



June 28, 2024

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

**Re: City of Okeechobee General Employees' Retirement System**

Dear Scott:

As requested, we are pleased to enclose a copy of the October 1, 2023 Chapter 112.664 Compliance Report for the City of Okeechobee General Employees' Retirement System (System).

As required, we will timely upload the required data to the State's online portal prior to the filing deadline.

Please note we understand the following items must be posted on the System's website and must be posted on any website containing budget information relating to the City or actuarial or performance information relating to the System:

- this compliance report
- most recent financial statement
- most recent actuarial valuation report
- a link to the Division of Retirement Actuarial Summary Fact Sheet  
[http://www.dms.myflorida.com/workforce\\_operations/retirement/local\\_retirement\\_plans/local\\_retirement\\_section/actuarial\\_summary\\_fact\\_sheets](http://www.dms.myflorida.com/workforce_operations/retirement/local_retirement_plans/local_retirement_section/actuarial_summary_fact_sheets)
- for the previous five years - a side-by-side comparison of the System's assumed rate of return compared to the actual rate of return as well as the percentages of cash, equity, bond and alternative investments in the System portfolio
- the System's funded ratio as determined in the most recent actuarial valuation – 107.5% defined as the ratio of the market value of System assets to the entry age normal actuarial accrued liability as of on October 1, 2023

We appreciate the opportunity to work with the Board on this important assignment.

If you should have any questions concerning the above, please do not hesitate to contact us.

Sincerest regards,  
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Jennifer Borregard". The signature is written in a cursive, flowing style.

Jennifer M. Borregard, E.A.  
Consultant and Actuary

Enclosures

# City of Okeechobee General Employees' Retirement System

## CHAPTER 112.664, F.S. COMPLIANCE REPORT

In Connection with the October 1, 2023 Funding Actuarial Valuation Report and the System's Financial Reporting for the Year Ended September 30, 2023







June 28, 2024

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

**Re: October 1, 2023 Chapter 112.664 Compliance Report**

Dear Board Members:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the Board of Trustees (Board) of the City of Okeechobee General Employees' Retirement System (System) to prepare a disclosure report to satisfy the requirements set forth in Chapter 112.664, F.S. and as further required pursuant to Chapter 60T-1.0035, F.A.C.

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

The purpose of the report is to provide the required information specified in Chapter 112.664, F.S. and to supplement this information with additional exhibits. This report should not be relied on for any purpose other than the purpose described above.

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

This report is based upon information furnished by the Board concerning System benefits, System provisions and System members as used in the corresponding Actuarial Valuations for the Valuation Dates indicated. Financial information was provided by the Board as of September 30, 2023. We reviewed the information provided for internal and year-to-year consistency, but did not audit this data. The System is responsible for the accuracy of the data.

Except where specific assumptions are required by Chapter 112.664, F.S, this report was prepared using actuarial assumptions adopted by the Board as described in Section C. The demographic actuarial assumptions are based on the results of an actuarial Experience Study for the period October 1, 2015 – September 30, 2021. The mortality assumptions are prescribed by statute. Each assumption represents an estimate of future System experience. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e. not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice.

The investment return assumption of 2% higher than the investment return assumption utilized in the Actuarial Valuations not represent an estimate of future System experience or observation of the estimates inherent in market data. This assumption is provided as a counterpart to the Chapter 112.664, F.S. requirement to utilize an investment return assumption of 2% lower than the investment return assumption utilized in the Actuarial Valuation Report. The inclusion of the additional 2% higher assumption shows a more complete assessment of the range of potential results as opposed to the *one-sided* range required by statute.

If all actuarial assumptions are met and if all current and future minimum required contributions are paid, System assets will be sufficient to pay all System benefits and future contributions are expected to remain relatively stable as a percent of payroll. System minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level percent of covered payroll.

The System's funded ratio as of October 1, 2023 is 107.5% defined as the ratio of the market value of System assets to the entry age normal actuarial accrued liability.

The System's funded ratio and the GASB Net Pension Liability may not be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

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

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The signing actuaries are independent of the System sponsor.



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

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by us or under our direct supervision and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our opinion, meet the requirements of Section 112.664(1), F.S., and Section 60T-1.0035, F.A.C.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By *Jennifer Borregard*

Jennifer M. Borregard, M.A.A.A.  
Enrolled Actuary No. 23-07624  
Consultant & Actuary

By *Michelle Jones*

Shelly L. Jones, M.A.A.A.  
Enrolled Actuary No. 23-08646  
Consultant & Actuary



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## SECTION A

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### CHAPTER 112.664, F.S. RESULTS



**Net Pension Liability**  
**Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68**  
**and Using Assumptions Required Under 112.664(1)(a), F.S.**

Measurement Date	September 30, 2023
<b>A. <u>Total Pension Liability (TPL)</u></b>	
Service Cost	\$ 162,179
Interest	318,751
Benefit Changes	0
Difference Between Actual and Expected Experience	(291,560)
Assumption Changes	49,002
Benefit Payments	(272,259)
Contribution Refunds	(20,907)
Other	0
<b>Net Change in Total Pension Liability</b>	<b>\$ (54,794)</b>
<b>Total Pension Liability (TPL) - (beginning of year)</b>	<b>4,948,186</b>
<b>Total Pension Liability (TPL) - (end of year)</b>	<b>\$ 4,893,392</b>
<b>B. <u>System Fiduciary Net Position</u></b>	
Contributions - City	\$ 34,276
Contributions - Member	66,341
Net Investment Income	601,336
Benefit Payments	(272,259)
Contribution Refunds	(20,907)
Administrative Expenses	(64,376)
Other	0
<b>Net Change in System Fiduciary Net Position</b>	<b>\$ 344,411</b>
<b>System Fiduciary Net Position - (beginning of year)</b>	<b>5,061,980</b>
<b>System Fiduciary Net Position - (end of year)</b>	<b>\$ 5,406,391</b>
<b>C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u></b>	<b>\$ (512,999)</b>
Valuation Date	October 1, 2022

**Certain Key Assumptions**

Investment Return Assumption 6.75%

**Mortality Table:**

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.



**Net Pension Liability**  
Using Assumptions Required Under 112.664(1)(b), F.S.

Measurement Date	September 30, 2023
<b>A. <u>Total Pension Liability (TPL)</u></b>	
Service Cost	\$ 240,326
Interest	281,252
Benefit Changes	0
Difference Between Actual and Expected Experience	(428,162)
Assumption Changes	102,634
Benefit Payments	(272,259)
Contribution Refunds	(20,907)
Other	0
<b>Net Change in Total Pension Liability</b>	<b>\$ (97,116)</b>
<b>Total Pension Liability (TPL) - (beginning of year)</b>	<b>6,152,635</b>
<b>Total Pension Liability (TPL) - (end of year)</b>	<b>\$ 6,055,519</b>
<b>B. <u>System Fiduciary Net Position</u></b>	
Contributions - City	\$ 34,276
Contributions - Member	66,341
Net Investment Income	601,336
Benefit Payments	(272,259)
Contribution Refunds	(20,907)
Administrative Expenses	(64,376)
Other	0
<b>Net Change in System Fiduciary Net Position</b>	<b>\$ 344,411</b>
<b>System Fiduciary Net Position - (beginning of year)</b>	<b>5,061,980</b>
<b>System Fiduciary Net Position - (end of year)</b>	<b>\$ 5,406,391</b>
<b>C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u></b>	<b>\$ 649,128</b>
Valuation Date	October 1, 2022

**Certain Key Assumptions**

Investment Return Assumption 4.75%

**Mortality Table:**

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.



**Net Pension Liability**  
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

Measurement Date	September 30, 2023
<b>A. <u>Total Pension Liability (TPL)</u></b>	
Service Cost	\$ 114,087
Interest	339,200
Benefit Changes	0
Difference Between Actual and Expected Experience	(205,603)
Assumption Changes	17,057
Benefit Payments	(272,259)
Contribution Refunds	(20,907)
Other	0
<b>Net Change in Total Pension Liability</b>	<b>\$ (28,425)</b>
<b>Total Pension Liability (TPL) - (beginning of year)</b>	<b>4,095,831</b>
<b>Total Pension Liability (TPL) - (end of year)</b>	<b>\$ 4,067,406</b>
<b>B. <u>System Fiduciary Net Position</u></b>	
Contributions - City	\$ 34,276
Contributions - Member	66,341
Net Investment Income	601,336
Benefit Payments	(272,259)
Contribution Refunds	(20,907)
Administrative Expenses	(64,376)
Other	0
<b>Net Change in System Fiduciary Net Position</b>	<b>\$ 344,411</b>
<b>System Fiduciary Net Position - (beginning of year)</b>	<b>5,061,980</b>
<b>System Fiduciary Net Position - (end of year)</b>	<b>\$ 5,406,391</b>
<b>C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u></b>	<b>\$ (1,338,985)</b>
Valuation Date	October 1, 2022

**Certain Key Assumptions**

Investment Return Assumption 8.75%

**Mortality Table:**

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.



**Asset and Benefit Payment Projection**  
**Not Reflecting Any Future Contributions**  
Using Financial Reporting Assumptions per GASB Statements No. 67 and No. 68  
and Using Assumptions Required Under 112.664(1)(a), F.S.

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2024	\$ 5,237,891	\$ 343,314	\$ 282,982	\$ 5,298,223
2025	5,298,223	345,641	331,212	5,312,652
2026	5,312,652	345,681	357,013	5,301,320
2027	5,301,320	345,059	353,062	5,293,317
2028	5,293,317	344,554	352,097	5,285,774
2029	5,285,774	343,836	357,856	5,271,754
2030	5,271,754	342,535	367,665	5,246,624
2031	5,246,624	340,701	371,466	5,215,859
2032	5,215,859	338,634	371,195	5,183,298
2033	5,183,298	336,582	367,174	5,152,706
2034	5,152,706	334,623	364,254	5,123,075
2035	5,123,075	333,024	353,172	5,102,927
2036	5,102,927	331,921	346,062	5,088,786
2037	5,088,786	331,194	339,781	5,080,199
2038	5,080,199	330,871	332,689	5,078,381
2039	5,078,381	330,934	327,555	5,081,760
2040	5,081,760	331,195	326,657	5,086,298
2041	5,086,298	331,848	317,072	5,101,074
2042	5,101,074	333,234	306,345	5,127,963
2043	5,127,963	335,407	296,430	5,166,940
2044	5,166,940	338,348	287,883	5,217,405
2045	5,217,405	341,984	281,540	5,277,849
2046	5,277,849	346,393	272,451	5,351,791
2047	5,351,791	351,770	261,790	5,441,771
2048	5,441,771	358,260	250,272	5,549,759
2049	5,549,759	365,928	239,801	5,675,886
2050	5,675,886	374,898	227,204	5,823,580
2051	5,823,580	385,287	215,625	5,993,242
2052	5,993,242	397,179	203,456	6,186,965
2053	6,186,965	410,704	191,065	6,406,604

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City, Members or State: 99.99

**Certain Key Assumptions**

Investment return assumption 6.75%

**Mortality Table:**

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

**Note: As required in Section 112.664(c) of the Florida Statutes, the projection of System assets does not include contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.**



**Asset and Benefit Payment Projection**  
**Not Reflecting Any Future Contributions**  
Using Assumptions Required Under 112.664(1)(b), F.S.

<b>FYE</b>	<b>Market Value of Assets (BOY)</b>	<b>Expected Investment Return</b>	<b>Projected Benefit Payments</b>	<b>Market Value of Assets (EOY)</b>
2024	\$ 5,237,891	\$ 241,571	\$ 282,982	\$ 5,196,480
2025	5,196,480	238,371	331,212	5,103,639
2026	5,103,639	233,302	357,013	4,979,928
2027	4,979,928	227,527	353,062	4,854,393
2028	4,854,393	221,589	352,097	4,723,885
2029	4,723,885	215,242	357,856	4,581,271
2030	4,581,271	208,218	367,665	4,421,824
2031	4,421,824	200,547	371,466	4,250,905
2032	4,250,905	192,435	371,195	4,072,145
2033	4,072,145	184,047	367,174	3,889,018
2034	3,889,018	175,423	364,254	3,700,187
2035	3,700,187	166,736	353,172	3,513,751
2036	3,513,751	158,062	346,062	3,325,751
2037	3,325,751	149,293	339,781	3,135,263
2038	3,135,263	140,426	332,689	2,943,000
2039	2,943,000	131,425	327,555	2,746,870
2040	2,746,870	122,131	326,657	2,542,344
2041	2,542,344	112,661	317,072	2,337,933
2042	2,337,933	103,226	306,345	2,134,814
2043	2,134,814	93,831	296,430	1,932,215
2044	1,932,215	84,426	287,883	1,728,758
2045	1,728,758	74,924	281,540	1,522,142
2046	1,522,142	65,342	272,451	1,315,033
2047	1,315,033	55,776	261,790	1,109,019
2048	1,109,019	46,285	250,272	905,032
2049	905,032	36,863	239,801	702,094
2050	702,094	27,545	227,204	502,435
2051	502,435	18,357	215,625	305,167
2052	305,167	9,298	203,456	111,009
2053	111,009	1,305	191,065	-

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City, Members or State: 29.58

**Certain Key Assumptions**

Investment return assumption 4.75%

**Mortality Table:**

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

**Note: As required in Section 112.664(c) of the Florida Statutes, the projection of System assets does not include contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.**



**Asset and Benefit Payment Projection**  
**Not Reflecting Any Future Contributions**  
Using Assumptions Required Under 112.664(1)(a), F.S. Plus 2% on Investment Return Assumption

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2024	\$ 5,237,891	\$ 445,075	\$ 282,982	\$ 5,399,984
2025	5,399,984	457,002	331,212	5,525,774
2026	5,525,774	466,801	357,013	5,635,562
2027	5,635,562	476,592	353,062	5,759,092
2028	5,759,092	487,446	352,097	5,894,441
2029	5,894,441	499,020	357,856	6,035,605
2030	6,035,605	510,913	367,665	6,178,853
2031	6,178,853	523,269	371,466	6,330,656
2032	6,330,656	536,565	371,195	6,496,026
2033	6,496,026	551,223	367,174	6,680,075
2034	6,680,075	567,464	364,254	6,883,285
2035	6,883,285	585,763	353,172	7,115,876
2036	7,115,876	606,447	346,062	7,376,261
2037	7,376,261	629,525	339,781	7,666,005
2038	7,666,005	655,209	332,689	7,988,525
2039	7,988,525	683,670	327,555	8,344,640
2040	8,344,640	714,872	326,657	8,732,855
2041	8,732,855	749,289	317,072	9,165,072
2042	9,165,072	787,610	306,345	9,646,337
2043	9,646,337	830,185	296,430	10,180,092
2044	10,180,092	877,288	287,883	10,769,497
2045	10,769,497	929,158	281,540	11,417,115
2046	11,417,115	986,250	272,451	12,130,914
2047	12,130,914	1,049,206	261,790	12,918,330
2048	12,918,330	1,118,644	250,272	13,786,702
2049	13,786,702	1,195,116	239,801	14,742,017
2050	14,742,017	1,279,296	227,204	15,794,109
2051	15,794,109	1,371,896	215,625	16,950,380
2052	16,950,380	1,473,639	203,456	18,220,563
2053	18,220,563	1,585,360	191,065	19,614,858

Number of years for which current market value of assets are adequate to sustain the payment of expected retirement benefits reflecting no contributions from the City, Members or State: 99.99

**Certain Key Assumptions**

Investment return assumption 8.75%

**Mortality Table:**

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

**Note: As required in Section 112.664(c) of the Florida Statutes, the projection of System assets does not include contributions from the City, Member or State. For this reason, this projection should not be viewed as representative of the amount of time the System can sustain benefit payments. Under the Government Accounting Standards Board standards which include City, Member and State contributions, the System is expected to be able to pay all future benefit payments.**



**ACTUARIALLY DETERMINED CONTRIBUTION**

	Valuation Assumptions and 112.664(1)(a), F.S. Assumptions	112.664(1)(b), F.S. Assumptions	112.664(1)(a), F.S. Assumptions Plus 2% on Investment Return Assumption
A. Valuation Date	October 1, 2023	October 1, 2023	October 1, 2023
B. Actuarial Determined Contribution to Be Paid During Fiscal Year Ending	September 30, 2025	September 30, 2025	September 30, 2025
C. Annual Payroll of Active Employees	\$ 1,104,534	\$ 1,104,534	\$ 1,104,534
D. Total Minimum Funding Requirement			
1. Total Normal Cost	\$ 39,410	\$ 279,414	\$ 0
2. Estimated Administrative Expenses	64,376	64,376	64,376
3. Interest Adjustment	<u>6,035</u>	<u>21,347</u>	<u>2,651</u>
4. Total Minimum Funding Requirement (1. + 2. + 3., not less than 1.)	\$ 109,821	\$ 365,137	\$ 67,027
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.000)	\$ 1,104,534 100.00%	\$ 1,104,534 100.00%	\$ 1,104,534 100.00%
F. Expected Contribution Sources (\$ / % of pay)			
1. City	\$ 43,549 3.94%	\$ 298,865 27.06%	\$ 755 0.07%
2. Member	<u>66,272 6.00%</u>	<u>66,272 6.00%</u>	<u>66,272 6.00%</u>
3. Total	\$ 109,821 9.94%	\$ 365,137 33.06%	\$ 67,027 6.07%

## SECTION B

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### SUMMARY OF SYSTEM PROVISIONS



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

A. Effective Date:

January 1, 1972. Amended and Restated on October 1, 2016, with Ordinance No. 1141 passed and adopted on September 6, 2016, following separation from the Okeechobee Utility Authority Employees' Retirement System. Most recently amended by Ordinance No. 1190 adopted August 6, 2019.

B. Eligibility:

All regular full time employees of the City (excluding certified Police Officers and Firefighters and the Utility Authority) are eligible on date of employment; Participation is mandatory. Elected officials are also eligible.

C. Contributions:

Employee:	6.0% of Salary.
City:	Balance required to maintain System on sound actuarial basis.

D. Credited Service:

Service is measured as the total number of years and fractional part of years of continuous service as a Member. No service is credited for any periods of employment for which the Member received a refund of Employee Contributions. [System is being administered and valued based upon total number of years and completed months of service as a Member].

E. Salary:

Basic compensation including tax deferred, tax sheltered and tax exempt income which would otherwise be included in base income, derived from elective employee payroll deductions or salary reductions, but excluding overtime, bonuses and any other non-regular payment.

F. Average Final Compensation:

Average Final Compensation (AFC) is the average salary over the highest 5 years of the last 10.

G. Normal Retirement:

1. Eligibility:

Earlier of:

- (a) Attainment of age 62 with completion of 5 years of Credited Service.
- (b) Completion of 30 years of Credited Service.

2. Benefit:

2.1% times AFC times Credited Service.



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

H. Early Retirement:

1. Eligibility:

Attainment of age 55 with completion of 10 years of Credited Service.

2. Benefit:

Benefit accrued to date of retirement, reduced by 2% for each year early retirement date precedes age 62.

I. Delayed Retirement:

Computed the same as set forth under Normal Retirement, based upon AFC and Credited Service as of delayed retirement date.

J. Disability Retirement:

1. Eligibility:

Disabled so as to be incapable of further service with the City.

2. Benefit:

Computed the same as set forth under Early Retirement, actuarially reduced for period prior to age 55.

K. Pre-Retirement Death Benefit:

- |  |   |
|--|---|
| a. Not Vested:   | Refund of accumulated contributions.  |
| b. Vested but Not Eligible for Early or Normal Retirement: | Greater of (a) 50% of the present value of vested accrued benefit or (b) refund of accumulated contributions.   |
| c. Eligible for Early or Normal Retirement:                | Greater of (a) accrued benefit, determined as though the deceased had retired immediately preceding date of death and elected the 10 year certain and life form of payment or (b) 50% of present value of vested accrued benefit. |

L. Termination Benefits:

1. Eligibility:

100% vesting upon the completion of 5 years of credited service. Employees who have not completed 5 years of credited service at date of termination of employment shall only be entitled to the return of their accumulated contributions with 3.0% interest.

2. Benefit:

Accrued benefit based upon credited service and AFC as of date of termination, payable at age 62. Alternatively, participants with 10 or more years of Credited Service may elect to receive an actuarially reduced Early Retirement Benefit beginning anytime between age 55 and 62.



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

M. Normal Form of Retirement Income:

Monthly benefit payable for ten (10) years certain and life thereafter.

N. Optional Forms of Retirement Income:

In lieu of electing the normal form of payment, the optional forms of payment available are the Single Life Annuity option and the 50%, 66 2/3%, 75% and 100% Joint and Contingent options. A Social Security option is available for Members retiring prior to being eligible for Social Security retirement benefits. A 20% Partial Lump Sum is available for Members who do not participate in the DROP.

O. Deferred Retirement Option Program (DROP)

1. Eligibility:

Member must be eligible for Normal Retirement.

2. Benefit:

Retirement benefits are transferred to a hypothetical DROP account within the pension fund. Interest is credited or debited based upon either the quarterly rate of return earned by the Fund or a monthly 6.5% fixed rate of return, as elected by the Member. Members may elect to change their interest crediting election once during the DROP period. The period of participation in the DROP is limited to no more than 60 months. The benefit is paid as a lump sum upon actual termination of employment.

P. Cost of Living Adjustment (COLA)

None.

Q. Changes Since Previous Valuation

None.



## SECTION C

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### **ACTUARIAL ASSUMPTIONS AND COST METHODS USED FOR FUNDING**

**Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation  
as of October 1, 2023**

**A. Mortality**

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

Sample Ages (2023)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
55	32.83	35.24	28.93	32.64
60	27.97	30.21	24.82	28.08
62	26.07	28.23	23.19	26.25

  

Sample Ages (2043)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
55	34.46	36.72	30.95	34.41
60	29.53	31.65	26.68	29.76
62	27.60	29.64	24.99	27.88

**B. Interest to be Earned by Fund**

6.75% (net of investment expenses), compounded annually - includes inflation at 2.50%.

**C. Allowances for Expenses or Contingencies**

Actual administrative expenses incurred during the prior System year.



Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation  
as of October 1, 2023

D. Salary Increase Factors

Current salary is assumed to increase at a rate of 4.75% - includes wage inflation of 3.5%.

E. Disability Rates

Disability rates for males and for females were used in accordance with the following illustrative example.

<u>Age</u>	<u>Disability Rates Per 100 Employees</u>
20	0.07
30	0.11
40	0.19
50	0.51
60	1.66

F. Employee Withdrawal Rates

Withdrawal rates for males and for females were used in accordance with the following illustrative example.

<u>Age</u>	<u>Withdrawal Rate</u>
20	21.1%
30	17.9%
40	9.7%
50	2.6%
60	0.9%

G. Rates of Retirement

Participants eligible for retirement are assumed to retire at the following rates:

<u>Age Eligible for Early Retirement</u>	<u>Retirement Rate</u>
55 - 64	4%
<u>Year of Eligibility for Normal Retirement</u>	<u>Retirement Rate</u>
1	40%
2 - 5	60%
6 & Over	100%

Actuarial Assumptions and Actuarial Cost Methods Used in the Valuation  
as of October 1, 2023

H. Cost Methods

Normal Retirement, Termination, Disability, and Death Benefits: Aggregate

Under this method the excess of the Actuarial Present Value of Projected Benefits of the group included in the valuation, over the sum of the Smoothed Value of Assets is allocated as a level percentage of earnings of the group between the valuation date and the assumed retirement age. This allocation is performed for the group as a whole, not as a sum of individual allocations. The portion of this Actuarial Present Value allocated to a specific year is called the Normal Cost. Under this method, actuarial gains (losses) reduce (increase) future Normal Costs.

Vested Normal Retirement, Termination, Disability, and Death Benefits: Unit Credit Cost Method

Under this method, the actuarial present value of vested accrued benefits is an amount calculated to be the sum of the present values of each individual's vested accrued or earned benefit under the System as of the valuation date. Each individual's calculation is based on pay and service as of the valuation date.

I. Asset Valuation Method

The method used for determining the smoothed value of assets phases in the deviation between the expected and actual return on assets at the rate of 25% per year. The smoothed value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of System assets and whose upper limit is 120% of the fair market value of System assets.

J. Disclosure of Assumptions

The investment return, salary increases, withdrawal and retirement rates were updated based on the most recent experience study performed for the six years ending September 30, 2021. The mortality rates are based upon the July 1, 2023 FRS Actuarial Valuation, as required under F.S., Chapter 2015-157.

K. Changes Since Previous Valuation

None

## SECTION D

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### GLOSSARY



## GLOSSARY

<b><i>Actuarial Accrued Liability</i></b>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<b><i>Actuarial Assumptions</i></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><i>Actuarial Cost Method</i></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><i>Actuarial Equivalent</i></b>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<b><i>Actuarial Present Value</i></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><i>Actuarial Present Value of Future Benefits</i></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, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<b><i>Actuarial Valuation</i></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><i>Actuarial Value of Assets</i></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 required contribution.

<b><i>Amortization Method</i></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><i>Amortization Payment</i></b>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<b><i>Amortization Period</i></b>	The period used in calculating the Amortization Payment.
<b><i>Actuarially Determined Contribution</i></b>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.
<b><i>Closed Amortization Period</i></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><i>Employer Normal Cost</i></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><i>Equivalent Single Amortization Period</i></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><i>Experience Gain/Loss</i></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. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.
<b><i>Funded Ratio</i></b>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

<b><i>GASB</i></b>	Governmental Accounting Standards Board.
<b><i>GASB No. 67 and GASB No. 68</i></b>	These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.
<b><i>Normal Cost</i></b>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<b><i>Open Amortization Period</i></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><i>Unfunded Actuarial Accrued Liability</i></b>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<b><i>Valuation Date</i></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.