

City of West Palm Beach Restated Employees Defined Benefit Retirement System

Actuarial Valuation Report
September 30, 2023



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February 16, 2024

Board of Trustees
City of West Palm Beach Restated Employees
Defined Benefit Retirement System
West Palm Beach, Florida

Dear Board Members:

The results of the September 30, 2023 Annual Actuarial Valuation of the City of West Palm Beach Restated Employees Defined Benefit Retirement System are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Fund 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 Fund's funding progress and to determine the employer contribution rate for the fiscal year beginning October 1, 2024. Information required by Statement Nos. 67 and 68 of the Governmental Accounting Standards Board (GASB) are provided in separate reports. 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 amount in this report is determined using the actuarial assumptions and methods disclosed in Section D of this report. This report includes risk metrics on pages A-6 and A-7 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 by GRS.

The findings in this report are based on data and other information through September 30, 2023. The valuation was based upon information furnished by the City, concerning Retirement System 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 City.

This report was prepared using assumptions and methods adopted by the Board. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is expected to have no significant bias (i.e. not significantly optimistic or pessimistic). All actuarial assumptions and methods used in this report are reasonable for the purposes of this valuation. Additional information about the actuarial assumptions and methods is included in Section D of this report.

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.

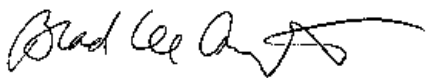
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the City of West Palm Beach Restated Employees Defined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

Brad Lee Armstrong, Jeffrey T. Tebeau and Kevin T. Noelke are Members of the American Academy of Actuaries (MAAA). These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein. Our statement by the Enrolled Actuary is contained in Section A.

The signing actuaries are independent of the plan sponsor.

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

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Brad Lee Armstrong, ASA, FCA, EA, MAAA



Kevin T. Noelke, ASA, FCA, MAAA



Jeffrey T. Tebeau, FSA, FCA, EA, MAAA

BLA/JTT/KTN:ah



SECTION A

VALUATION HIGHLIGHTS, OBSERVATIONS, RECOMMENDATIONS AND CERTIFICATION

Actuarial Valuation Highlights

September 30, 2023

Funding Objective

The basic funding objective of the Retirement System is to avoid transfer of the cost of benefit obligations between generations of taxpayers and to establish and receive contributions, which are inherently level from year-to-year when experience assumptions are met and benefits are unchanged. This objective meets the requirements of Part VII, Chapter 112, Florida Statutes.

Restated Defined Benefit Plan Established

On September 10, 1997, the City terminated the City of West Palm Beach Employees Retirement System. Annuities were purchased for all vested terminated and retired members. In addition, an annuity contract was purchased to fund all accrued liabilities for the 9 remaining active members and 3 vested terminated members as of September 10, 1997. The remaining assets of the Employees Retirement System reverted to the City. The Restated Defined Benefit Retirement System was then established to fund all expected pension obligations accrued after September 10, 1997 not funded by the guaranteed annuity contract. The Plan is also used as a conduit to receive pass-through payments from the annuity contract so that retirees receive only one monthly pension check. The last active member is expected to retire in less than 10 years.

Restated Defined Benefit Plan Assets

Financial information submitted as of September 30, 2023 indicated that the assets as of September 30, 2023 were \$41,921,667. Required contributions to the plan during the year were \$41,795 employee and \$0 employer.

Accrued Liabilities Funded by Annuity Contracts

The present value of the accrued benefits of the restated defined benefit plan frozen as of September 10, 1997 for the 9 remaining active members, the 158 retired members, and the 3 vested terminated members was computed by GRS to be \$20,624,024 as of September 30, 2023. Though not used directly, this amount was assumed to be funded by the annuity contract purchased by the City and held as an "asset" of the Restated Defined Benefit Retirement System. The \$20,624,024 is assumed to be a risk-free asset of the Restated Defined Benefit Retirement System. However, it is our understanding that in the event of a default, any remaining liability would be borne by the City.

Data Used for the Valuation

Member data is received from the Retirement System's administrator and compared with prior year's data and benefit calculations for general consistency. Any questions resulting from the review are presented to the administrator and resolved. Any data adjustments needed as a result of this process are made manually by GRS, based on responses from the administrator. Please see page D-7 for data notes for this valuation.



Actuarial Valuation Highlights

September 30, 2023

Prepaid Employer Contribution Reserve

In 2013, the City established a prepaid contribution reserve using deferred revenue. Future City contributions are expected to be paid from this reserve until it is exhausted.

Valuation Results – Contribution Requirement

The required City dollar contribution for the 2024-2025 fiscal year is \$442,837 if paid in a lump sum on October 1, 2024 for the Restated Defined Benefit Retirement System. The required City dollar contribution for the 2023-2024 fiscal year based on the September 30, 2022 valuation was computed to be \$491,192 if paid in a lump sum on October 1, 2023. Future City contributions (if any) are expected to be paid from the prepaid employer contribution reserve, which is \$2,441,305 as of September 30, 2023. This means that the prepaid employer contribution reserve will be \$1,950,113 as of September 30, 2024.

Valuation Results – Experience

The System experienced gains due to investment income, higher retiree mortality than assumed and retirement benefits that were lower than assumed for new retirees. This gain was partially offset by a loss due to higher than expected salary increases. The aggregate gain was amortized over 10 years. Last year's amortization bases have 9 or fewer years remaining. Please see page B-6 for the amortization schedule of the Present Value of Future Normal Cost.

Comparative contribution information for the Restated Defined Benefit Plan is shown on page B-4.

Changes to Benefit Provisions and/or Assumption Changes

There were no changes in benefit provisions impacting the 2024-2025 fiscal year.

There were no changes in actuarial assumptions or methods impacting the 2024-2025 fiscal year. However, the Actuarial Standards of Practice require the investment return assumption to be reviewed on an annual basis. Our analysis is based on the GRS Capital Market Assumption Modeler (CMAM).

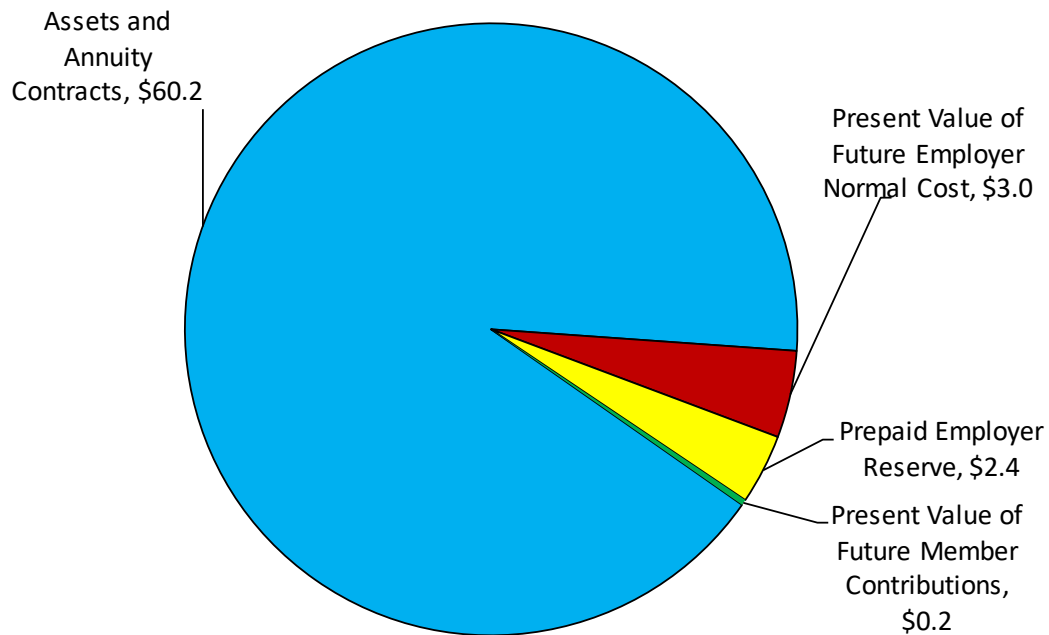
Our analysis suggests that the current assumption of 7.25% is at the high-end of the reasonable range. Therefore, the Board may wish to consider lowering this assumption for this or future valuations. The higher the investment return assumption, the less margin that will exist for actuarial standards reasonability purposes in future years if capital market expectations are lowered from their current levels.



Actuarial Valuation Highlights

September 30, 2023

Allocation of Current and Expected Future Resources (\$65.8 Million)



Certification

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. 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.

Brad Lee Armstrong, EA [23-5614]

February 16, 2024

Date

Other Observations

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the Actuarial Accrued Liability (AAL) and the Funding Value of Assets (FVA). Unless otherwise indicated, with regard to any funded status measurements presented in this report:

- 1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
- 2) The measurement is dependent upon the actuarial cost method and assumptions which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).

The computed contribution shown on page B-3 may be considered as a minimum contribution rate that complies with the Board's funding policy. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsors or other contributing entities to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

Risks to Future Employer Contribution Requirements

There are ongoing risks to future employer contribution requirements to which the Retirement System is exposed, such as:

- Actual and Assumed Investment Rate of Return
- Actual and Assumed Mortality Rates
- Amortization Policy
- The financial solvency of the insurer of the annuity contracts

Low-Default-Risk Obligation Measure

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the “Low-Default-Risk Obligation Measure” (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

“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.**”

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of the Retirement System is to finance each member’s retirement benefits over the period from the member’s date of hire until the member’s projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities of the Retirement System is set equal to the **expected return** on the Fund’s diversified portfolio of assets (referred to sometimes as the investment return assumption). For the Restated Employees Defined Benefit Retirement System, the investment return assumption is 7.25%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the entry age actuarial cost method and discount rates based upon the September 2023 Treasury Yield Curve Spot Rates (monthly average). The 1-, 5-, 10- and 30-year rates follow: 5.46%, 4.53%, 4.28% and 4.42%. 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 risk in a diversified portfolio:

Valuation Accrued Liabilities	LDROM
\$42,694,841	\$55,920,566



Risk Measures - Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the actuarial 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 actuarial 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 System'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. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the actuarial liability and assets and consequently altering the funded status and contribution requirements;
3. **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. The continuing ability of the plan sponsor to make the contributions necessary to fund the plan is outside our scope of expertise and was not performed by GRS;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future actuarial liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future actuarial 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.



Risk Measures (\$ in Thousands)

Actuarial Valuation Date (9/30)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Payroll	(5) Funded Ratio (1) / (2)	(6) Retiree Liabilities (RetLiab)	(7) RetLiab / AAL (6)/(2)	(8) UAAL / Payroll (3) / (4)	(9) Non- Invest. Cash Flow (NICF)	(10) NICF / Assets (9)/(1)	(11) Market Rate of Return	(12) 5-year Trailing Average
2019	\$ 45,801	\$ 43,680	\$ (2,122)	\$ 1,022	104.9%	\$ 35,227	80.6%	(207.6)%	\$ (2,680)	(5.9)%	3.5%	6.8%
2020 *	45,778	43,996	(1,782)	971	104.0%	35,636	81.0%	(183.6)%	(3,020)	(6.6)%	7.1%	8.1%
2021	51,366	43,901	(7,466)	778	117.0%	37,046	84.4%	(959.3)%	(3,200)	(6.2)%	20.7%	10.7%
2022	41,223	42,653	1,430	816	96.6%	35,550	83.3%	175.3%	(3,005)	(7.3)%	(13.7)%	4.6%
2023	41,922	42,366	444	707	99.0%	36,095	85.2%	62.8%	(3,370)	(8.0)%	10.3%	4.9%

* After changes in benefit provisions and/or experience assumptions and/or actuarial cost methods.

(5). The funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

(6) and (7). The ratio of retiree liabilities to total AAL gives an indication of the maturity of the system. As the ratio increases, cash flow needs increase, and the liquidity needs of the portfolio change. A ratio on the order of 50% indicates a maturing system.

(8). The ratio of unfunded AAL to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded AAL. A ratio above approximately 300% or 400% may indicate difficulty in discharging the unfunded AAL within a reasonable time frame.

(9) and (10). Positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means benefits and expenses exceed contributions, and existing funds may be 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.

(11) and (12). Investment return is probably the largest single risk that most systems face. The year-by-year return and the five-year geometric average both give an indication of the reasonableness of the system's assumed return. Of course, past performance is not a guarantee of future results. Market rate shown is based on actuarial estimation method and will differ modestly from figures reported by the investment consultant.

SECTION B

DETAILED VALUATION RESULTS

Contribution Rates

The Retirement System is supported by member contributions, City contributions and investment income on Retirement System assets.

Contributions which satisfy the funding objective stated on page A-1 are determined by the annual actuarial valuation and are sufficient to finance over a period of future years the actuarial cost not covered by present assets and anticipated future member contributions as specified by the actuarial cost method (aggregate) described in Section D.

Contribution requirements for the City's fiscal year beginning October 1, 2024 are shown on page B-3.

Contributions to Finance Benefits of the Retirement System for the Plan Year Beginning October 1, 2024 to be Contributed During the Fiscal Year Beginning October 1, 2024

Development of Normal Cost

A. Actuarial Present Value (APV) of Projected Benefits:	
Present value of all benefits expected to be paid in the future to current members on account of service after September 10, 1997	
Active members	
Age & Service	\$ 5,928,036
Vesting	32,459
Death	87,367
Disability	8,844
Total Active	\$ 6,056,706
Vested terminated members	543,396
Retired members and beneficiaries	36,094,739
Total	\$ 42,694,841
B. Prepaid Employer Contribution Reserve (available for meeting the Total Contribution Requirement shown on page B-3)	1,950,113
C. Total Liabilities	\$ 44,644,954
D. Assets: market value of assets as of the valuation date*	\$ 41,430,475
E. APV of Future Member Contributions	172,439
F. Total Offsets	\$ 41,602,914
G. APV of Employer Normal Costs: Total Liabilities less Total Offsets (C - F)	\$ 3,042,040
H. Employer Normal Cost #	\$ 313,833
I. Margin for Future Adverse Experience or Assumption Change (B - G)	\$ (1,091,927)

* Assets include prepaid employer contribution reserve of \$2,441,305 less any contribution requirement from last year's valuation report.

See page B-6 for details.

NOTE: Please see total contribution requirement on the next page.



Contributions to Finance Benefits of the Retirement System for the Plan Year Beginning October 1, 2024 to be Contributed During the Fund Fiscal Year Beginning October 1, 2024 (Concluded)

Total Contribution Requirement

	Equivalent Payment Amounts	
	4/1/2025	10/1/2024
Employer Normal Cost	\$ 313,833	\$ 313,833
Administrative Expenses	113,774	113,774
Interest	31,002	15,230
Total Contribution Requirement (Not Less than Zero)	\$ 458,609	\$ 442,837

Recommended and Actual Contributions Comparative Statement

Fiscal Year	Valuation Date September 30*	City Dollar Contributions		Valuation Payroll	City Recommended Contributions as a % of Payroll
		Recommended [#]	Actual		
06/07	2005	\$1,573,278	\$1,573,278	\$6,074,956	25.90 %
07/08	2006	1,579,325	1,579,325	5,824,833	27.11
08/09	2007	1,470,612	1,470,612	5,106,103	50.73
09/10	2008	2,096,896	2,096,896	4,133,658	50.73
10/11	2009	2,269,689	2,269,689	3,848,777	58.97
11/12	2010	1,977,284	1,977,284	3,218,861	61.43
12/13 @	2011	2,050,355	2,050,355	2,789,945	73.49
13/14	2012	1,350,431	1,350,431	2,573,346	52.48
14/15 @	2013	728,137	728,137	2,019,761	36.05
15/16	2014	0	0	1,814,346	0.00
16/17 @	2015	795,214	795,214	1,672,545	47.55
17/18 @	2016	946,538	946,538	1,500,533	63.08
18/19 @	2017	423,367	423,367	1,407,812	30.07
19/20	2018	128,278	128,278 ^	1,054,882	12.16
20/21	2019	304,715	304,715 ^	1,021,817	29.82
21/22 @	2020	327,082	327,082 ^	970,523	33.70
22/23	2021	0	0 ^	778,218	0.00
23/24	2022	491,192		816,116	60.19
24/25	2023	442,837		707,048	62.63

@ After changes in benefit provisions and/or assumptions and/or actuarial cost methods.

* The defined benefit plan was closed and restated effective September 10, 1997.

Due at the beginning of the fiscal year, effective October 1, 2006.

^ The actual contribution was released from the Prepaid Employer Contribution Reserve.

Experience Gain (Loss) from All Sources Year Ended September 30, 2023

	Year Ended September 30 2023	Year Ended September 30 2022
Derivation of Experience Gain (Loss)		
(1) Unfunded Actuarial Accrued Liability (UAAL) at start of year	\$ 1,430,346	\$ (7,465,515)
(2) Total Normal Cost	61,079	54,996
(3) Employer and Employee contributions	41,795	44,886
(4) Interest accrual	104,387	(540,890)
Expected UAAL before changes:		
(5) (1) + (2) - (3) + (4)	1,554,017	(7,996,295)
(6) Change from revised benefit provisions	0	0
(7) Change from revised actuarial assumptions *	0	0
Expected UAAL after changes:		
(8) (4) + (5) + (6)	1,554,017	(7,996,295)
(9) Actual UAAL at end of year	444,332	1,430,346
(10) Gain (loss): (7) - (8)	1,109,685	(9,426,641)
(11) Gain (loss) as percent of Actuarial Accrued Liability at start of year as shown on page E-1	2.6%	(21.4)%

* Based on entry age actuarial accrued liability.



Sources and Financing of Present Value of Future Employer Normal Cost

					Remaining Financing Period 9/30/2023	Amort. Factor	Contribution Dollar
Initial			Current				
Amount	Fin. Per.	Amount					
Changes from experience deviations							
9/30/2016	\$ 71,188	10 yrs.	\$ 26,886	3 yrs.	2.70596922	\$ 9,936	
9/30/2017	(3,224,453)	10 yrs.	(1,568,596)	4 yrs.	3.48885444	(449,602)	
9/30/2018	(881,905)	10 yrs.	(518,285)	5 yrs.	4.21881735	(122,851)	
9/30/2019	2,159,596	10 yrs.	1,472,548	6 yrs.	4.89943544	300,555	
9/30/2020	206,462	10 yrs.	158,869	7 yrs.	5.53404439	28,708	
9/30/2021	(5,553,447)	10 yrs.	(4,730,202)	8 yrs.	6.12575436	(772,183)	
9/30/2022	9,426,641	10 yrs.	8,752,379	9 yrs.	6.67746529	1,310,734	
9/30/2023	(1,109,685)	10 yrs.	(1,109,685)	10 yrs.	7.19188108	(154,297)	
Changes from actuarial assumption and actuarial cost method revisions							
9/30/2016	\$ 2,190,903	10 yrs.	\$ 827,458	3 yrs.	2.70596922	\$ 305,790	
9/30/2020	298,817	10 yrs.	229,935	7 yrs.	5.53404439	41,549	
Remaining Present Value of Future Employer Normal Cost (PVFerNC)							
9/30/2016	\$ 3,637,373	10 yrs.	\$ (499,267)	3 yrs.	2.70596922	\$ (184,506)	
Totals			\$ 3,042,040				\$ 313,833
Weighted average remaining financing period:				7.7	yrs.		



SECTION C

SUMMARY OF BENEFIT PROVISIONS AND VALUATION DATA SUBMITTED BY THE RETIREMENT SYSTEM

Summary of Benefit Provisions

(September 30, 2023)

Normal Retirement (no reduction factor for age):

Eligibility - 30 or more years of service, regardless of age, or age 55 with 25 or more years of service (age 50 for members hired prior to October 1, 1970), or age 60. Participation in the Restated Defined Benefit Plan is restricted to members hired prior to September 10, 1997.

Annual Amount - Average final compensation times the sum of a) 2.2% of prior and contributing service plus b) .75% of non-contributing membership service. The normal form of benefit is payable for life.

Type of Average Final Compensation - Highest 3 years of employment. Compensation includes base pay and longevity. All accumulated leave, compensatory time and overtime shall be excluded.

Early Retirement (age reduction factor used):

Eligibility - Age 55 (age 50 for members hired prior to October 1, 1970).

Annual Amount - Computed as normal retirement but reduced 1/2 of 1% (0.5%) for each month of age under age 60, to a maximum 30% reduction.

Deferred Retirement (vested termination benefit):

Eligibility - All members are 100% vested as of September 10, 1997. Benefit begins on or after meeting an age and service requirement for retirement.

Annual Amount - Computed as a normal retirement or early retirement amount.

Duty Disability Retirement:

Eligibility - No age or service requirements.

Maximum Disability Benefit Period - Until age 65 or for sixty (60) months, if longer.

Annual Amount - Prior to the end of the duty disability benefit period: Computed as a normal retirement (no age reduction). Minimum benefit is 60% of average final compensation. Following the end of the duty disability benefit period: Computed as a normal retirement with additional service granted for duty disability benefit period, up to 35 years. Minimum benefit is 21.25% of average final compensation.



Summary of Benefit Provisions (September 30, 2023)

Non-Duty Disability Retirement:

Eligibility - No age or service requirements.

Annual Amount - Computed as an early retirement.

Duty Death Before Retirement:

Eligibility - No age or service requirements.

Annual Amount - Refund of accumulated contributions plus a pension of 1/3 of final compensation to the widow until death or remarriage, plus unmarried children under 18 receive equal shares of 1/4 of final compensation. If there are no dependents except parent(s), the parent(s) shall be paid 1/6 of final compensation, not to exceed \$600 per annum. Final compensation is the annual rate of compensation at time of member's death.

Non-Duty Death Before Retirement:

Eligibility - No age or service requirements.

Annual Amount - Computed as a normal retirement but actuarially reduced in accordance with a 100% joint and survivor election.

Death After Retirement:

Eligibility - Payable to a surviving spouse, if any, upon the death of a retired member.

Annual Amount - 50% of the deceased retired member's straight life allowance.

Post-Retirement Cost-of-Living Adjustments: 2% of original benefit adjusted January 1 each year that is at least one year after retirement allowance effective date limited by the cumulative CPI index increase since retirement.

Member Contributions: 5.5%.

City Contributions: Actuarially determined amounts which together with member contributions are sufficient to cover the obligations of the closed group over the remaining working lifetime of the active members.



Accounting Information Submitted for Valuation

Revenues and Expenditures

	Year Ended	
	9/30/2023	9/30/2022
Revenues:		
City contributions	\$ - *	\$ 327,082 #
Member contributions	41,795	44,886
Investment income		
Interest & Dividends	1,620,777	1,393,541
Gain/Loss on sales	0	0
Other (fair value adj)	2,600,539	(8,026,555)
Prepaid ER Reserve	0	0
Other income	485	1,084
Total revenues	4,263,596	(6,259,962)
Expenditures:		
Benefits paid	3,298,020	3,280,574
Refunds of member contributions	0	0
Investment expenses	152,739	178,189
Administrative expenses	113,774	97,831
Other	0	0
Total Expenditures	3,564,533	3,556,594

* \$ 0 was released from the Prepaid Employer Contribution Reserve for the year ending 9/30/2023.

\$327,082 was released from the Prepaid Employer Contribution Reserve for the year ending 9/30/2022.

Summary of Assets (Market Value)

	9/30/2023	9/30/2022
Cash	\$ 350,917	\$288,330
Accrued Investment Income	43,417	52,551
Accounts Receivable - Sale of Investments	23,685	734,041
Other Receivables	27,491	33,871
Money Market Funds	414,717	443,501
Equity Securities	24,150,245	22,869,308
Real Return Fund	1,847,941	1,750,740
Government Securities	6,903,535	6,140,813
Corporate Bonds	1,262,961	1,954,942
Real Estate	3,070,692	3,885,759
Fixed Income Mutual Funds	3,848,888	3,839,886
Total Assets	41,944,489	41,993,742
Accounts Payable	22,822	22,480
Deferred Revenue	2,441,305	2,441,305
Accounts Payable - Purchase of Investments	0	748,658
Net Assets	39,480,362	38,781,299
Deferred Revenue	2,441,305	2,441,305
Actuarial Value of Assets (Market Value)	41,921,667 ^	41,222,604 ^

^ Excludes value of annuity contracts.



Retired Member and Beneficiary Data Historical Schedule

Year Ended	Added		Removed		COLA	Net Increase		Recipients End of Year	
	No.	Annual Allowance	No.	Annual Allowance	Annual Adjustment	No.	Annual Allowance	No.	Annual Allowance#
9/30/2004	15	\$ 354,240	5	\$ 90,816	\$ -	10	\$ 263,424	80	\$ 1,482,360
9/30/2005	4	72,129	0	-	24,231	4	96,360	84	1,578,720
9/30/2006	11	299,727	1	5,580	29,337	10	323,484	94	1,902,204
9/30/2007	18	563,625	1	25,934	30,161	17	567,852	111	2,470,056
9/30/2008	24	822,409	3	91,471	36,162	21	767,100	132	3,237,156
9/30/2009	8	202,944	3	79,784	43,352	5	166,512	137	3,403,668
9/30/2010	9	336,978	5	98,106	44,892	4	283,764	141	3,687,432
9/30/2011	11	313,474	2	40,612	48,114	9	320,976	150	4,008,408
9/30/2012	6	152,551	3	67,891	67,498	3	152,158	153	4,160,568
9/30/2013	10	375,915	6	124,753	72,346	4	323,508	157	4,484,076
9/30/2014	8	239,571	4	103,327	78,700	4	214,944	161	4,699,020
9/30/2015	6	161,020	5	121,319	79,831	1	119,532	162	4,818,552
9/30/2016	3	82,479	4	122,933	24,482	(1)	(15,972)	161	4,802,580
9/30/2017	5	154,485	4	126,039	76,722	1	105,168	162	4,907,748
9/30/2018	9	315,858	4	174,005	81,539	5	223,392	167	5,131,140
9/30/2019	3	61,058	4	62,876	85,050	(1)	83,232	166	5,214,372
9/30/2020	3	74,063	2	41,673	86,518	1	118,908	167	5,333,280
9/30/2021	8	288,820	5	178,953	88,060	3	197,928	170	5,531,208
9/30/2022	10	148,327	19	479,803	83,183	(9)	(248,292)	161	5,282,916
9/30/2023	3	122,346	6	191,077	83,684	(3)	14,952	158	5,297,868

Includes annuities purchased for all members retired as of September 10, 1997.



Retired Members and Beneficiaries as of September 30, 2023

By Attained Age

Attained Ages	No.	Monthly Pensions		
		Total Pension	AIG Portion	City Portion
32	1	\$ 1,443	\$ 490	\$ 953
35	1	1,094	362	732
37	1	1,384	20	1,364
49	1	1,919	1,438	481
58	2	5,800	794	5,006
59	3	10,375	1,455	8,920
60	3	8,394	1,637	6,757
61	2	7,442	2,625	4,817
62	4	14,667	2,868	11,799
63	2	7,158	929	6,229
64	5	13,157	3,018	10,139
65	2	4,610	1,152	3,458
66	3	8,046	3,184	4,862
67	6	20,538	6,958	13,580
68	7	29,615	8,964	20,651
69	4	8,648	1,520	7,128
70	8	26,703	11,856	14,847
71	7	20,544	8,855	11,689
72	5	17,727	5,664	12,063
73	12	37,465	11,741	25,724
74	5	10,243	3,968	6,275
75	6	12,925	3,333	9,592
76	5	11,672	4,876	6,796
77	6	23,957	10,550	13,407
78	8	25,692	10,053	15,639
79	5	8,981	6,034	2,947
80	7	29,985	12,868	17,117
81	10	20,242	11,647	8,595
82	3	4,440	2,319	2,121
83	3	5,872	2,187	3,685
84	8	19,581	11,668	7,913
85	1	1,752	1,081	671
87	4	6,819	6,124	695
88	4	6,917	6,195	722
89	1	966	834	132
90	3	4,716	3,629	1,087
Totals	158	\$ 441,489	\$ 172,896	\$ 268,593

Retired Members and Beneficiaries as of September 30, 2023

By Type of Retirement

Type of Benefit	No.	Total Pension	AIG Portion	City Portion
Age & Service				
Straight Life	25	\$ 80,835	\$ 36,692	\$ 44,143
Certain Period and Life	5	19,066	4,531	14,534
Auto 50% to Spouse	63	214,341	78,802	135,539
Auto 100% to Spouse	20	49,192	14,402	34,790
Disability				
Auto 50% to Spouse	5	12,030	3,590	8,440
Surviving Beneficiary	40	66,026	34,879	31,147
Totals	158	\$441,489	\$172,896	\$268,593

Vested Terminated Members as of September 30, 2023

By Attained Age

Attained Ages	No.	Monthly Pensions		
		Total Pension	AIG Portion	City Portion
52	1	\$3,229	\$ 25	\$3,204
58	1	1,911	342	1,569
61	1	1,189	706	483
Totals	3	\$6,330	\$1,073	\$5,257

Active and Vested Terminated Members Included in Valuation

Valuation Date September 30	Active Members	Vested Term. Members	Valuation Payroll	Average Age	Average Service	Pay
2008	75	3	\$4,133,658	52.8 yrs.	22.2 yrs.	\$ 55,115
2009	66	6	3,848,777	53.2	23.0	58,315
2010	55	9	3,218,861	53.6	23.4	58,525
2011	46	9	2,789,945	53.2	23.8	60,651
2012	41	10	2,573,346	53.7	24.7	62,765
2013	34	10	2,019,761	54.4	24.6	59,405
2014	30	8	1,814,346	55.9	25.5	60,478
2015	26	8	1,672,545	56.7	25.6	64,329
2016	23	9	1,500,533	57.4	26.7	65,241
2017	21	7	1,407,812	58.4	27.5	67,039
2018	16	6	1,054,882	58.3	27.8	65,930
2019	15	6	1,021,817	58.7	30.3	68,121
2020	14	5	970,523	59.0	31.1	69,323
2021	11	4	778,218	57.9	30.7	70,747
2022	11	3	816,116	58.9	31.7	74,192
2023	9	3	707,048	59.1	32.2	78,561

Number Added to and Removed from Active Participation

Period Ended	Number Added		Terminations During Period										Active
	During Period		Norm/Early Retirement		Disability Retirement		Died-in-Service		Terminations			Participants	
									Vested	Other	Total		
	A	E	A	E	A	E	A	E	A	A	A	E	End of Period
9/30/2014			3	2.8	0	0.1	0	0.1	1	0	1	0.4	30
9/30/2015			4	4.2	0	0.1	0	0.1	0	0	1	0.3	26
9/30/2016			2	3.6	0	0.1	0	0.1	1	0	1	0.3	23
9/30/2017			2	4.1	0	0.0	0	0.1	0	0	0	0.2	21
9/30/2018			4	3.9	1	0.1	0	0.1	0	0	0	0.2	16
9/30/2019			1	3.0	0	0.0	0	0.1	0	0	0	0.1	15
9/30/2020			1	3.1	0	0.0	0	0.1	0	0	0	0.1	14
9/30/2021			3	3.2	0	0.0	0	0.0	0	0	0	0.1	11
9/30/2022			0	1.0	0	0.0	0	0.0	0	0	0	0.1	11
9/30/2023			2	1.7	0	0.0	0	0.0	0	0	0	0.0	9

Expected for
9/30/2024

1.2 0.0 0.0 0.0

A = Actual

E = Estimated



Active Members as of September 30, 2023 by Attained Ages and Years of Service

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
50-54						1		1	\$ 119,549
55-59						3	1	4	296,853
60							2	2	186,415
61						1		1	51,676
66							1	1	52,555
Totals						5	4	9	\$707,048

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 59.1 yrs.

Service: 32.2 yrs.

Average Pay: \$78,561

Reconciliation of Membership Data

A. Active Members

1. Number Included in Last Valuation	11
2. New Members Included in Current Valuation	
3. Terminated & Refunded	
4. Terminated with Deferred Benefit	
5. Service Retirements	(2)
6. Disability Retirements	
7. Deaths	
8. Other (Data Corrections)	
9. Number Included in This Valuation	<u>9</u>

B. Vested Terminated Members

1. Number Included in Last Valuation	3
2. Additions from Active Members	
3. Refund of Contributions	
4. Payments Commenced	
5. Deaths	
6. Other	
7. Number Included in This Valuation	<u>3</u>

C. Retired Members and Beneficiaries

1. Number Included in Last Valuation	161
2. Additions from Active Members	2
3. Additions from Vested Terminated Members	
4. Removed (Deaths, Benefit Termination, Data Corrections)	(6)
5. Added (Beneficiaries/Data Corrections)	<u>1</u>
6. Number Included in This Valuation	158

SECTION D

ACTUARIAL COST METHOD, EXPERIENCE ASSUMPTIONS, AND DEFINITIONS OF TECHNICAL TERMS

Actuarial Cost Method

The funding method used in this actuarial valuation is the ***Aggregate Cost Method***. Under this method the Actuarial Present Value of Projected Benefits of the group included in the valuation, less the sum of the Funding Value of Assets and the Actuarial Present Value of Future Member Contributions is allocated over a future scheduled period. Experience gains/losses and one-time events (e.g., assumption changes) are measured using the Entry Age Normal Cost Method and amortized over separate 10-year bases with level dollar payments. The portion of this Actuarial Present Value allocated to a specific year is called the **Employer's Annual Normal Cost**. Under this method, actuarial gains (losses) reduce (increase) future Normal Costs.

Actuarial assumptions are established by the Board after consulting with the actuary. Non-economic assumptions are generally selected on the basis of the System's historical activity, modified for expected future differences. The reasonableness of the economic assumptions is based upon capital market expectations provided by various investment consultants and other sources such as the Social Security Trustees report. All actuarial assumptions are based on future expectations, not market measures.

Experience Assumptions Used for the Valuation

Funding objective contribution requirements and actuarial present values are calculated by applying estimates about future plan activities (experience assumptions) to the benefit provisions and people information of the system, using the actuarial cost method described on page D-1.

The principal areas of risk which require estimates of future plan activities are:

- (i) Long-term rates of investment return to be generated by the assets of the system.
- (ii) Patterns of pay increases to members.
- (iii) Rates of mortality among members, retirants and beneficiaries.
- (iv) Rates of withdrawal of active members.
- (v) Rates of disability among active members.
- (vi) The age patterns of actual retirements.

In making a valuation, the monetary effect of each activity is calculated for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual activities of the System will not coincide exactly with estimated activities, due to their nature. Each valuation provides a complete recalculation of estimated future activities and takes into account the effect of differences between estimated and actual activities to date. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time, one or more of the estimates are modified to reflect experience trends (but not random or temporary year-to-year fluctuations).

The experience estimates regarding the **INFLATION** rate, **REAL INVESTMENT RETURN** rate, and **SALARY INCREASE** rates are used, in combination with the other experience estimates, to (i) determine the present value of benefits potentially payable in the future and (ii) establish rates of contribution that satisfy the Retirement System funding objective.

Investment Return. 7.25% per annum, net of investment expenses.



Experience Assumptions Used for the Valuation

Inflation. 2.75% per annum, compounded annually. This is the rate at which growth in the supply of money and credit is estimated to exceed growth in the supply of goods and services. It may be thought of as the rate of depreciation of the purchasing power of the dollar. There are a number of indices for measuring the inflation rate. Recent inflation rates, as measured by the Consumer Price Index, follow:

	Year Ended September 30					Average for Period
	2023	2022	2021	2020	2019	
Actual	3.70 %	8.20 %	5.40 %	1.40 %	1.70 %	4.10 %
Estimated	2.75	2.75	2.75	3.00	3.00	2.90

Real Investment Return. 4.50% per annum compounded annually, *net of investment expenses*. This is the rate of return estimated to be produced by investing a pool of assets in an inflation-free environment. Recent real investment return for the Retirement System has been:

	Year Ended September 30					Average for Period
	2023	2022	2021	2020	2019	
Net Rate of Investment Return	10.3 %	(13.7) %	20.7 %	7.1 %	3.5 %	5.6 %
Less Inflation Rate	3.7 %	8.2 %	5.4 %	1.4 %	1.7 %	4.1 %
Net Real Rate	6.6 %	(21.9) %	15.3 %	5.7 %	1.8 %	1.5 %
Assumed Rate of Investment Return	7.25 %	7.25 %	7.25 %	7.50 %	7.50 %	7.35 %
Target Real Rate	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %	4.50 %

Salary Increases. Employee salaries are projected to increase between the date of hire and date of retirement. Salary increases occur in recognition of (i) individual merit and seniority, (ii) inflation related depreciation of the purchasing power of salaries, and (iii) competition from other employers for personnel.

A schedule of rates of salary increase used to project individual salaries follows for sample ages:

Attributable to:	Annual Rates of Salary Increase for Sample Ages				
	20	30	40	50	60
Merit & Seniority	3.80 %	2.70 %	2.10 %	1.10 %	0.20 %
General Increase in Wage Level Due to:					
Inflation	2.75	2.75	2.75	2.75	2.75
Other Causes	2.00	2.00	2.00	2.00	2.00
Total	8.55	7.45	6.85	5.85	4.95



Experience Assumptions Used for the Valuation

Changes actually experienced in average pay have been as follows:

Increase in	Year Ended September 30					Average for Period
	2023	2022	2021	2020	2019	
Average pay*	6.1%	4.9%	1.9%	1.8%	3.0%	3.5%
Expected pay	5.2%	5.2%	5.3%	5.5%	5.5%	5.3%

* For members active at both beginning and end of plan year.

Mortality Table. For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Female Mortality Table and General Below Median Employee Male Mortality Table set back 1 year, both 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 Female Mortality Table and General Below Median Healthy Retiree Male Mortality Table set back 1 year, both with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. Sample values for healthy retirees follow:

PUB-2010 Fully Generational Mortality Tables					
Sample Ages in 2023	Value of \$1 Monthly for Life		Future Life Expectancy (Years)		
	Men	Women	Men	Women	
50	\$144.20	\$150.53	33.30	37.09	
55	137.78	146.08	28.93	32.64	
60	130.60	139.45	24.82	28.08	
65	121.09	130.01	20.74	23.49	
70	108.41	117.49	16.71	19.00	
75	93.46	102.27	12.99	14.81	
80	77.01	84.85	9.69	11.04	

For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Tables set forward 3 years, with separate rates for males and females.

The margin for future mortality improvements is included in projection scales.

Experience Assumptions Used for the Valuation

Rates of Separation from Active Membership. This assumption measures the probabilities of members terminating employment for a reason other than retirement or death. The rates do not apply to members eligible for normal or early retirement.

Sample Ages	Years of Service	Percent Separating within Next Year
ALL	0	40.00 %
	1	25.00
	2	15.00
	3	10.00
	4	7.00
25	5 & Over	6.00
30		6.00
35		6.00
40		6.00
45		3.50
50		1.50
55		1.50
60		1.50
65		1.50

There are no members under the age of 25 or with less than 5 years of service.

Vested Members who terminate with a benefit worth less than 100% of their own accumulated contributions were assumed to elect a refund and forfeit their vested benefit.

Rates of Disability are used to measure probabilities of disability retirement. The rates do not apply to members eligible for normal retirement. The mortality table is set forward 10 years for projecting disability costs. 100% of the expected disability benefits were assumed to be non-duty related. Disability benefits are assumed to be fully funded by the City until age 65. At age 65, the September 10, 1997 accrued benefit is assumed to be paid by the guaranteed annuity contract.

Sample Ages	Percent Becoming Disabled within Next Year
20	0.02 %
25	0.02
30	0.04
35	0.06
40	0.16
45	0.19
50	0.31
55	0.71
60	0.00



Experience Assumptions Used for the Valuation

The Rates of Retirement are used to measure the probability of eligible members retiring during the next year. Rates of retirement are shown below:

Retirement	
Ages	Percent Retiring
50	15 %
51	10
52	10
53	10
54	10
55	10
56	10
57	10
58	10
59	10
60	10
61	10
62	30
63	10
64	10
65	60
66	30
67	40
68	50
69	90
70	100

Administrative Expenses. Administrative expenses are included in the contribution requirement.

Investment Expenses. Investment expenses are offset against gross investment income.

Active Member Pays. All items of compensation applicable to pensions are recognized in the valuation.

% Married. 70% of the active members were assumed to be married. Female spouses were assumed to be 3 years younger than male members. Male spouses were assumed to be 3 years older than female members. No one is assumed to remarry.

Summary of Assumptions Used

Miscellaneous and Technical Assumptions

September 30, 2023

Pay Increase Timing. 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.

Decrement Timing. All decrements are assumed to occur at the middle of the year.

Eligibility Testing. 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.

Benefit Service. Exact fractional service is used to determine the amount of benefit payable.

Decrement Relativity. Decrement rates are used directly from tabular rates, without adjustment for multiple decrement table effects.

Decrement Operation. Disability decrements do not operate during retirement eligibility.

Normal Form of Benefit. The assumed normal form of benefit is the straight life form for unmarried members, and 50% automatic Joint & Survivor for married members.

Loads. None.

Incidence of Contributions. 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. New entrant normal cost contributions are applied to the funding of new entrant benefits.

Workers' Compensation Offsets. None.

Data. The prior year accumulated member contributions were assumed to be credited with 3% interest. Active members were assumed to have earned one more year of service than reported last valuation. Cost-of-Living Adjustments (COLA) for AIG retiree benefits were assumed to be the same COLA percentage granted to each retiree's pension benefit, as indicated by the administrator.



Definitions of Technical Terms

Accrued Service. Service credited under the system which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between the actuarial present value of future benefit payments and the actuarial present value of future normal costs. Also referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of expected future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement estimates (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic estimates (salary increases and investment income) consist of the underlying rates in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefit payments" between future normal costs and actuarial accrued liability. Sometimes referred to as the "actuarial valuation cost method."

Actuarial Equivalent. A single amount or series of amounts of equal actuarial present value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

Actuarial Present Value. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment. Also referred to as "present value."

Amortization. Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying off with a lump sum payment.

Experience Gain (Loss). The difference between actual actuarial costs and assumed actuarial costs -- during the period between two valuation dates.

Funding Value of Assets. Market value of assets beginning with the September 30, 1997 actuarial valuation.

Normal Cost. The actuarial cost allocated to the current year by the actuarial cost method. Sometimes referred to as "current service cost."



SECTION E

ADDITIONAL DISCLOSURES

GASB Statements No. 67 and No. 68 are the accounting standards which replaced GASB Statements No. 25 and No. 27. GASB Statement No. 67 is first effective for fiscal year 2014 and GASB Statement No. 68 is first effective for fiscal year 2015. A separate GASB Statements No. 67 and No. 68 report has been issued outside of this report. This section contains historical GASB Statements No. 25 and No. 27 reporting information for prior fiscal years and illustrative information for fiscal year 2015 and after.

Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b)-(a)	Funded Ratio (a)/(b)	Active Member Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
9/30/2012	\$ 30,541,784	\$ 37,986,851	\$ 7,445,067	80 %	\$ 2,573,346	289 %
9/30/2013 @	34,347,451	38,383,459	4,036,008	89	2,019,761	200
9/30/2014	45,171,751	38,435,492	(6,736,259)	118	1,814,346	(371)
9/30/2015 @	42,985,063	41,116,495	(1,868,568)	105	1,672,545	(112)
9/30/2016 @	43,271,913	43,537,312	265,399	99	1,500,533	18
9/30/2017 @	46,405,229	43,490,996	(2,914,233)	107	1,407,812	(207)
9/30/2018	47,300,688	43,314,998	(3,985,690)	109	1,054,882	(378)
9/30/2019	45,801,302	43,679,638	(2,121,664)	105	1,021,817	(208)
9/30/2020 @	45,778,034	43,996,313	(1,781,721)	104	970,523	(184)
9/30/2021	51,366,242	43,900,727	(7,465,515)	117	778,218	(959)
9/30/2022	41,222,604	42,652,950	1,430,346	97	816,116	175
9/30/2023	41,921,667	42,365,999	444,332	99	707,048	63

Schedule of Employer Contributions

Fiscal Year	Valuation Date	Contribution Rates as Percents of Valuation Payroll	Computed Dollar Contribution Based on Valuation Payroll [#]	Actual Contribution	
10-1/9-30	September 30				
13/14	2012	52.48 %	\$1,350,431	\$1,350,431	*
14/15 @	2013	36.05	728,137	728,137	*
15/16	2014	0.00	0	0	*
16/17 @	2015	47.55	795,214	795,214	*
17/18 @	2016	63.08	946,538	946,538	*
18/19	2017	30.07	423,367	423,367	*
19/20	2018	12.16	128,278	128,278	*
20/21	2019	29.82	304,715	304,715	*
21/22 @	2020	33.70	327,082	327,082	*
22/23	2021	0.00	0	0	*
23/24	2022	60.19	491,192		
24/25	2023	62.63	442,837		

@ After changes in benefit provisions and/or experience assumptions and/or actuarial cost methods.

Due at the beginning of the fiscal year, effective October 1, 2006.

* The actual contribution was released from the City's Prepaid Employer Contribution Reserve.



Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	September 30, 2023
Actuarial cost method	Aggregate
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases*	4.75% - 8.55%
* Includes inflation and other across-the-board increases at	4.75%
Cost-of-living adjustments	2.0% simple

Membership of the plan consisted of the following at September 30, 2023, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	158
Terminated plan members entitled to but not yet receiving benefits	3
Active plan members (all are 100% vested)	<u>9</u>
Total	170

Significant factors affecting trends in actuarial information:

- 2020 Mortality tables were updated to the Pub-2010 FRS mortality tables; investment rate of return was lowered from 7.50% to 7.25%; inflation was lowered from 3.00% to 2.75%; wage inflation was lowered from 5.00% to 4.75%.
- 2016 Investment rate of return was lowered from 8.00% to 7.50%.
- 2015 Mortality tables were updated to the FRS mortality tables.
- 2013 City establishes a prepaid contribution reserve using deferred revenue of \$7,445,067 and the actuarial cost method changed from Frozen Entry-Age to Aggregate.
- 2011 changes in plan provisions or actuarial assumptions or methods since prior valuation
 - Mortality assumption changed (see page D-4).
- 2001 changes in plan provisions or actuarial assumptions or methods since prior valuation
 - Inflation assumption changed from 5.0% to 4.5%.

SECTION F

SUMMARY OF VALUATION RESULTS IN STATE FORMAT

Summary of Valuation Results in State Format (\$000)

	September 30, 2023	September 30, 2022
(a) Member Data		
(i) Active members - number	9	11
- annual payroll	\$ 707	\$ 816
(ii) Retired members & beneficiaries (excluding disability)		
- number	153	156
- annualized benefit payroll	5,154	5,141
(iii) Disabled members & beneficiaries		
- number	5	5
- annualized benefit payroll	144	142
(iv) Terminated vested members		
- number	3	3
- annualized deferred benefit payroll	76	76
(b) Assets		
(i) Market value	\$ 41,922	\$ 41,223
(c) Plan costs for fiscal year beginning September 30, 2022 and September 30, 2023		
(i) Actuarial Present Value of Projected Benefits:		
Active participants		
Age & Service	\$ 5,928	\$ 6,786
Vesting	32	37
Death	87	92
Disability	9	10
Total Active	6,057	6,925
Terminated vested participants	543	507
Retired participants and beneficiaries	36,095	35,550
Total	42,695	42,982
(ii) Fund	41,922	41,223
(iii) Unfunded Actuarial Accrued Liability	\$ 444	\$ 1,430

Summary of Valuation Results in State Format (\$000)

	September 30, 2023	September 30, 2022
(d) Actuarial Present Value of Accrued Benefits (calculated in accordance with FASB Statement No. 35)		
(i) Vested accrued benefits		
Retired members and beneficiaries	\$ 36,095	\$ 35,550
Terminated members	543	507
Active members (includes non-forfeitable accum. member contributions of \$832 and \$960)	4,332	5,014
Total	40,970	41,071
(ii) Non-vested accrued benefits	-	-
(iii) Total actuarial p.v. of accrued benefits	40,970	41,071
(iv) Actuarial p.v. of accrued benefits at beginning of period	41,071	42,329
(v) Changes attributable to:		
Amendments	none	none
Assumption change	0	0
Operation of decrements	3,197	2,023
Benefit payments	(3,298)	(3,281)
Other	none	none
(vi) Net change	(101)	(1,258)
(vii) Actuarial p.v. of accr. benefits at end of period	\$ 40,970	\$ 41,071
(e) Plan costs for fiscal year beginning October 1, 2024 and October 1, 2023		
(i) Normal costs	\$ 314	\$ 376
(ii) Payment to amortize unf'd. act. accr. liab.	-	-
(iii) Administrative expenses	114	98
(iv) Interest	15	17
(v) Expected plan sponsor contribution	\$ 443	\$ 491
% of payroll	62.63 %	60.19 %

Summary of Valuation Results in State Format (\$000)

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
(f) Past Contributions (fiscal year ending 9/30/2023 & 9/30/2022)		
(i) Required minimum: Plan sponsor	\$ -	\$ 327
(ii) Actual: Plan sponsor	-	327
(g) Other Disclosures		
(i) Present value of active member future salaries	\$ 3,135	\$ 3,583
(ii) Present value of active member future contributions	\$ 172	\$ 197



February 16, 2024

Mr. Albert Lovingood, Plan Administrator
Resource Centers, LLC
4360 Northlake Boulevard, Suite 206
Palm Beach Gardens, Florida 33410

**Re: City of West Palm Beach Restated Employees Defined Benefit
Retirement System**

Dear Mr. Lovingood:

Enclosed are 10 copies of the Annual Actuarial Valuation of the City of West Palm Beach Restated Employees Defined Benefit Retirement System as of September 30, 2023.

Sincerely,
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink, appearing to read "Brad Lee Armstrong", with a stylized flourish at the end.

Brad Lee Armstrong, ASA, FCA, EA, MAAA

BLA:ah
Enclosures

cc: Karen Malcolm, Accounting Manager
City of West Palm Beach