



February 12, 2024

Mr. Scott Baur
The Resource Centers, LLC
4360 Northlake Blvd., Suite 206
Palm Beach Gardens, Florida 33410

**Re: Okeechobee Utility Authority Employees' Retirement System
GASB Statement No. 68 Disclosure Information - Reporting Year Ending September 30, 2023**

Dear Scott:

As requested, we are pleased to enclose nine (9) copies of the September 30, 2023 Government Accounting Standards Board (GASB) Statement No. 68 Report for the Okeechobee Utility Authority Employees' Retirement System (System).

Consistent with prior years, we understand the Okeechobee Utility Authority will use September 30, 2023 as the measurement date for purposes of GASB Statement No. 68 information in the Okeechobee Utility Authority's September 30, 2023 financial statements.

We appreciate the opportunity to have performed this important assignment on behalf of the Okeechobee Utility Authority.

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 "Michelle Jones". The signature is written in a cursive, flowing style.

Shelly L. Jones, A.S.A.
Consultant and Actuary

Enclosures

OKEECHOBEE UTILITY AUTHORITY EMPLOYEES' RETIREMENT SYSTEM

GASB STATEMENT NO. 68 ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS

In Connection with the Okeechobee Utility Authority's Financial Reporting for Fiscal Year Ended September 30,
2023





February 12, 2024

Mr. Scott Baur
The Resource Centers, LLC
4360 Northlake Blvd., Suite 206
Palm Beach Gardens, Florida 33410

**Re: Okeechobee Utility Authority Employees' Retirement System
GASB Statement No. 68 Disclosure Information for Reporting Year Ended September 30, 2023**

Dear Scott:

This report provides accounting and financial reporting information intended to comply with the Governmental Accounting Standards Board (GASB) Statement No. 68 for the Okeechobee Utility Authority Employees' Retirement System (*System*). The calculations have been made on a basis consistent with our understanding of the Statement.

GASB Statement No. 68 establishes accounting and financial reporting for state and local government employers who provide their employees (including former employees) pension benefits through a trust.

Our calculation of the liability associated with the benefits described in this report was performed for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB Statement No. 68. The calculation of the System's liability for this report is not applicable for funding purposes of the System. A calculation of the System's liability for purposes other than satisfying the requirements of GASB Statement No. 68 may produce significantly different results.

Consistent with prior years, we understand the Okeechobee Utility Authority will use September 30, 2023 as the measurement date for purposes of GASB Statement No. 68 information in the Okeechobee Utility Authority's September 30, 2023 financial statements.

This report is based upon information, furnished to us by your office, concerning retirement and ancillary benefits, active members, deferred vested members, retirees and beneficiaries and financial data. We reviewed this information for internal consistency, but did not audit this information. The System is responsible for the accuracy of the data.

This report complements the actuarial valuation reports provided to the Board of Trustees and should be considered in conjunction with those reports. Please see the actuarial valuation report as of October 1, 2022 for additional discussion of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

The actuarial assumptions used in this Actuarial Valuation are as approved by the Board. The economic and demographic actuarial assumptions are based on the results of an actuarial experience study for the six years ending September 30, 2020. 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).

The System's GASB Net Pension Liability and System Fiduciary Net Position as a Percentage of Total 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 should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

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.

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

The signing actuaries are independent of the Okeechobee Utility Authority and the System.

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 in this report. We are available to respond to any questions with regards to matters covered in this report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By *Jennifer Borregard*
Jennifer M. Borregard, MAAA, FCA
Enrolled Actuary No. 23-07624
Consultant & Actuary

By *Michelle Jones*
Shelly L. Jones, MAAA, ASA, FCA
Enrolled Actuary No. 23-08646
Consultant & Actuary



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SECTION A

ACCOUNTING DISCLOSURE EXHIBITS

Accounting Disclosure Exhibit

I. Net Pension Liability and Related Ratios

Measurement date	9/30/2016 *	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023
A. <u>Total Pension Liability (TPL)</u>								
Service Cost		\$ 285,610	\$ 282,926	\$ 269,093	\$ 285,901	\$ 296,197	\$ 208,256	\$ 222,802
Interest		723,860	595,025	616,927	655,548	682,179	678,774	713,303
Benefit Changes		0	0	0	0	0	0	0
Difference Between Actual and Expected Experience		0	181,813	(383,010)	(36,680)	(51,853)	139,219	84,097
Assumption Changes		109,828	0	0	0	(171,663)	(303,559)	0
Benefit Payments, including Refunds of Member Contributions		(206,413)	(319,132)	(300,238)	(328,601)	(366,966)	(464,235)	(484,255)
Other **		(2,877,492)	0	0	0	0	0	0
Net Change in Total Pension Liability		\$ (1,964,607)	\$ 740,632	\$ 202,772	\$ 576,168	\$ 387,894	\$ 258,455	\$ 535,947
Total Pension Liability (TPL) - (beginning of year)	10,027,831	10,301,255	8,336,648	9,077,280	9,280,052	9,856,220	10,244,114	10,502,569
Total Pension Liability (TPL) - (end of year)	<u>\$ 10,301,255</u>	<u>\$ 8,336,648</u>	<u>\$ 9,077,280</u>	<u>\$ 9,280,052</u>	<u>\$ 9,856,220</u>	<u>\$ 10,244,114</u>	<u>\$ 10,502,569</u>	<u>\$ 11,038,516</u>
B. <u>System Fiduciary Net Position</u>								
Contributions - OUA		\$ 287,362	\$ 325,097	\$ 336,605	\$ 317,039	\$ 286,486	\$ 191,107	\$ 0
Contributions - Member		130,765	129,178	128,067	133,961	138,622	126,005	140,788
Net Investment Income		831,485	703,480	327,727	1,067,073	1,998,482	(2,314,490)	1,186,020
Benefit Payments, including Refunds of Member Contributions		(206,413)	(319,132)	(300,238)	(328,601)	(366,966)	(464,235)	(484,255)
Administrative Expenses		(52,151)	(72,819)	(59,018)	(52,827)	(50,818)	(59,798)	(60,595)
Other **		(3,111,135)	0	0	0	0	0	0
Net Change in System Fiduciary Net Position		\$ (2,120,087)	\$ 765,804	\$ 433,143	\$ 1,136,645	\$ 2,005,806	\$ (2,521,411)	\$ 781,958
System Fiduciary Net Position - (beginning of year)	9,006,480	9,926,910	7,806,823	8,572,627	9,005,770	10,142,415	12,148,221	9,626,810
System Fiduciary Net Position - (end of year)	<u>\$ 9,926,910</u>	<u>\$ 7,806,823</u>	<u>\$ 8,572,627</u>	<u>\$ 9,005,770</u>	<u>\$ 10,142,415</u>	<u>\$ 12,148,221</u>	<u>\$ 9,626,810</u>	<u>\$ 10,408,768</u>
C. <u>Net Pension Liability (NPL) - (end of year): (A) - (B)</u>	\$ 374,345	\$ 529,825	\$ 504,653	\$ 274,282	\$ (286,195)	\$ (1,904,107)	\$ 875,759	\$ 629,748
D. <u>System Fiduciary Net Position as a Percentage of TPL: (B) / (A)</u>	96.37 %	93.64 %	94.44 %	97.04 %	102.90 %	118.59 %	91.66 %	94.29 %
E. <u>Covered Employee Payroll</u> ***	\$ 2,141,184	\$ 2,179,417	\$ 2,152,963	\$ 2,134,469	\$ 2,232,670	\$ 2,310,371	\$ 2,100,081	\$ 2,346,467
F. <u>NPL as a Percentage of Covered Employee Payroll: (C) / (E)</u>	17.48 %	24.31 %	23.44 %	12.85 %	(12.82)%	(82.42)%	41.70 %	26.84 %
G. <u>Notes to Schedule:</u>								
Valuation Date	10/1/2015	10/1/2016	10/1/2017	10/1/2018	10/1/2019	10/1/2020	10/1/2021	10/1/2022
Reporting Date (GASB Statement Number 68)	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023

Update procedures used to roll forward TPL excluding DROP account balances, if any, to the measurement dates - actual DROP account balances, if any, as of measurement dates included in TPL.

See Notes to Schedule of Contributions for benefit and assumption changes during the years through measurement date September 30, 2022.

* The Total Pension Liability, the System Fiduciary Net Position and the Net Pension Liability as of September 30, 2016 were allocated based on the portion of the Employer's Total Required Contribution (from October 1, 2015 Actuarial Valuation dated April 25, 2016 and April 26, 2016 for the City and OUA, respectively). The October 1, 2015 Valuation determined the required employer contribution for the system year ended September 30, 2017.

** Due to change in nature of System, from a cost sharing to a single employer plan (effective October 1, 2016). Also, reflects \$54,027 post-valuation adjustment to match audited financial statements.

*** Reported payroll used to determine contribution as provided under GASB Statement Number 82.



Accounting Disclosure Exhibit

II. Schedule of Employer Contributions

<u>Fiscal Year End 9/30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll ¹</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2016	\$ 335,736	\$ 335,736	\$ 0	\$ 2,141,184	15.68%
2017	303,157	287,362	15,795	2,179,417	13.19%
2018	302,922	325,097	(22,175)	2,152,963	15.10%
2019	335,965	336,605	(640)	2,134,469	15.77%
2020	317,039	317,039	0	2,232,670	14.20%
2021	286,486	286,486	0	2,310,371	12.40%
2022	191,107	191,107	0	2,100,081	9.10%
2023	0	0	0	2,346,467	0.00%

¹ Reported payroll used to determine contribution as provided under GASB Statement Number 82.



Accounting Disclosure Exhibit

III. Notes to Schedule of Contributions

Valuation Date: Actuarially determined contributions are calculated as of October 1st - two years prior the fiscal year end in which contributions are paid.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ended September 30, 2023:

Actuarial Cost Method	Aggregate
Amortization Method	N/A
Amortization Period	N/A
Asset Valuation Method	4-year smoothed market value
Inflation	2.5%
Salary Increases	4.25% to 7.50% depending on age
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition

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.

Cost of Living Adjustment None.

Other Information:

Benefit Changes None

Assumption Changes 2021 - Investment return was lowered to 6.75%; Salary increase, withdrawal, and retirement assumptions were updated; 2020 - Mortality assumptions were updated; 2016 - Mortality assumptions were updated.



Accounting Disclosure Exhibit

IV. Discount Rate

A discount rate of 6.75% was used to measure the TPL effective for measurement date September 30, 2022. This discount rate was based on the expected rate of return on System investments of 6.75%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future expected benefit payments of current System members. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the TPL.

V. Sensitivity of the NPL to the Discount Rate Assumption

Measurement date: September 30, 2023

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	5.75%	6.75%	7.75%
NPL	\$2,039,067	\$629,748	(\$533,413)



Accounting Disclosure Exhibit

VI. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions - Reporting Date

Pension Expense for Fiscal Year Ending September 30, 2023	\$	382,034
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Summary of Outstanding Deferred Inflows and Outflows of Resources as of September 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience on liabilities	\$ 176,597	\$ 145,323
Changes of assumptions or other inputs	1,545	281,442
Net difference between projected and actual earnings on pension System investments	834,479	0
Total	\$ 1,012,621	\$ 426,765

Summary of Deferred Outflows and Inflows of Resources that will be Recognized in Pension Expense in Future Years.

Year Ending 30-Sep	Amount
2024	\$ 82,661
2025	157,834
2026	460,548
2027	(121,414)
2028	6,227
Thereafter	0

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

VII. Components of Pension Expense

Measurement Date	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>
Service Cost	\$ 285,610	\$ 282,926	\$ 269,093	\$ 285,901	\$ 296,197	\$ 208,256	\$ 222,802
Interest on Total Pension Liability	723,860	595,025	616,927	655,548	682,179	678,774	713,303
Current-Period Benefit Changes	0	0	0	0	0	0	0
Contributions - Member	(130,765)	(129,178)	(128,067)	(133,961)	(138,622)	(126,005)	(140,788)
Projected Earnings on System Investments	(700,468)	(548,659)	(603,773)	(632,839)	(710,225)	(813,021)	(636,173)
Administrative Expenses	52,151	72,819	59,018	52,827	50,818	59,798	60,595
Other Changes in System Fiduciary Net Position	3,111,135 *	0	0	0	0	0	0
Other Changes in Total Pension Liability	(2,877,492) *	0	0	0	0	0	0
Recognition of Beginning Deferred Outflows / (Inflows) due to Liabilities	41,220	67,957	11,632	6,466	(27,921)	(58,914)	(63,950)
Recognition of Beginning Deferred Outflows / (Inflows) due to Assets	54,646	23,682	78,892	44,707	(346,458)	305,248	226,245
Total Pension Expense	<u>\$ 559,897</u>	<u>\$ 364,572</u>	<u>\$ 303,722</u>	<u>\$ 278,649</u>	<u>\$ (194,032)</u>	<u>\$ 254,136</u>	<u>\$ 382,034</u>

* Due to change in nature of System, from a cost sharing to a single employer plan (effective October 1, 2016). Also reflects \$54,027 post-valuation adjustment to match audited financial statements.



Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

VIII. Recognition of Deferred Outflows and (Inflows) due to Liabilities - Measurement Date

Recognition of Deferred Outflows due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2015 / 2016	\$ 28,790	7.2	0.0	\$ 797	\$ 0
2016 / 2017	0	7.1	0.1	0	0
2017 / 2018	181,813	6.8	0.8	26,737	21,391
2018 / 2019	0	6.8	1.8	0	0
2019 / 2020	0	7.1	3.1	0	0
2020 / 2021	0	6.5	3.5	0	0
2021 / 2022	139,219	5.3	3.3	26,268	86,683
2022 / 2023	84,097	5.4	4.4	15,574	68,523
TOTAL				\$ 69,376	\$ 176,597

Recognition of Deferred (Inflows) due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2015 / 2016	\$ 0	7.2	0.0	\$ 0	\$ 0
2016 / 2017	0	7.1	0.1	0	0
2017 / 2018	0	6.8	0.8	0	0
2018 / 2019	(383,010)	6.8	1.8	(56,325)	(101,385)
2019 / 2020	(36,680)	7.1	3.1	(5,166)	(16,016)
2020 / 2021	(51,853)	6.5	3.5	(7,977)	(27,922)
2021 / 2022	0	5.3	3.3	0	0
2022 / 2023	0	5.4	4.4	0	0
TOTAL				\$ (69,468)	\$ (145,323)

Recognition of Deferred Outflows due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2015 / 2016	\$ 156,818	7.2	0.0	\$ 4,358	\$ 0
2016 / 2017	109,828	7.1	0.1	15,469	1,545
2017 / 2018	0	6.8	0.8	0	0
2018 / 2019	0	6.8	1.8	0	0
2019 / 2020	0	7.1	3.1	0	0
2020 / 2021	0	6.5	3.5	0	0
2021 / 2022	0	5.3	3.3	0	0
2022 / 2023	0	5.4	4.4	0	0
TOTAL				\$ 19,827	\$ 1,545

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

VIII. Recognition of Deferred Outflows and (Inflows) Due to Liabilities - Measurement Date (cont'd)

Recognition of Deferred (Inflows) due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2015 / 2016	\$ 0	7.2	0.0	\$ 0	\$ 0
2016 / 2017	0	7.1	0.1	0	0
2017 / 2018	0	6.8	0.8	0	0
2018 / 2019	0	6.8	1.8	0	0
2019 / 2020	0	7.1	3.1	0	0
2020 / 2021	(171,663)	6.5	3.5	(26,410)	(92,433)
2021 / 2022	(303,559)	5.3	3.3	(57,275)	(189,009)
2022 / 2023	0	5.4	4.4	0	0
TOTAL				\$ (83,685)	\$ (281,442)

IX. Recognition of Deferred Outflows and (Inflows) due to Assets - Measurement Date

Recognition of Deferred Outflows / (Inflows) due to Difference Between Projected and Actual Earnings on Pension System Investments

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2018 / 2019	\$ 276,046	5	0	\$ 55,210	\$ 0
2019 / 2020	(434,234)	5	1	(86,847)	(86,846)
2020 / 2021	(1,288,257)	5	2	(257,651)	(515,304)
2021 / 2022	3,127,511	5	3	625,502	1,876,507
2022 / 2023	(549,847)	5	4	(109,969)	(439,878)
TOTAL				\$ 226,245	\$ 834,479



SECTION B

SUMMARY OF SYSTEM PROVISIONS

SUMMARY OF SYSTEM PROVISIONS AS OF OCTOBER 1, 2022

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.



SUMMARY OF SYSTEM PROVISIONS AS OF OCTOBER 1, 2022

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.



SUMMARY OF SYSTEM PROVISIONS AS OF OCTOBER 1, 2022

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 COST METHODS AND ASSUMPTIONS AS OF OCTOBER 1, 2022

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 (2022)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
55	32.75	35.17	28.83	32.55
60	27.89	30.14	24.73	28.00
62	25.99	28.16	23.10	26.17

Sample Ages (2042)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
55	34.38	36.65	30.85	34.33
60	29.45	31.58	26.59	29.67
62	27.52	29.57	24.90	27.79

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 COST METHODS AND ASSUMPTIONS AS OF OCTOBER 1, 2022

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 COST METHODS AND ASSUMPTIONS AS OF OCTOBER 1, 2022

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

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 COST METHODS AND ASSUMPTIONS AS OF OCTOBER 1, 2022

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, 2022 FRS Actuarial Valuation, as required under F.S., Chapter 2015-157.

K. Changes Since Previous Valuation

None.

SECTION D

GLOSSARY OF TERMS

GLOSSARY OF TERMS

<i>Actuarial Accrued Liability (AAL)</i>	The AAL is the difference between the actuarial present value of all benefits and the actuarial value of future normal costs. The definition comes from the fundamental equation of funding which states that the present value of all benefits is the sum of the Actuarial Accrued Liability and the present value of future normal costs. The AAL may also be referred to as <i>accrued liability</i> or <i>actuarial liability</i> .
<i>Actuarial Assumptions</i>	These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation.
<i>Accrued Service</i>	Service credited under the system which was rendered before the date of the actuarial valuation.
<i>Actuarial Equivalent</i>	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.
<i>Actuarial Cost Method</i>	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of the pension trust benefits between future normal cost and actuarial accrued liability. The actuarial cost method may also be referred to as the actuarial funding method.
<i>Actuarial Gain (Loss)</i>	The difference in liabilities between actual experience and expected experience during the period between two actuarial valuations is the gain (loss) on the accrued liabilities.
<i>Actuarial Present Value (APV)</i>	The amount of funds currently required to provide a payment or series of payments in the future. The present value is determined by discounting future payments at predetermined rates of interest and probabilities of payment.
<i>Actuarial Valuation</i>	The actuarial valuation report determines, as of the actuarial valuation date, the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions.
<i>Actuarial Valuation Date</i>	The date as of which an actuarial valuation is performed.
<i>Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC)</i>	A calculated contribution into a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically the Actuarially Determined Contribution has a normal cost payment and an amortization payment.

GLOSSARY OF TERMS

<i>Amortization Payment</i>	The amortization payment is the periodic payment required to pay off an interest-discounted amount with payments of interest and principal.
<i>Amortization Method</i>	The method used to determine the periodic amortization payment may be a level dollar amount, or a level percent of pay amount. The period will typically be expressed in years, and the method will either be <i>open</i> (meaning, reset each year) or <i>closed</i> (the number of years remaining will decline each year).
<i>Cost-of-Living Adjustments</i>	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
<i>Covered-Employee Payroll</i>	The payroll of employees that are provided with pensions through the pension plan. Projected pensionable payroll (including DROP payroll) reported for valuation used - GASB Statement No. 68 references total payroll.
<i>Deferred Retirement Option Program (DROP)</i>	A program that permits a plan member to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The plan member continues to provide service to the employer and is paid for the service by the employer after the DROP entry date; however, the pensions that would have been paid to the plan member are credited to an individual member account within the defined benefit pension plan until the end of the DROP period. Other variations for DROP exist and will be more fully detailed in the plan provision section of the valuation report.
<i>Deferred Inflows and Outflows</i>	The deferred inflows and outflows of pension resources are amounts used under GASB Statement No. 68 in developing the annual pension expense. Deferred inflows and outflows arise with differences between expected and actual experiences; changes of assumptions. The portion of these amounts not included in pension expense should be included in the deferred inflows or outflows of resources.
<i>Discount Rate</i>	For GASB purposes, the discount rate is the single rate of return that results in the present value of all projected benefit payments to be equal to the sum of the funded and unfunded projected benefit payments, specifically: 1. The benefit payments to be made while the pension plans' fiduciary net position is projected to be greater than the benefit payments that are projected to be made in the period; and 2. The present value of the benefit payments not in (1) above, discounted using the municipal bond rate.

GLOSSARY OF TERMS

Entry Age Actuarial Cost Method (EAN)

The EAN is a funding method for allocating the costs of the Fund between the normal cost and the accrued liability. The actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis (either level dollar or level percent of pay) over the earnings or service of the individual between entry age and assumed exit ages(s). The portion of the actuarial present value allocated to a valuation year is the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability. The sum of the accrued liability plus the present value of all future normal costs is the present value of all benefits.

GASB

The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.

Fiduciary Net Position

The fiduciary net position is the market value of the assets of the trust dedicated to the defined benefit provisions.

Long-Term Expected Rate of Return

The long-term rate of return is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio.

Money-Weighted Rate of Return

The money-weighted rate of return is a method of calculating the returns that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 68, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.

Municipal Bond Rate

The Municipal Bond Rate is the discount rate to be used for those benefit payments that occur after the assets of the trust have been depleted.

Net Pension Liability (NPL)

The NPL is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit pension plan.

Non-Employer Contribution Entities

Non-employer contribution entities are entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of the GASB accounting statements, plan members are not considered non-employer contribution entities.

Normal Cost

The actuarial present value of the pension trust benefits allocated to the current year by the actuarial cost method.

GLOSSARY OF TERMS

<i>Real Rate of Return</i>	The real rate of return is the rate of return on an investment after adjustment to eliminate inflation.
<i>Service Cost</i>	The service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<i>Total Pension Expense</i>	The total pension expense is the sum of the following items that are recognized at the end of the employer's fiscal year: 1. Service Cost 2. Interest on the Total Pension Liability 3. Current-Period Benefit Changes 4. Employee Contributions (made negative for addition here) 5. Projected Earnings on Plan Investments (made negative for addition here) 6. Pension Plan Administrative Expense 7. Other Changes in Plan Fiduciary Net Position 8. Recognition of Outflow (Inflow) of Resources due to Liabilities 9. Recognition of Outflow (Inflow) of Resources due to Assets
<i>Total Pension Liability (TPL)</i>	The TPL is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service.
<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	The UAAL is the difference between actuarial accrued liability and valuation assets.
<i>Valuation Assets</i>	The valuation assets are the assets used in determining the unfunded liability of the plan. For purposes of GASB Statement No. 68, the valuation assets are equal to the market value of assets.