE OF CONTRIBUTIONS GASB Statement No. 67

FY Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 650,366	\$ 682,583	\$ (32,217)	\$ 2,111,573	32.33%
2015	712,370	680,547	31,823 *	1,995,510	34.10%
2016	752,596	752,596	-	2,358,240	31.91%
2017	728,190	728,190	-	2,543,260	28.63%
2018	750,523	750,523	-	2,711,544	27.68%
2019	720,433	720,433	-	2,859,624	25.19%
2020	632,668	632,668	-	2,965,962	21.33%
2021**	597,763	597,763	-	3,005,283	19.89%

\*Note: A prepaid contribution of \$32,217 was established as of September 30, 2014 resulting from the employer contribution overpayment received during fiscal year 2014. This prepaid contribution was utilized during fiscal year 2015 to cover a portion of the actuarially determined contribution for the year.

**\*\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.**



## NOTES TO SCHEDULE OF CONTRIBUTIONS

### GASB Statement No. 67

**Valuation Date:** October 1, 2019  
**Notes** Actuarially determined contribution rates are calculated as of the October 1<sup>st</sup> which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	16 years (single equivalent period)
Asset Valuation Method	5-year smoothed market
Inflation	2.5%
Salary Increases	3.25% to 9.50% depending on service, including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates as used for Special Risk Class members of the Florida Retirement System (FRS) in the July 1, 2018 Actuarial Valuation. Florida Statutes Chapter 112.63(1)(f) mandates the use of the mortality tables used in either of the two most recently published actuarial valuation reports of FRS.

**Other Information:**  
**Notes** See Discussion of Valuation Results in the October 1, 2019 Actuarial Valuation Report dated May 4, 2020 and the Actuarial Impact Statement dated October 14, 2020.



## SINGLE DISCOUNT RATE GASB Statement No. 67

A single discount rate of 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.0%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 7.0%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

### Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption\*

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.00%	7.00%	8.00%
\$1,665,834	(\$1,936,193)	(\$4,962,993)

\* These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

**SECTION E**

---

**MISCELLANEOUS INFORMATION**

<b>RECONCILIATION OF MEMBERSHIP DATA</b>		
	<b>From 10/1/19 To 10/1/20</b>	<b>From 10/1/18 To 10/1/19</b>
<b>A. Active Members</b>		
1. Number Included in Last Valuation	35	36
2. New Members Included in Current Valuation	5	6
3. Non-Vested Employment Terminations	0	(3)
4. Vested Employment Terminations	0	(1)
5. DROP Participation	(1)	(3)
6. Service Retirements	0	0
7. Disability Retirements	0	0
8. Deaths	0	0
9. Rehires	0	0
10. Transfer from General Employees	0	0
11. Number Included in This Valuation	<u>39</u>	<u>35</u>
<b>B. Terminated Vested Members</b>		
1. Number Included in Last Valuation	4	5
2. Additions from Active Members	0	1
3. Lump Sum Payments/Refund of Contributions	0	(1)
4. Payments Commenced	(1)	(1)
5. Deaths	0	0
6. Other - Rehires	0	0
7. Number Included in This Valuation	<u>3</u>	<u>4</u>
<b>C. DROP Plan Members</b>		
1. Number Included in Last Valuation	5	4
2. Additions from Active Members	1	3
3. Retirements	(1)	(2)
4. Deaths Resulting in No Further Payments	0	0
5. Other	0	0
6. Number Included in This Valuation	<u>5</u>	<u>5</u>
<b>D. Service Retirees, Disability Retirees and Beneficiaries</b>		
1. Number Included in Last Valuation	43	40
2. Additions from Active Members	0	0
3. Additions from Terminated Vested Members	1	1
4. Additions from DROP Plan	1	2
5. Deaths Resulting in No Further Payments	0	0
6. Deaths Resulting in New Survivor Benefits	0	0
7. End of Certain Period - No Further Payments	0	0
8. Other -- Lump Sum Distributions	0	0
9. Number Included in This Valuation	<u>45</u>	<u>43</u>

## ACTIVE MEMBERS AS OF OCTOBER 1, 2020

Age Group	Years of Service to Valuation Date												Totals
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35+	
20-24 NO.	2	2	1	0	0	0	0	0	0	0	0	0	5
TOT PAY	104,771	115,557	61,595	0	0	0	0	0	0	0	0	0	281,923
AVG PAY	52,385	57,778	61,595	0	0	0	0	0	0	0	0	0	56,385
25-29 NO.	3	0	2	2	1	1	0	0	0	0	0	0	9
TOT PAY	154,662	0	121,761	133,326	70,149	72,570	0	0	0	0	0	0	552,468
AVG PAY	51,554	0	60,880	66,663	70,149	72,570	0	0	0	0	0	0	61,385
30-34 NO.	0	1	0	0	3	1	1	0	0	0	0	0	6
TOT PAY	0	60,866	0	0	204,653	63,857	83,344	0	0	0	0	0	412,720
AVG PAY	0	60,866	0	0	68,218	63,857	83,344	0	0	0	0	0	68,787
35-39 NO.	0	1	0	1	0	3	2	2	0	0	0	0	9
TOT PAY	0	59,226	0	77,553	0	250,964	167,749	188,900	0	0	0	0	744,392
AVG PAY	0	59,226	0	77,553	0	83,655	83,874	94,450	0	0	0	0	82,710
40-44 NO.	0	0	0	0	0	0	0	1	0	0	0	0	1
TOT PAY	0	0	0	0	0	0	0	86,457	0	0	0	0	86,457
AVG PAY	0	0	0	0	0	0	0	86,457	0	0	0	0	86,457
45-49 NO.	0	0	0	0	0	0	2	2	0	0	0	0	4
TOT PAY	0	0	0	0	0	0	160,718	204,564	0	0	0	0	365,282
AVG PAY	0	0	0	0	0	0	80,359	102,282	0	0	0	0	91,321
50-54 NO.	0	0	0	0	1	1	0	0	1	0	0	0	3
TOT PAY	0	0	0	0	71,315	83,873	0	0	83,129	0	0	0	238,317
AVG PAY	0	0	0	0	71,315	83,873	0	0	83,129	0	0	0	79,439
55-59 NO.	0	0	0	0	0	0	0	2	0	0	0	0	2
TOT PAY	0	0	0	0	0	0	0	227,984	0	0	0	0	227,984
AVG PAY	0	0	0	0	0	0	0	113,992	0	0	0	0	113,992
60-64 NO.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
AVG PAY	0	0	0	0	0	0	0	0	0	0	0	0	0
TOT NO.	5	4	3	3	5	6	5	7	1	0	0	0	39
TOT AMT	259,433	235,649	183,356	210,879	346,117	471,264	411,811	707,905	83,129	0	0	0	2,909,543
AVG AMT	51,887	58,912	61,119	70,293	69,223	78,544	82,362	101,129	83,129	0	0	0	74,604



**INACTIVE MEMBERS AS OF OCTOBER 1, 2020**

Age	Terminated Vested		Disabled		Retired		Beneficiaries		Total	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-	-	-
20 - 24	-	-	-	-	-	-	-	-	-	-
25 - 29	-	-	-	-	-	-	-	-	-	-
30 - 34	-	-	-	-	-	-	-	-	-	-
35 - 39	-	-	-	-	-	-	-	-	-	-
40 - 44	-	-	-	-	-	-	-	-	-	-
45 - 49	2	66,000	-	-	1	11,138	-	-	3	77,138
50 - 54	1	9,634	-	-	2	135,698	-	-	3	145,332
55 - 59	-	-	-	-	13	644,851	1	6,788	14	651,639
60 - 64	-	-	-	-	4	176,388	1	12,908	5	189,296
65 - 69	-	-	-	-	13	849,104	-	-	13	849,104
70 - 74	-	-	-	-	5	174,417	-	-	5	174,417
75 - 79	-	-	-	-	4	161,873	-	-	4	161,873
80 - 84	-	-	-	-	-	-	1	53,909	1	53,909
85 - 89	-	-	-	-	2	25,476	-	-	2	25,476
90 - 94	-	-	-	-	-	-	1	3,782	1	3,782
95 - 99	-	-	-	-	1	12,677	1	6,583	2	19,260
100 & Over	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>75,634</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>2,191,622</b>	<b>5</b>	<b>83,970</b>	<b>53</b>	<b>2,351,226</b>





## **SECTION F**

---

### **SUMMARY OF PLAN PROVISIONS**

## SUMMARY OF PLAN PROVISIONS

### A. Ordinances

The Plan was established under the Code of Ordinances for the City of Miami Springs, Florida, Chapter 35, Article II, and was most recently amended under Ordinance No. 1119-2020 passed and adopted on October 26, 2020. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

### B. Effective Date

December 13, 1976

### C. Plan Year

October 1 through September 30

### D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

### E. Eligibility Requirements

All full-time police officers; the chief of police has the option to participate.

### F. Credited Service

Service is measured as the total number years and completed months from the date of employment to the date of termination, retirement, disability or death. Vacations and other paid leaves of absence are included. Unpaid leaves of absence are not included. No service is credited for any periods of employment for which the member received a refund of their contributions.

### G. Compensation/Earnings

Regular basic compensation, excluding overtime or any lump sum payments of unused leave.

### H. Average Monthly Earnings (AME)

For benefits earned prior to October 12, 2014, the average of Earnings over the 3 consecutive years of Credited Service prior to October 12, 2014 which produce the highest average. For benefits earned on or after October 12, 2014, the average of Earnings over the highest 5 consecutive years of Credited Service out of the last 10 which produce the highest average.



For members who were employed and within 3 years of Normal Retirement eligibility on October 12, 2014, the average of Earnings over the 3 consecutive years of Credited Service which produce the highest average.

## **I. Normal Retirement**

**Eligibility:** Members hired before October 12, 2014 may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 55 and 10 years of Credited Service, or
- (2) 20 years of Credited Service regardless of age.

Members hired on or after October 12, 2014 may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 55 and 10 years of Credited Service, or
- (2) age 52 and 25 years of Credited Service.

**Benefit:** For members hired before October 12, 2014, all benefits accrued up to October 12, 2014 are frozen at 3.5% of AME as of October 12, 2014 times years of credited service as of October 12, 2014. Benefit accruals on and after October 12, 2014 are 3.50% of AME for each year of Credited Service up to twenty years and 3.0% of AME for each year thereafter. The maximum benefit is 85% of AME.

For members hired on or after October 12, 2014, the benefit is 2.5% of AME per year of Credited Service. The maximum benefit is 70% of AME. The minimum benefit is 2.0% per year of service.

Members within 3 years of Normal Retirement eligibility on October 12, 2014 continue to accrue benefits at 3.5% of AME per year of service with no cap.

**Normal Form of Benefit:**

Single Life Annuity, with guaranteed refund of Member contributions and amount of premium tax refund as of the effective date; other options also available.

**COLA:** None

## **J. Early Retirement**

**Eligibility:** A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 and 10 years of Credited Service.



**Benefit:** The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early Retirement date precedes the Normal Retirement date.

**Normal Form of Benefit:** Single Life Annuity, with guaranteed refund of member contributions and amount of premium tax refund as of the effective date; other options also available.

**COLA:** None

#### **K. Delayed Retirement**

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

#### **L. Service Connected Disability**

**Eligibility:** Any member who receives a service-incurred injury, disease or disability which permanently incapacitates the member from performing their regular and continuous duties is immediately eligible for a disability benefit.

**Benefit:** 66 2/3% of Earnings in affect as of the date of disability less Worker's Compensation and Social Security PIA.

**Normal Form of Benefit:** Payable for life or until recovery from disability; other options are also available.

**COLA:** None

#### **M. Non-Service Connected Disability**

**Eligibility:** Any member who has 10 or more years of Credited Service who receives a nonservice-incurred injury, disease or disability which permanently incapacitates the member from gainful employment is immediately eligible for a disability benefit.

**Benefit:** The accrued Normal Retirement Benefit taking into account compensation earned, service credited and the member contribution rate on the date of disability, with a minimum benefit equal to 25% AME.

**Normal Form of Benefit:** Payable for life or until recovery from disability.

**COLA:** None



## **N. Death in the Line of Duty**

**Eligibility:** Any member who dies as a direct result of an occurrence arising in the performance of service to the City is eligible for survivor benefits regardless of Credited Service.

**Benefit:** 25% of Earnings is payable to the spouse; 7 1/2% of Earnings is payable to each eligible child.

Maximum family benefit is 40% of Earnings. Upon death or remarriage of spouse, each child's benefit is increased from 7 1/2% to 15%, with a maximum of 30% to all children.

**Normal Form of Benefit:** Spouse benefits payable until death or remarriage. Children's benefits are payable until the earlier of death, marriage or age 18 (22 if a full-time student).

**COLA:** None

## **O. Other Pre-Retirement Death**

**Eligibility:** Any member who is eligible for Normal Retirement, but dies while still actively employed is eligible for survivor benefits.

**Benefit:** The designated beneficiary will receive the member's accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of death.

**Normal Form of Benefit:** Payable immediately as though the member had retired on the date of death and elected the 100% Joint & Survivor option if married or the 10 year Certain and Life option if unmarried.

**COLA:** None

The beneficiary of a plan member who dies prior to being eligible for Normal Retirement will receive a refund of the member's accumulated contributions with interest.

## **P. Post Retirement Death**

Benefit determined by the form of benefit elected upon retirement.



## Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a 10 Year Certain and Life Annuity and the 50%, 75% and 100% Joint and Survivor options.

## R. Vested Termination

**Eligibility:** A member has earned a non-forfeitable right to Plan benefits after the completion of 5 years of Credited Service.

**Benefit:** The member's accrued Normal Retirement Benefit taking into account compensation earned and service credited as of the date of termination. Benefit is payable at the member's Normal Retirement date.

**Normal Form of Benefit:** Single life Annuity; other options are also available.

**COLA:** None

Members terminating employment with less than 5 years of Credited Service will receive a refund of their own accumulated contributions with interest.

## S. Refunds

**Eligibility:** All members terminating employment with less than 5 years of Credited Service are eligible. Optionally, vested members (those with 5 or more years of Credited Service) may elect a refund in lieu of the vested benefits otherwise due.

**Benefit:** Refund of the member's contributions with interest. Interest is currently credited at a rate of 4% compounded annually.

## T. Member Contributions

The regular Member contribution rate is 9% of Earnings. If the combined City and Member contribution required for a year is less than 14% of covered payroll, the difference under 14% is divided in two and the resulting amount is used to reduce to the City and Member contribution rates for the year. If the combined City and Member contribution required for a year is more than 18% of covered payroll, the excess over 18% is divided in two and the resulting amount is used to increase the City and Member contribution rates for the year. For the fiscal years ending September 30, 2018 through September 30, 2019, the member contribution rate is reduced to a maximum of 12.5%, for the fiscal year ending September 30, 2020, the member contribution rate is reduced to a maximum of 10.5%, and for the fiscal years ending September 30, 2021 through September 30, 2023, the member contribution rate is reduced to a maximum of 9.5%. The reduction in member contribution rate is funded using



all accumulated excess and annual Chapter 185 premium tax money. The City contribution is increased to make up for anything the premium tax money does not cover.

**U. Employer Contributions**

Any additional amount determined by the actuary needed to fund the plan properly according to State laws. Chapter 185 monies received by the City will be deposited into the pension trust fund for the benefit of police officers in the Plan.

**V. Cost of Living Increases**

Not Applicable

**W. 13<sup>th</sup> Check**

Not Applicable

**X. Deferred Retirement Option Plan**

Eligibility: Plan members are eligible for the DROP upon attainment of Normal Retirement eligibility.

Members must make a written election to participate in the DROP.

Benefit: The member's Credited Service and AME are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AME.

Maximum

DROP Period: 5 years for members with less than 27 years of service; 3 years for members with at least 27 but less than 35 years of service; 2 years for members with 35 or more years of service.

Interest

Credited: The member's DROP account is credited or debited at an interest rate equal to the actual investment return earned by the pension plan.

Normal Form

of Benefit: The plan member may elect from 1 of the 2 following options:

(1) Lump Sum, or

(2) An annuity based upon a retirement option selected by the participant.

COLA: None



**Y. Other Ancillary Benefits**

There are no ancillary retirement type benefits not required by statutes but which might be deemed a Miami Springs Police Officers and Firefighters Retirement System liability if continued beyond the availability of funding by the current funding source.

**Z. Changes Since Previous Valuation**

Under Ordinance No. 1119-2020, for the fiscal years ending September 30, 2021 through September 30, 2023, the member contribution rate is reduced to a maximum of 9.5%.