

City of West Melbourne Police Officers' Retirement Plan

Actuarial Valuation Report as of October 1, 2023

Annual Employer Contribution for the Fiscal Year Ending
September 30, 2025

Valuation received and approved by Police Retirement Board
at its January 31, 2024 meeting.





January 25, 2024

Board of Trustees
City of West Melbourne Police Officers'
Pension Board
West Melbourne, Florida

Dear Members of the Board:

The results of the October 1, 2023 Actuarial Valuation of the City of West Melbourne (City) Police Officers' Retirement Plan (Plan) are presented in this report.

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

The purposes of the valuation are to measure the Plan's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2025, and to determine the actuarial information for Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 960 for the plan year ending September 30, 2023. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results associated with the benefits described in this report for purposes other than those identified above may be significantly different.

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

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

The findings in this report are based on data or other information through October 1, 2023. The valuation was based upon information furnished by the Plan Administrator and the City concerning retirement plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator and the City.

In addition, this report was prepared using certain assumptions approved by the Board as authorized under Florida Statutes and prescribed by the Florida Statutes, as described in the section of this report entitled "Actuarial Assumptions and Methods". The investment return assumption was prescribed by the Board, and the assumed mortality rates detailed in the Actuarial Assumptions and Cost Methods section were prescribed by Chapter 112.63, Florida Statutes. All actuarial assumptions used in this report are

reasonable for purposes of this valuation. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e., they are not significantly optimistic or pessimistic).

This report was prepared using ProVal's valuation model, a software product of Winklevoss Technologies. We are relying on the ProVal model. We performed tests of the ProVal model with this assignment and made a reasonable attempt to understand the developer's intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of the ProVal model. In our professional judgment, the ProVal valuation model has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses.

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 City of West Melbourne Police Officers' Retirement Plan 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.

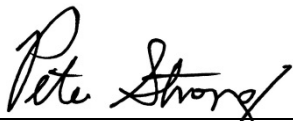
Peter N. Strong and Nicolas Lahaye are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

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

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Peter N. Strong, FSA, MAAA, FCA
Enrolled Actuary No. 23-06975
Senior Consultant & Actuary



Nicolas Lahaye, FSA, MAAA, FCA
Enrolled Actuary No. 23-07775
Consultant & Actuary



TABLE OF CONTENTS

Section	Title	Page
A	Discussion of Valuation Results	
	1. Discussion of Valuation Results	1
	2. Risks Associated with Measuring the Accrued Liability and ADC	4
	3. Low-Default-Risk Obligation Measure	7
	4. Chapter Revenue	8
B	Valuation Results	
	1. Participant Data	9
	2. Actuarially Determined Contribution	10
	3. Actuarial Value of Benefits and Assets	11
	4. Calculation of Employer Normal Cost	12
	5. Liquidation of the Unfunded Actuarial Accrued Liability	13
	6. Actuarial Gains and Losses	14
	7. Recent History of Valuation Results	18
	8. Recent History of Required and Actual Contributions	18
	9. Actuarial Assumptions and Methods	19
	10. Glossary of Terms	25
C	Pension Fund Information	
	1. Summary of Assets	28
	2. Pension Fund Income and Disbursements	29
	3. Actuarial Value of Assets	30
	4. DROP and Share Plan Reconciliations	31
	5. Investment Rate of Return	32
D	Financial Accounting Information	
	1. FASB ASC 960	33
E	Miscellaneous Information	
	1. Reconciliation of Membership Data	34
	2. Active Participant Distribution	35
	3. Inactive Participant Distribution	36
F	Summary of Plan Provisions	37

SECTION A

DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The following is a comparison of required contributions developed in this year's and the last actuarial valuations.

	For FYE 9/30/2025 Based on 10/1/2023 Valuation	For FYE 9/30/2024 Based on 10/1/2022 Valuation	Increase (Decrease)
Required Total Contribution	\$ 812,031	\$ 765,163	\$ 46,868
As % of Covered Payroll	30.13 %	28.46 %	1.67 %
Estimated State Contribution*	\$ 234,391	\$ 234,391	\$ 0
As % of Covered Payroll	8.70 %	8.72 %	(0.02) %
Estimated Member Contribution	228,005	\$ 227,721	284
As % of Covered Payroll	8.46 %	8.47 %	(0.01) %
Estimated Net Required City Contribution	\$ 349,635	\$ 303,051	\$ 46,584
As % of Covered Payroll	12.97 %	11.27 %	1.70 %

**This is the amount of State money received in 2023 available to offset the City's required contribution. The actual required City contribution for fiscal years 2024 and 2025 should be adjusted to reflect the actual State revenue received in 2024 and 2025 available to offset the required City contribution, respectively.*

The contributions have been adjusted for interest on the basis that City contributions are made biweekly. The required City contribution has been computed under the assumption that the amount to be received from the State on behalf of Police Officers in 2024 and 2025 that can be used to fund the Plan will be equal to \$234,391. If the actual payment from the State that can be used to fund the Plan falls below this amount, then the City must increase its contribution by the difference.

Pursuant to Ordinance 2017-10, future State money will first be used to provide a \$600 annual allocation to the individual Share Plan account for each active member hired after January 1, 2011 who has completed at least one full year of service. After the allocation to and administrative fees associated with the Share Plan, any remaining State money will be available to the City in order to offset its contribution requirement.

The amount of State money received in 2023 was \$252,691. There were 28 active members hired after January 1, 2011 in the Share Plan as of September 30, 2023. Assuming that each of these members will continue employment for at least one additional year, the total allocation to the Share Plan in 2024 would



be \$18,300 (28 times \$600 in allocations, plus \$1,500 in assumed administrative expenses). Based on the amount of State money received in 2023, we have estimated that the amount of State money available to the City to offset its contribution requirement in 2024 and 2025 would be \$234,391 (\$252,691 minus \$18,300).

The required employer contribution from the combination of City and State sources for the year ending September 30, 2025, is 21.67% of the actual payroll in that year (30.13% less 8.46% in expected member contributions). As a budgeting tool, the City may contribute 12.97% of each active member's salary, and then make a one-time adjustment to account for the actual State money received in 2025.

Revisions in Benefits

There were no revisions in benefits in the current valuation.

Revisions in Actuarial Assumptions and Methods

There were no revisions in actuarial assumptions and methods in the current valuation.

Actuarial Experience

There was a net actuarial experience loss of \$721,748 for the year, which means the actual experience was less favorable than expected. The actuarial loss was mainly due to unfavorable investment experience. The investment return (on the smoothed actuarial value of assets) was 4.1% compared to the assumed rate of 6.45%. Based on the market value of assets, the investment return during the year ending September 30, 2023 was 8.8%, but experience losses on the market value of assets from fiscal years 2019 and especially 2022 are being phased into the actuarial value of assets, and these phase-ins more than offset the phase-in of the market value gains in fiscal years 2020, 2021 and 2023. The average return on the market value of assets over the five-year period through fiscal year 2023 was 5.0%. Investment experience (on the actuarial value of assets) accounted for \$468,069 of the \$721,748 experience loss.

Additional sources of actuarial experience loss were higher than expected average salary increases among continuing active members (10.2% actual versus 6.8% expected), higher than expected retirement experience (1 actual versus 0 expected), and lower than expected mortality experience (no deaths occurred during the year).

The net actuarial loss increased the required employer contribution by 2.40% of covered payroll.

Funded Ratio

The funded ratio as of October 1, 2023 is 94.8% compared to 97.5% as of October 1, 2022. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Employer Contribution

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

Adjusted City Contribution rate for FYE 9/30/2024	11.27 %
Changes in benefits	0.00
Changes in assumptions	0.00
Changes in methods	0.00
Change in Amortization Payment on UAAL	(0.31)
Experience (gain)/loss	2.40
Change in Normal Cost Rate	(0.59)
Change in Employee Contribution Rate	0.01
Change in administrative expenses	0.17
Change in State revenue	<u>0.02</u>
Estimated City Contribution rate for FYE 9/30/2025	12.97

Variability of Future Contribution Rates

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

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

The Actuarial Value of Assets exceeds the Market Value of Assets by \$1,225,883 as of the valuation date (see Section C). This difference will be recognized over the next few years in the absence of offsetting gains/losses. This is expected to increase the employer contribution rate by approximately 4.09% of covered payroll.

Relationship to Market Value

If the Market Value of Assets had been the basis for this valuation, the City contribution rate would have been 17.06% (and the funded ratio would have been 89.1%). In the absence of future gains and losses, assumption changes or plan changes, the City contribution rate should increase towards that level over the next few years. The funded ratio on a Market Value basis was 87.9% last year.

Conclusion

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



RISKS ASSOCIATED WITH MEASURING THE ACCRUED LIABILITY AND ACTUARIALLY DETERMINED CONTRIBUTION

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

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

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

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

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

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

Plan Maturity Values

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Ratio of the market value of assets to total payroll	7.3	6.9	7.5
Ratio of actuarial accrued liability to payroll	8.2	7.8	6.9
Ratio of actives to retirees and beneficiaries	1.8	2.0	2.5
Ratio of net cash flow to market value of assets	-1.9%	0.0%	0.3%

Ratio of Market Value of Assets to Payroll

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

Ratio of Actuarial Accrued Liability to Payroll

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time. The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

Ratio of Actives to Retirees and Beneficiaries

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

Ratio of Net Cash Flow to Market Value of Assets

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

Additional Risk Assessment

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

LOW-DEFAULT-RISK OBLIGATION MEASURE

Actuarial Standards of Practice No. 4 (ASOP No. 4) was revised and reissued in December 2021 by the Actuarial Standards Board (ASB). It includes a new calculation called a low-default-risk obligation measure (LDROM) to be prepared and issued annually for defined benefit pension plans. The transmittal memorandum for ASOP No. 4 includes the following explanation:

“The ASB believes that the calculation and disclosure of this measure provides appropriate, useful information for the intended user regarding the funded status of a pension plan. The calculation and disclosure of this additional measure is not intended to suggest that this is the “right” liability measure for a pension plan. However, the ASB does believe that this additional disclosure provides a more complete assessment of a plan’s funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.”

The following information has been prepared in compliance with this new requirement. Unless otherwise noted, the measurement date, actuarial cost methods, and assumptions used are the same as for the funding valuation covered in this actuarial valuation report.

A. Low-default-risk Obligation Measure of benefits earned as of the measurement date: \$27,916,233

B. Discount rate used to calculate the LDROM: 4.63% based on Fidelity Investments’ “20-Year Municipal GO AA Index” as of September 29, 2023

C. Other significant assumptions that differ from those used for the funding valuation: None

D. Actuarial cost method used to calculate the LDROM: Individual Entry-Age Actuarial Cost Method

E. Valuation procedures to value any significant plan provisions that are difficult to measure using traditional valuation procedures, and that differ from the procedures used in the funding valuation: None

F. Commentary to help the intended user understand the significance of the LDROM with respect to the funded status of the plan, plan contributions, and the security of participant benefits: The LDROM is a market-based measurement of the pension obligation. It estimates the amount the plan would need to invest in low risk securities to provide the benefits with greater certainty. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligation.

The difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on the risk in a diversified portfolio.

CHAPTER REVENUE

Under Chapter 185, as amended by Senate Bill 172, State premium tax revenue may be used in any way as long as mutual consent exists between the parties and as long as all Chapter minimum benefits are in place. As of the valuation date, all minimum Chapter requirements have been met.

Pursuant to Ordinance 2017-10, future State money will first be used to provide a \$600 annual allocation to the individual Share Plan account for each active member hired after January 1, 2011 who has completed at least one full year of service. After the allocation to and administrative fees associated with the Share Plan, any remaining State money will be available to the City in order to offset its contribution requirement.

Actuarial Confirmation of the Use of State Chapter Money	
1. Amount Received for Previous Plan Year	\$ 252,691
2. Amount Allocated to Share Plan in Previous Plan Year	18,300
3. Allowable State Money to Offset Required City Contribution	234,391
4. Estimated Amount Received This Plan Year	252,691

SECTION B

VALUATION RESULTS

PARTICIPANT DATA		
	October 1, 2023	October 1, 2022
ACTIVE MEMBERS		
Number	38	40
Covered Annual Payroll	\$ 2,629,356	\$ 2,622,982
Average Annual Payroll	\$ 69,194	\$ 65,575
Average Age	37.3	37.0
Average Past Service	7.7	7.4
Average Age at Hire	29.6	29.6
SERVICE RETIREES, DROP RETIREES & BENEFICIARIES		
Number	19	18
Annual Benefits	\$ 787,478	\$ 749,332
Average Annual Benefit	\$ 41,446	\$ 41,630
Average Age	61.6	61.0
DISABILITY RETIREES		
Number	2	2
Annual Benefits	\$ 81,187	\$ 80,331
Average Annual Benefit	\$ 40,594	\$ 40,166
Average Age	58.3	57.3
TERMINATED VESTED MEMBERS & MEMBERS DUE REFUNDS		
Number Due Refunds	11	7
Number Due a Deferred Benefit	3	3
Annual Benefits*	\$ 74,652	\$ 74,652
Average Annual Benefit*	\$ 24,884	\$ 24,884
Average Age*	48.3	47.3

*Excludes terminated members due a refund of contributions.

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)		
A. Valuation Date	October 1, 2023	October 1, 2022
B. ADC to Be Paid During Fiscal Year Ending	September 30, 2025	September 30, 2024
C. Assumed Dates of Employer Contributions	Biweekly	Biweekly
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 96,299	\$ 42,755
E. Total Normal Cost	671,023	680,155
F. ADC if Paid on the Valuation Date: D + E	767,322	722,910
G. Total ADC Adjusted for Frequency of Payments	792,245	746,390
H. Total ADC as % of Covered Payroll	30.13%	28.46%
I. Assumed Rate of Increase in Covered Payroll to Contribution Year	2.50%	2.50%
J. Covered Payroll for Contribution Year	2,695,090	2,688,557
K. Total ADC for Contribution Year: H x J	812,031	765,163
L. Estimate of State Revenue in Contribution Year*	234,391	234,391
M. Estimate of State Revenue in Contribution Year as of % of Covered Payroll	8.70%	8.72%
N. Estimated Member Contribution	228,005	227,721
O. Expected Member Contribution Rate	8.46%	8.47%
P. Net Required City Contribution in Contribution Year: K - L - N	349,635	303,051
Q. Net Required City Contribution as a % of Covered Payroll in Contribution Year	12.97%	11.27%

** This is the amount of State money received in 2023 available to offset the City's required contribution. The actual required City contributions for fiscal years 2024 and 2025 should be adjusted to reflect the actual State revenue received in 2024 and 2025 available to offset the required City contribution, respectively.*

ACTUARIAL VALUE OF BENEFITS AND ASSETS		
A. Valuation Date	October 1, 2023	October 1, 2022
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service/DROP Retirement Benefits	\$ 10,799,790	\$ 10,345,745
b. Vesting Benefits	1,869,205	1,824,861
c. Disability Benefits	716,916	692,799
d. Preretirement Death Benefits	59,150	57,605
e. Return of Member Contributions	130,349	143,787
f. Total	13,575,410	13,064,797
2. Inactive Members		
a. Service/DROP Retirees & Beneficiaries	11,728,638	10,910,237
b. Disability Retirees	1,122,757	1,123,248
c. Terminated Vested Members*	693,924	656,530
d. DROP Account Balances	-	214,895
e. Total	13,545,319	12,904,910
3. Share Plan Balances	194,163	193,371
4. Total for All Members	27,314,892	26,163,078
C. Actuarial Accrued (Past Service) Liability (Entry Age Normal)	21,623,081	20,547,465
D. Actuarial Value of Accumulated Plan Benefits per FASB ASC 960	18,871,344	18,072,184
E. Plan Assets		
1. Market Value	19,273,866	18,062,906
2. Actuarial Value	20,499,749	20,043,984
F. Unfunded Actuarial Accrued Liability	1,123,332	503,481
G. Actuarial Present Value of Projected Covered Payroll	23,851,775	23,347,758
H. Actuarial Present Value of Projected Member Contributions	2,017,498	1,975,296
I. Accumulated Member Contributions	1,398,490	1,368,557
J. Funded Ratio: E2 ÷ C	94.8%	97.5%

*Includes terminated members due a refund of contributions.



CALCULATION OF EMPLOYER NORMAL COST		
A. Valuation Date	October 1, 2023	October 1, 2022
B. Normal Cost for		
1. Service/DROP Retirement Benefits	\$ 428,383	\$ 433,174
2. Vesting Benefits	105,130	110,847
3. Disability Benefits	50,768	51,355
4. Preretirement Death Benefits	3,246	3,326
5. Return of Member Contributions	<u>30,781</u>	<u>33,382</u>
6. Total for Future Benefits	618,308	632,084
7. Assumed Amount for Administrative Expenses	<u>52,715</u>	<u>48,071</u>
8. Total Normal Cost	671,023	680,155
C. Expected Member Contributions	222,572	222,137
D. Employer Normal Cost: B8 - C	448,451	458,018
E. Employer Normal Cost as a % of Covered Payroll	17.06%	17.46%

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)

UAAL Amortization Period and Payments				
Current UAAL				
Date	Source	Years Remaining	Amount	Payment
10/1/2022	Fresh Start	19	(17,630)	\$ (1,537)
10/1/2022	Assumption Changes	19	419,214	36,546
10/1/2023	(Gain)/Loss	20	721,748	61,290
			<u>\$ 1,123,332</u>	<u>\$ 96,299</u>

Amortization Schedule	
Year	Expected UAAL
2023	\$ 1,123,332
2024	1,093,277
2025	1,061,283
2026	1,027,225
2027	990,971
2028	952,378
2033	718,706
2038	399,306
2043	-

The UAAL above is being amortized as a level dollar amount over the number of years remaining in the amortization period.

ACTUARIAL GAINS AND LOSSES

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

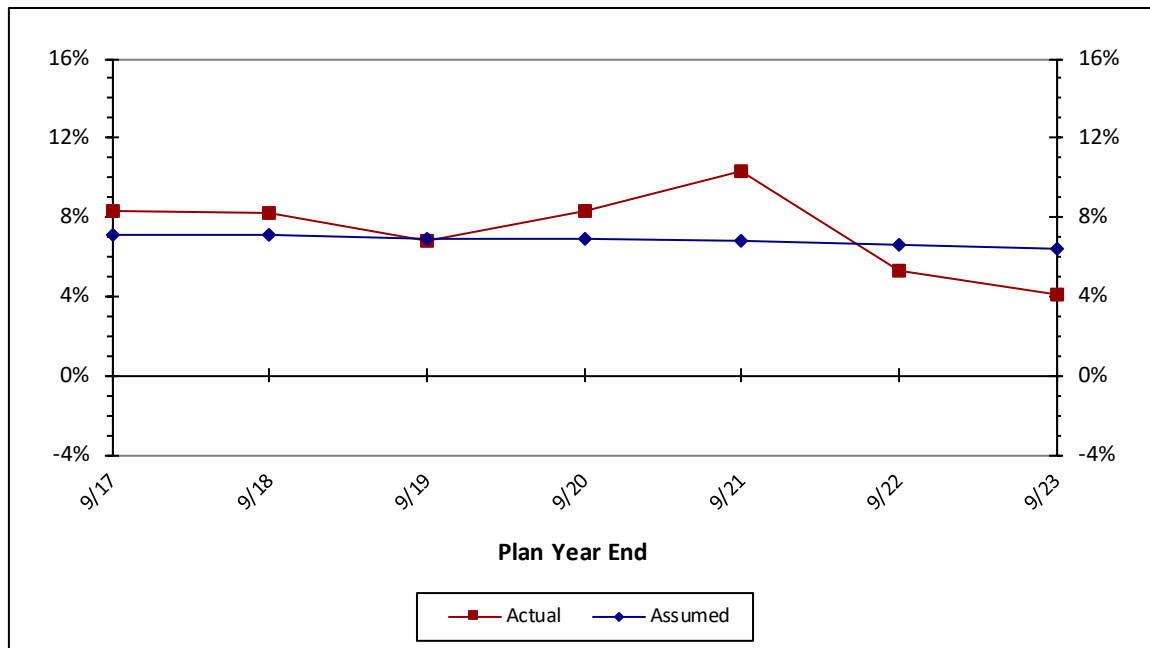
1. Last Year's UAAL	\$ 503,481
2. Last Year's Employer Normal Cost	458,018
3. Last Year's Employer Contributions	608,604
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	62,017
b. 3 from dates paid	13,328
c. a - b	48,689
5. This Year's Expected UAAL (before any changes in benefits or assumptions): 1 + 2 - 3 + 4c	401,584
6. This Year's Actual UAAL (before any changes in benefits or assumptions)	1,123,332
7. Net Actuarial Gain (Loss): 5 - 6	(721,748)
8. Gain (Loss) due to Investments	(468,069)
9. Gain (Loss) from Other Sources	(253,679)

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

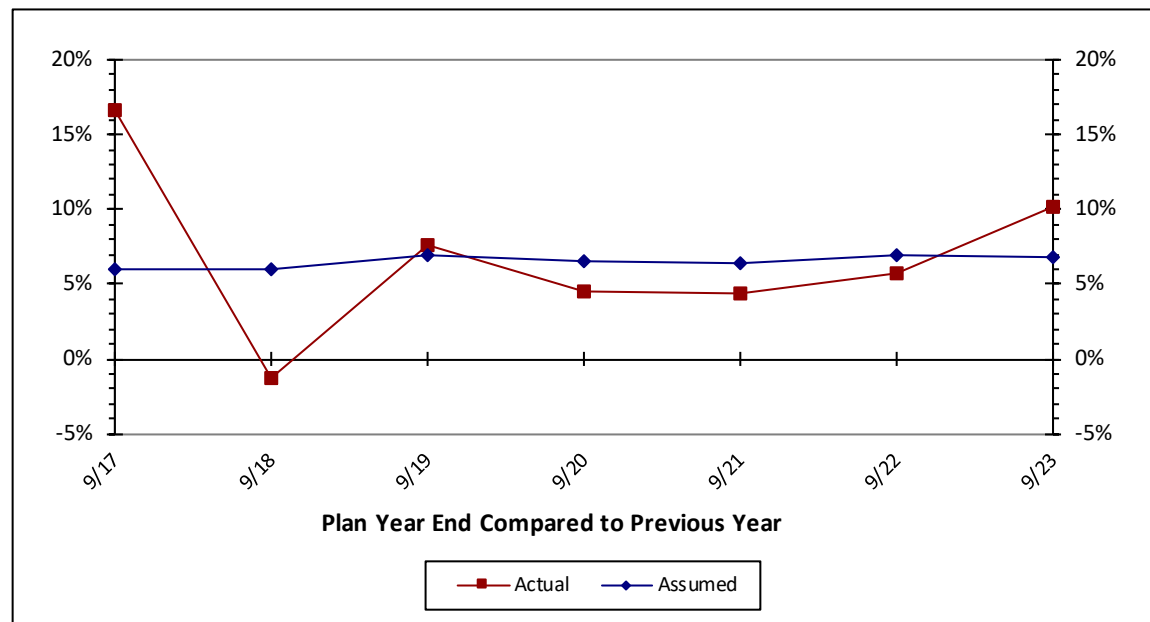
Year Ending	Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed
9/30/2017	8.3 %	7.10 %	16.6 %	6.0 %
9/30/2018	8.2	7.10	(1.3)	6.0
9/30/2019	6.8	6.95	7.6	7.0
9/30/2020	8.3	6.95	4.5	6.6
9/30/2021	10.3	6.80	4.4	6.4
9/30/2022	5.3	6.65	5.7	7.0
9/30/2023	4.1	6.45	10.2	6.8
Average	7.3 %	6.86 %	6.7 %	6.5 %

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

History of Investment Return Based on Actuarial Value of Assets



History of Salary Increases



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

Year Ended	Number Added During Year		Service/DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
									Vested	Other	Totals		
	A	E	A	E	A	E	A	E					
9/30/2021													42
9/30/2022	9	11	2	1	0	0	1	0	2	6	8	3	40
9/30/2023	10	12	1	0	0	0	0	0	1	10	11	3	38
9/30/2024				1		0		0				3	

HISTORY OF VALUATION RESULTS									
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	Actuarial Accrued Liability - Entry Age	UAAL - Entry Age	Funded Ratio	Employer Normal Cost	
	Active Members	Inactive Members						Amount	% of Payroll
10/1/2018	43	20	\$ 2,577,143	\$ 14,766,426	\$ 15,780,416	\$ 1,013,990	93.6 %	\$ 407,176	15.80 %
10/1/2019	44	22	2,745,781	15,733,049	16,846,777	1,113,728	93.4	435,245	15.85
10/1/2020	47	26	2,939,472	17,202,127	17,875,958	673,831	96.2	485,763	16.53
10/1/2021	42	28	2,792,798	19,029,363	19,246,399	217,036	98.9	486,323	17.41
10/1/2022	40	30	2,622,982	20,043,984	20,547,465	503,481	97.5	458,018	17.46
10/1/2023	38	35	2,629,356	20,499,749	21,623,081	1,123,332	94.8	448,451	17.06

HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS													
Plan Year	Fiscal Year Ending	Required Contributions											
		Total		Estimated State*		Estimated Member		Estimated Net City		Actual Contributions			
		Estimated Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll	City	State*	Member	Total
10/1/2018	9/30/2020	\$ N/A	28.55 %	\$ 150,417	5.48 %	\$ N/A	8.48 %	\$ N/A	14.59	\$ 434,572	\$ 167,930	\$ 230,786	\$ 833,288
10/1/2019	9/30/2021	N/A	28.69	162,350	5.53	N/A	8.48	N/A	14.68	423,945	180,595	243,748	848,288
10/1/2020	9/30/2022	N/A	27.98	179,395	6.42	N/A	8.47	N/A	13.09	391,011	197,115	232,219	820,345
10/1/2021	9/30/2023	N/A	27.75	234,391	8.40	N/A	8.47	N/A	10.88	374,213	234,391	229,886	838,490
10/1/2022	9/30/2024	765,163	28.46	234,391	8.72	227,721	8.47	303,051	11.27	---	---	---	---
10/1/2023	9/30/2025	812,031	30.13	234,391	8.70	228,005	8.46	349,635	12.97	---	---	---	---

* Net of Share Plan Allocation



ACTUARIAL ASSUMPTIONS AND METHODS

Valuation Methods

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

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

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

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over 20 years.

Actuarial Value of Assets - The Actuarial Value of Assets phases in the difference between the expected and actual return on the Market Value of Assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of Assets and whose upper limit is 120% of the Market Value of Assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section. Certain actuarial assumptions used in this valuation were adopted following the experience study report dated August 9, 2018.

Economic Assumptions

The investment return rate assumed in the valuation is 6.45% per year, compounded annually (net after investment expenses).

The inflation rate assumed in this valuation is 2.50% per year. The inflation rate is defined to be the expected long-term rate of increases in the prices of goods and services.

The assumed **real rate of return** over inflation is defined to be the portion of total investment return that is more than the assumed inflation rate. Considering other economic assumptions, the 6.45% investment return rate translates to an assumed real rate of return over inflation of 3.95%.



The assumed rate of increase in covered payroll from the current year to the contribution year is 2.50% per year.

The rates of salary increase used for individual members is as follows:

Service	Rate
0	10%
1-4	7%
5+	6%

This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Demographic Assumptions

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

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

These are the same rates as used by the Florida Retirement System (FRS) in their July 1, 2022 Actuarial Valuation Report for Special Risk Class members. Florida Statutes Chapter 112.63(1)(f) mandates the use of the mortality tables used in either of the two most recently published actuarial valuation reports of FRS.

The following table presents post-retirement mortality rates and life expectancies at illustrative ages. These assumptions are used to measure the probabilities of each benefit payment being made after retirement.



FRS Healthy Post-Retirement Mortality for Special Risk Class Members

Sample Attained Ages (in 2023)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.42 %	0.20 %	32.69	36.52
55	0.55	0.35	27.91	31.48
60	0.91	0.60	23.31	26.68
65	1.31	0.92	19.03	22.15
70	2.07	1.43	14.99	17.88
75	3.49	2.38	11.38	13.95
80	6.19	4.08	8.29	10.46

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

The following table presents pre-retirement mortality rates and life expectancies at illustrative ages. These assumptions are used to measure the probabilities of active members dying prior to retirement.

FRS Healthy Pre-Retirement Mortality for Special Risk Class Members

Sample Attained Ages (in 2023)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.16 %	0.10 %	35.82	39.73
55	0.25	0.16	30.74	34.59
60	0.42	0.22	25.78	29.51
65	0.68	0.30	21.00	24.49
70	1.17	0.54	16.46	19.58
75	2.05	1.05	12.21	14.87
80	6.19	4.08	8.29	10.46

This assumption is used to measure the probabilities of active members dying prior to retirement.

The following table presents disabled post-retirement mortality rates and life expectancies at illustrative ages.

FRS Disabled Mortality for Special Risk Class Members

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

The rates of retirement used to measure the probability of eligible members retiring during the next year are as follows:

Number of Years After First Eligibility for Normal Retirement	Probability of Normal Retirement
0	60 %
1	40 %
2	40 %
3	40 %
4	40 %
5+	100 %

For those retiring with 25 or more years of service, members are assumed to retire at 25 years of service at a rate of 75% per year and 100% for all years thereafter.

It was assumed that the probability of early retirement is 5% for every year of eligibility.

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

Sample Ages	% of Active Members Separating Within Next Year
25	11.7 %
30	10.5 %
35	8.3 %
40	5.7 %
45	3.5 %
50	1.5 %
55	0.6 %

Rates of disability among active member are shown below (75% of disabilities are assumed to be service-connected).

Sample Ages	% Becoming Disabled within Next Year
25	0.15 %
30	0.18 %
35	0.23 %
40	0.30 %
45	0.51 %
50	1.00 %
55	1.55 %

Changes from previous valuation :

None.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the prior two years' expenses. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Exact fractional service is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrements of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that members separating will only withdraw their contributions and forfeit an employer financed benefit if the value of their accumulated contributions exceeds the present value of their deferred monthly benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made in equal biweekly installments. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	A 10-year certain and life annuity is the normal form of benefit.
<i>Pay Increase Timing</i>	Beginning of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Service Credit Accruals</i>	It is assumed that members accrue one year of service credit per year.

GLOSSARY

<i>Actuarial Accrued Liability (AAL)</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 (APV)</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 (APVFB)</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.
<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 determined contribution (ADC).

<i>Actuarially Determined Contribution (ADC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADC consists of the Employer Normal Cost and Amortization Payment.
<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 or ADC 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>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 25 years, it is 24 years at the end of one year, 23 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. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<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>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 25 years, the same 25-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.

SECTION C

PENSION FUND INFORMATION

Statement of Plan Assets at Market Value

Item	September 30	
	2023	2022
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	15,791	21,137
3. State Contributions	-	-
4. Investment Income and Other Receivables	20,263	18,964
5. Total Receivables	\$ 36,054	\$ 40,101
C. Investments		
1. Short Term Investments & Money Market	\$ 302,387	\$ 135,363
2. U.S. Bonds and Bills	1,392,043	2,471,526
3. Federal Agency Guaranteed Securities	2,227,999	975,336
4. Corporate Bonds	258,591	492,569
5. Mutual Funds - Fixed Income	778,833	877,402
6. Mutual Funds - Equities	11,398,602	9,875,643
7. Real Estate	1,783,467	2,182,591
8. BSIP Infrastructure Fund	1,109,961	1,028,906
9. Total Investments	\$ 19,251,883	\$ 18,039,336
D. Liabilities		
1. Benefits/Refunds Payable	\$ -	\$ -
2. Accrued Expenses and Other Payables	(14,071)	(16,531)
3. Total Liabilities	\$ (14,071)	\$ (16,531)
E. Total Market Value of Assets Available for Benefits	\$ 19,273,866	\$ 18,062,906
F. Allocation of Investments		
1. Short Term Investments & Money Market	1.6%	0.8%
2. U.S. Bonds and Bills	7.2%	13.7%
3. Federal Agency Guaranteed Securities	11.6%	5.4%
4. Corporate Bonds	1.3%	2.7%
5. Mutual Funds - Fixed Income	4.0%	4.9%
6. Mutual Funds - Equities	59.2%	54.7%
7. Real Estate	9.3%	12.1%
8. BSIP Infrastructure Fund	5.8%	5.7%
9. Total Investments	100.0%	100.0%

Reconciliation of Plan Assets

Item	September 30	
	2023	2022
A. Market Value of Assets at Beginning of Year	\$ 18,062,906	\$ 20,830,988
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 229,886	\$ 232,219
b. Employer Contributions	374,213	391,011
c. State Contributions	252,691	212,265
d. Other	-	-
e. Total	\$ 856,790	\$ 835,495
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 637,304	\$ 506,765
b. Net Realized Gains/(Losses)	330,728	(263,979)
c. Net Unrealized Gains/(Losses)	686,217	(2,929,174)
d. Investment Expenses	(85,815)	(89,423)
e. Net Investment Income	\$ 1,568,434	\$ (2,775,811)
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (826,920)	\$ (670,298)
b. DROP Distributions	(219,832)	-
c. Share Plan Distributions	(20,799)	(13,804)
d. Refunds	(96,564)	(95,506)
e. Total	\$ (1,164,115)	\$ (779,608)
4. Administrative and Miscellaneous Expenses	\$ (57,272)	\$ (48,158)
5. Other (Adjustment for P/Y Expenditures)	\$ 7,123	\$ -
C. Market Value of Assets at End of Year	\$ 19,273,866	\$ 18,062,906

Development of Actuarial Value of Assets

Valuation Date – September 30	2022	2023	2024	2025	2026	2027
A. Actuarial Value of Assets Beginning of Year	\$ 19,029,363	\$ 20,043,984				
B. Market Value End of Year	18,062,906	19,273,866				
C. Market Value Beginning of Year	20,830,988	18,062,906				
D. Non-Investment/Administrative Net Cash Flow	7,729	(357,474)				
E. Investment Income						
E1. Actual Market Total: B - C - D	(2,775,811)	1,568,434				
E2. Assumed Rate of Return	6.65%	6.45%				
E3. Assumed Amount of Return	1,385,518	1,153,529				
E4. Amount Subject to Phase-In: E1 - E3	(4,161,329)	414,905				
F. Phased-In Recognition of Investment Income						
F1. Current Year: 20% * E4	(832,266)	82,981				
F2. First Prior Year	414,418	(832,266)	82,981			
F3. Second Prior Year	110,151	414,418	(832,266)	82,981		
F4. Third Prior Year	(115,574)	110,151	414,418	(832,266)	82,981	
F5. Fourth Prior Year	44,645	(115,574)	110,152	414,420	(832,265)	82,981
F6. Total Phase-Ins	(378,626)	(340,290)	(224,715)	(334,865)	(749,284)	82,981
G. Actuarial Value of Assets End of Year						
G1. Preliminary Actuarial Value of Assets End of Year:						
A + D + E3 + F6	\$ 20,043,984	\$ 20,499,749				
G2. Upper Corridor Limit: 120% * B	21,675,487	23,128,639				
G3. Lower Corridor Limit: 80% * B	14,450,325	15,419,093				
G4. Actuarial Value of Assets End of Year	20,043,984	20,499,749				
G5. Final Actuarial Value of Assets End of Year	20,043,984	20,499,749				
H. Difference between Market and Actuarial Value of Assets	(1,981,078)	(1,225,883)				
I. Actuarial Rate of Return	5.29%	4.09%				
J. Market Value Rate of Return	-13.32%	8.77%				
K. Ratio of Actuarial Value of Assets to Market Value	110.97%	106.36%				

The Actuarial Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment income (Line E4) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 5 consecutive years, Actuarial Value of Assets will become equal to Market Value.



Reconciliation of DROP Accounts	
Value at beginning of year	\$ 214,895
Adjustments	0
Payments credited to accounts	4,937
Investment Earnings credited	0
Withdrawals from accounts	<u>(219,832)</u>
Value at end of year	0

Reconciliation of Share Plan Accounts	
Value at beginning of year	\$ 193,371
Adjustments	0
Additions	16,800
Investment Earnings credited	4,791
Distributions	<u>(20,799)</u>
Value at end of year	194,163

Year Ending September 30	Investment Rate of Return	
	Market Value	Actuarial Value
	Basis*	Basis
2017	12.4 %	8.3 %
2018	8.8	8.2
2019	3.2	6.8
2020	10.5	8.3
2021	18.7	10.3
2022	(13.3)	5.3
2023	8.8	4.1

Average Returns:

All Years Shown	6.6 %	7.3 %
-----------------	-------	-------

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

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB STATEMENT NO. 35 INFORMATION

A. Valuation Date	October 1, 2023	October 1, 2022
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments*	\$ 13,045,558	\$ 12,441,751
b. Terminated Vested Members & Refunds Due	693,924	656,530
c. Other Members	<u>4,267,334</u>	<u>4,138,106</u>
d. Total	18,006,816	17,236,387
2. Non-Vested Benefits	864,528	835,797
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	18,871,344	18,072,184
4. Accumulated Contributions of Active Members	1,398,490	1,368,557
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Period	18,072,184	16,582,302
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	0	448,646
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	1,963,275	1,820,844
d. Benefits Paid	<u>(1,164,115)</u>	<u>(779,608)</u>
e. Net Increase	799,160	1,489,882
3. Total Value at End of Period	18,871,344	18,072,184
D. Market Value of Assets	19,273,866	18,062,906
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

* Includes DROP and Share Plan Balances.

SECTION E

MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/22 To 10/1/23	From 10/1/21 To 10/1/22
A. Active Members		
1. Number Included in Last Valuation	40	42
2. New Members	10 *	9 **
3. Non-Vested Employment Terminations - Refunded	(6)	(4)
4. Non-Vested Employment Terminations - Due Refunds	(4) *	(2) **
5. Vested Employment Terminations	(1)	(2)
6. Service Retirements	(1)	(2)
7. DROP Retirements	0	0
8. Disability Retirements	0	0
9. Deaths	0	(1)
10. Other	0	0
11. Number Included in This Valuation	38	40
B. Terminated Vested Members & Members Due Refunds		
1. Number Included in Last Valuation	10	11
2. Additions from Active Members	5 *	4 **
3. Refunds	(1) ***	(5)
4. Payments Commenced	0	0
5. Deaths	0	0
6. Other - Data Corrections	0	0
7. Number Included in This Valuation	14	10
C. DROP Members		
1. Number Included in Last Valuation	1	1
2. Additions from Active Members	0	0
3. Payments commenced	(1)	0
4. Deaths	0	0
5. Other	0	0
6. Number Included in This Valuation	0	1
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	19	16
2. Additions from Active Members	1	2
3. Additions from Terminated Vested Members	0	0
4. Additions from DROP Members	1	0
5. Deaths Resulting in No Further Payments	0	0
6. Deaths Resulting in New Survivor Benefits	0	1
7. Other	0	0
8. Number Included in This Valuation	21	19

* Includes 4 members hired/terminated during the year.

** Includes 2 members hired/terminated during the year.

*** Excludes partial refund for 1 member during the year.

ACTIVE PARTICIPANT DISTRIBUTION

Age Group	Years of Service to Valuation Date												Total
	<1	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
20-24	1	0	0	0	0	0	0	0	0	0	0	0	1
25-29	2	1	0	2	0	0	0	0	0	0	0	0	5
30-34	2	3	0	0	1	3	2	0	0	0	0	0	11
35-39	0	0	0	0	0	3	3	2	0	0	0	0	8
40-44	1	0	1	0	0	1	2	1	1	0	0	0	7
45-49	0	0	0	2	0	1	0	1	0	1	0	0	5
50-54	0	0	0	0	0	0	0	0	0	0	0	0	0
55-59	0	0	0	0	0	0	1	0	0	0	0	0	1
60-64	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	6	4	1	4	1	8	8	4	1	1	0	0	38

INACTIVE PARTICIPANT DISTRIBUTION

Age Group	Terminated		Disabled		Retired/DROP		Beneficiaries	
	Vested (Deferred)							
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-
45-49	2	41,610	-	-	1	64,175	1	20,766
50-54	1	33,042	-	-	2	104,434	-	-
55-59	-	-	2	81,187	3	135,428	-	-
60-64	-	-	-	-	5	223,689	-	-
65-69	-	-	-	-	4	157,300	-	-
70-74	-	-	-	-	1	36,390	1	17,459
75-79	-	-	-	-	1	27,837	-	-
80-84	-	-	-	-	-	-	-	-
85-89	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	3	74,652	2	81,187	17	749,253	2	38,225
Average Age		48.3		58.3		61.8		60.5

SECTION F

SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

A. Ordinances

The Plan was established under the Code of Ordinances for the City of West Melbourne, Florida, Chapter 34, Article IV, as amended under Ordinance No. 2017-10. The Plan is also governed by certain provisions of Chapter 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

B. Effective Date

October 1, 1979

C. Plan Year

October 1 through September 30

D. Type of Plan

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

E. Eligibility Requirements

All full-time Police Officers participate in the Plan as a condition of employment, except those who as of October 1, 1997 were not in the Plan and elected not to enter the Plan.

F. Credited Service

Service is measured as the total number of years and fractional parts of years of service as a Police Officer. No service is credited for any periods of employment for which the member received a refund of their contributions.

G. Compensation

The fixed amount of pay for services rendered to the City including overtime payments up to 300 hours, incentive pay, and differential wages for members deployed to active military duty, but excluding bonuses or other special compensation. Effective July 1, 2011, sick leave and vacation leave buybacks are excluded.

H. Average Final Compensation (AFC)

The average monthly Compensation paid during the highest 5 years within the last 10 years immediately prior to termination, retirement or death (or the career average, if greater). AFC does not include lump sum payment of accumulated unused leave paid at retirement.



I. Normal Retirement

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

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

Benefit: 3.0% of AFC multiplied by Credited Service.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: See Section W.

J. Early Retirement

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

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

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: See Section W.

K. Delayed Retirement

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

L. Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled and unable to render useful and efficient service as a police officer as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account Compensation earned and service credited until the date of disability with a minimum benefit of 42% of AFC.

Normal Form of Benefit: 10 Years Certain and Life thereafter or until recovery from disability; other options are also available.

COLA: See Section W.

M. Non-Service Connected Disability

Eligibility:	Any member with 10 years of Credited Service who becomes totally and permanently disabled by reason other than the use of drugs, illegal participation in riots, service in the military, or other excluded reason, and is unable to render useful and efficient service as a police officer is eligible for a disability benefit.
Benefit:	Accrued Normal Retirement Benefit taking into account Compensation earned and service credited as of the date of disability with a minimum benefit of 25% of AFC.
Normal Form of Benefit:	10 Years Certain and Life thereafter or until recovery from disability; other options are also available.
COLA:	See Section W.

N. Pre-Retirement Death

Eligibility:	Any member with 10 years of Credited Service is eligible for survivor benefits.
Benefit:	Accrued benefit paid as 50% of the actuarially equivalent 50% Joint and Survivor form of benefit.
Normal Form of Benefit:	Paid for the life of the beneficiary.
COLA:	See Section W.

The beneficiary of a plan member with less than 10 years of Credited Service at the time of death will receive a refund of the member's accumulated contributions.

O. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

P. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity or the 50%, 66 2/3%, 75% and 100% Joint and Survivor Annuity options.

Q. Vested Termination

Eligibility:	A member has earned a non-forfeitable right to Plan benefits after the completion of 6 years of Credited Service (see vesting table below).
--------------	---

Years of Credited Service	Vested %
Under 6	0%
6	20
7	40
8	60
9	80
10 or more	100

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of Termination. Benefit is payable at the member's Normal Retirement date.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: N/A

S. Refunds

Eligibility: All members terminating employment with less than 6 years of Credited Service are eligible. Optionally, vested members may elect a refund in lieu of the vested benefits otherwise due.

Benefit: Refund of the member's contributions.

T. Member Contributions

8.44% of Salary if hired on or after January 1, 2011.

8.54% of Salary if hired before January 1, 2011.

U. State Contributions

Chapter 185 Premium Tax Refunds

V. Employer Contributions

The amount determined by the actuary needed to fund the Plan according to State laws.

W. Cost of Living Adjustment (COLA)

For members hired before January 1, 2011, the benefit is increased annually by a pro-rated portion of 2.0% each October 1 beginning 5 years after retirement. The pro-ratio will be years of Credit Service prior to February 19, 2013 over total years of Credit Service at retirement. The minimum COLA for members hired before January 1, 2011 will be 1.0%. Members hired on or after January 1, 2011, and the beneficiaries of such members, shall not be eligible for COLA.

X. 13th Check

Not Applicable



Y. Supplemental Benefit

Members hired before January 1, 2011 receive a monthly supplemental benefit equal to \$10 for each year of Credited Service. This supplemental benefit is not subject to COLA and is not provided to vested terminated members.

Z. Deferred Retirement Option Plan (DROP)

Eligibility: A member may enter the DROP on the first day of the month coincident with or next following the earlier of:

- (1) age 50 and 10 years of Credited Service, or
- (2) 25 years of Credited Service regardless of age.

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

Maximum

DROP Period: The earlier of 5 years of participation in the DROP or 31 years of employment.

Interest: 6.5% per annum, compounded monthly and credited quarterly for those who entered DROP prior to February 19, 2013. 2.0% per annum for those who enter on or after February 19, 2013.

AA. Share Plan

Initial Allocation: Effective September 30, 2017, the individual Share account of each active member who has accrued at least one complete year of Credited Service and who is not participating in the DROP received a one-time allocation equal to \$1,200 plus \$400 for each additional complete year of Credit Service in excess of one year, subject to a maximum allocation of \$5,200. This was funded by the existing Excess State Monies Reserve with any remaining amounts applied to reduce the UAAL as of September 30, 2017.

Annual Allocation: Effective September 30, 2017 and each September 30 thereafter, \$600.00 shall be allocated to the individual Share account of each active member hired on or after January 1, 2011 who has at least one year of Credited Service. The annual allocations are funded solely by the annual State monies received with any remaining amounts applied to reduce the City's annual contribution requirement.

BB. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of West Melbourne Police Officers' Retirement Plan liability if continued beyond the availability of funding by the current funding source.

CC. Changes from Previous Valuation

None