



June 28, 2024

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

Re: Okeechobee Utility Authority 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 Okeechobee Utility Authority 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 Utility Authority 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
- 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 – 90.8% defined as the ratio of the market value of System assets to the entry age normal actuarial accrued liability as of 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

Okeechobee Utility Authority 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
Okeechobee Utility Authority 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 Okeechobee Utility Authority 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); and 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 Utility Authority and 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 Utility Authority and 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 Board's assumptions are based upon an Experience Study for the six-year period ended September 30, 2020 and represent an estimate of future System experience. The mortality assumptions are prescribed by statute. 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 Valuation Report does 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 90.8% 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.



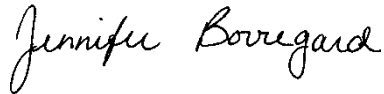
The signing actuaries are independent of the System sponsor.

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



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



Shelly L. Jones, A.S.A., E.A.
Enrolled Actuary No. 23-08646
Consultant and Actuary



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SECTION A

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
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 222,802
Interest	713,303
Benefit Changes	0
Difference Between Actual and Expected Experience	84,097
Assumption Changes	0
Benefit Payments	(430,060)
Contribution Refunds	(54,195)
Other	0
Net Change in Total Pension Liability	\$ 535,947
Total Pension Liability (TPL) - (beginning of year)	10,502,569
Total Pension Liability (TPL) - (end of year)	<u>\$ 11,038,516</u>
B. <u>System Fiduciary Net Position</u>	
Contributions - Employer	\$ 0
Contributions - Member	140,788
Net Investment Income	1,186,020
Benefit Payments	(430,060)
Contribution Refunds	(54,195)
Administrative Expenses	(60,595)
Other	0
Net Change in System Fiduciary Net Position	\$ 781,958
System Fiduciary Net Position - (beginning of year)	9,626,810
System Fiduciary Net Position - (end of year)	<u>\$ 10,408,768</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 629,748
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
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 352,234
Interest	652,963
Benefit Changes	0
Difference Between Actual and Expected Experience	101,098
Assumption Changes	0
Benefit Payments	(430,060)
Contribution Refunds	(54,195)
Other	0
Net Change in Total Pension Liability	\$ 622,040
Total Pension Liability (TPL) - (beginning of year)	13,537,765
Total Pension Liability (TPL) - (end of year)	<u>\$ 14,159,805</u>
B. <u>System Fiduciary Net Position</u>	
Contributions - Employer	\$ 0
Contributions - Member	140,788
Net Investment Income	1,186,020
Benefit Payments	(430,060)
Contribution Refunds	(54,195)
Administrative Expenses	(60,595)
Other	0
Net Change in System Fiduciary Net Position	\$ 781,958
System Fiduciary Net Position - (beginning of year)	9,626,810
System Fiduciary Net Position - (end of year)	<u>\$ 10,408,768</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 3,751,037
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
A. <u>Total Pension Liability (TPL)</u>	
Service Cost	\$ 152,268
Interest	736,682
Benefit Changes	0
Difference Between Actual and Expected Experience	67,874
Assumption Changes	0
Benefit Payments	(430,060)
Contribution Refunds	(54,195)
Other	0
Net Change in Total Pension Liability	\$ 472,569
Total Pension Liability (TPL) - (beginning of year)	8,438,614
Total Pension Liability (TPL) - (end of year)	<u>\$ 8,911,183</u>
B. <u>System Fiduciary Net Position</u>	
Contributions - Employer	\$ 0
Contributions - Member	140,788
Net Investment Income	1,186,020
Benefit Payments	(430,060)
Contribution Refunds	(54,195)
Administrative Expenses	(60,595)
Other	0
Net Change in System Fiduciary Net Position	\$ 781,958
System Fiduciary Net Position - (beginning of year)	9,626,810
System Fiduciary Net Position - (end of year)	<u>\$ 10,408,768</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ (1,497,585)
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.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2024	\$ 10,232,689	\$ 671,548	\$ 529,284	\$ 10,374,953
2025	10,374,953	680,955	534,683	10,521,225
2026	10,521,225	687,777	618,968	10,590,034
2027	10,590,034	690,880	661,569	10,619,345
2028	10,619,345	692,154	681,027	10,630,472
2029	10,630,472	692,364	695,982	10,626,854
2030	10,626,854	691,989	699,605	10,619,238
2031	10,619,238	691,155	708,442	10,601,951
2032	10,601,951	688,803	741,172	10,549,582
2033	10,549,582	683,961	777,289	10,456,254
2034	10,456,254	677,266	788,204	10,345,316
2035	10,345,316	669,758	788,755	10,226,319
2036	10,226,319	661,793	786,901	10,101,211
2037	10,101,211	653,670	778,002	9,976,879
2038	9,976,879	645,505	771,710	9,850,674
2039	9,850,674	636,670	780,446	9,706,898
2040	9,706,898	626,959	780,621	9,553,236
2041	9,553,236	617,127	765,701	9,404,662
2042	9,404,662	607,700	749,063	9,263,299
2043	9,263,299	598,310	744,865	9,116,744
2044	9,116,744	588,750	735,685	8,969,809
2045	8,969,809	579,183	725,986	8,823,006
2046	8,823,006	569,672	714,983	8,677,695
2047	8,677,695	560,602	694,591	8,543,706
2048	8,543,706	552,146	678,331	8,417,521
2049	8,417,521	544,140	664,218	8,297,443
2050	8,297,443	536,800	643,070	8,191,173
2051	8,191,173	530,265	625,439	8,095,999
2052	8,095,999	524,729	600,889	8,019,839
2053	8,019,839	520,502	575,643	7,964,698

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 Employer or Members:

All Future Years

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 Employer or Members. 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 Employer and Member 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.

FYE	Market Value of Assets (BOY)	Expected Investment Return	Projected Benefit Payments	Market Value of Assets (EOY)
2024	\$ 10,232,689	\$ 472,531	\$ 529,284	\$ 10,175,936
2025	10,175,936	469,698	534,683	10,110,951
2026	10,110,951	464,458	618,968	9,956,441
2027	9,956,441	456,030	661,569	9,750,902
2028	9,750,902	445,770	681,027	9,515,645
2029	9,515,645	434,213	695,982	9,253,876
2030	9,253,876	421,686	699,605	8,975,957
2031	8,975,957	408,260	708,442	8,675,775
2032	8,675,775	393,165	741,172	8,327,768
2033	8,327,768	375,712	777,289	7,926,191
2034	7,926,191	356,358	788,204	7,494,345
2035	7,494,345	335,831	788,755	7,041,421
2036	7,041,421	314,365	786,901	6,568,885
2037	6,568,885	292,147	778,002	6,083,030
2038	6,083,030	269,229	771,710	5,580,549
2039	5,580,549	245,138	780,446	5,045,241
2040	5,045,241	219,707	780,621	4,484,327
2041	4,484,327	193,444	765,701	3,912,070
2042	3,912,070	166,687	749,063	3,329,694
2043	3,329,694	139,132	744,865	2,723,961
2044	2,723,961	110,594	735,685	2,098,870
2045	2,098,870	81,150	725,986	1,454,034
2046	1,454,034	50,801	714,983	789,852
2047	789,852	19,773	694,591	115,034
2048	115,034	235	678,331	-
2049	-	-	664,218	-
2050	-	-	643,070	-
2051	-	-	625,439	-
2052	-	-	600,889	-
2053	-	-	575,643	-

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 Employer or Members: 24.17

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 Employer or Members. 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 Employer and Member 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	\$ 10,232,689	\$ 870,596	\$ 529,284	\$ 10,574,001
2025	10,574,001	900,208	534,683	10,939,526
2026	10,939,526	928,248	618,968	11,248,806
2027	11,248,806	953,317	661,569	11,540,554
2028	11,540,554	977,934	681,027	11,837,461
2029	11,837,461	1,003,214	695,982	12,144,693
2030	12,144,693	1,029,927	699,605	12,475,015
2031	12,475,015	1,058,417	708,442	12,824,990
2032	12,824,990	1,087,508	741,172	13,171,326
2033	13,171,326	1,116,123	777,289	13,510,160
2034	13,510,160	1,145,260	788,204	13,867,216
2035	13,867,216	1,176,477	788,755	14,254,938
2036	14,254,938	1,210,489	786,901	14,678,526
2037	14,678,526	1,247,969	778,002	15,148,493
2038	15,148,493	1,289,386	771,710	15,666,169
2039	15,666,169	1,334,274	780,446	16,219,997
2040	16,219,997	1,382,726	780,621	16,822,102
2041	16,822,102	1,436,108	765,701	17,492,509
2042	17,492,509	1,495,547	749,063	18,238,993
2043	18,238,993	1,561,061	744,865	19,055,189
2044	19,055,189	1,632,907	735,685	19,952,411
2045	19,952,411	1,711,868	725,986	20,938,293
2046	20,938,293	1,798,648	714,983	22,021,958
2047	22,021,958	1,894,422	694,591	23,221,789
2048	23,221,789	2,000,168	678,331	24,543,626
2049	24,543,626	2,116,490	664,218	25,995,898
2050	25,995,898	2,244,553	643,070	27,597,381
2051	27,597,381	2,385,507	625,439	29,357,449
2052	29,357,449	2,540,662	600,889	31,297,222
2053	31,297,222	2,711,573	575,643	33,433,152

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 Employer or Members:

All Future Years

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 Employer or Members. 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 Employer and Member 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	\$ 2,465,834	\$ 2,465,834	\$ 2,465,834
D. Total Minimum Funding Requirement			
1. Total Normal Cost	\$ 293,829	\$ 830,937	\$ 0
2. Estimated Administrative Expenses	60,595	60,595	60,595
3. Interest Adjustment	<u>25,898</u>	<u>56,494</u>	<u>0</u>
4. Total Minimum Funding Requirement (1. + 2. + 3., not less than 1.)	\$ 380,322	\$ 948,026	\$ 60,595
E. Expected Payroll of Active Employees for Following Plan Year (\$ / % of pay) (C x 1.000)	\$ 2,465,834 100.00%	\$ 2,465,834 100.00%	\$ 2,465,834 100.00%
F. Expected Contribution Sources (\$ / % of pay)			
1. Utility Authority	\$ 232,372 9.42%	\$ 800,076 32.45%	\$ 0 0.00%
2. Member	<u>147,950 6.00%</u>	<u>147,950 6.00%</u>	<u>147,950 6.00%</u>
3. Total	\$ 380,322 15.42%	\$ 948,026 38.45%	\$ 147,950 6.00%

SECTION B

SUMMARY OF SYSTEM PROVISIONS

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

A. Effective Date:

October 1, 2016, with Ordinance No. 1141, following separation from the City of Okeechobee General Employee's Retirement System. Most recently amended by Resolution 2019-01 dated March 11, 2019.

B. Eligibility:

All regular full time employees of the Okeechobee Utility Authority (OUA) are eligible on date of employment; participation is mandatory. All employees who vested under or retired from the City / OUA System on or before September 30, 2016, and the beneficiaries and joint annuitants of such members became members of the OUA System on October 1, 2016.

C. Contributions:

Employee:	6.0% of Salary.
OUA:	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.

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 65 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 65.

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 OUA.

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 65. Alternatively, Members with 10 or more years of Credited Service may elect to receive an actuarially reduced Early Retirement Benefit beginning anytime between age 55 and 65.



**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, the 50%, 66 2/3%, 75% and 100% Joint and Contingent options, and the 50%, 66 2/3%, 75% and 100% Joint and Contingent with Pop-Up 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

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 2.5%.

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

Salary rates for males and females were used in accordance with the following illustrative example - includes wage inflation of 3.5%.

<u>Age</u>	<u>Salary Rates</u>
Under 25	7.50%
25-29	6.50%
30-39	5.00%
40 & Over	4.25%

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>
Under 30	20.0%
30-39	10.0%
40 & Over	5.0%

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

G. Rates of Retirement

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

Eligible for Normal Retirement	
<u>Year of Eligibility</u>	<u>Retirement Rate</u>
1	80%
2	60%
3 & Over	100%

Retirement rate is 100% at 30 years of service. All active members on the valuation date are assumed to have a minimum of one year of future service.

In addition, participants eligible for early retirement are assumed to retire at the rate of 5% per year.

H. Cost Method

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.

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

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, 2020. 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

GLOSSARY

GLOSSARY

<i>Actuarial Accrued Liability</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	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.
<i>Actuarial Cost Method</i>	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.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value</i>	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.
<i>Actuarial Present Value of Future Benefits</i>	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.
<i>Actuarial Valuation</i>	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.
<i>Actuarial Value of Assets</i>	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.

<i>Amortization Method</i>	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.
<i>Amortization Payment</i>	That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Annual Required Contribution</i>	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.
<i>Closed Amortization Period</i>	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.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	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.
<i>Experience Gain/Loss</i>	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.
<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 67 and GASB No. 68</i>	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.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	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.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	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.