

CITY OF MELBOURNE
POLICE OFFICERS' RETIREMENT TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2025



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

February 9, 2024

Board of Trustees
City of Melbourne
Police Officers' Pension Board

Re: City of Melbourne Police Officers' Retirement Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Melbourne Police Officers' Retirement Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Melbourne, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned is familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Melbourne, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Police Officers' Retirement Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:

A handwritten signature in black ink that reads "Patrick T. Donlan". The signature is written in a cursive style with a long horizontal flourish at the end.

Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #23-6595

PTD/lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Melbourne Police Officers' Retirement Trust Fund, performed as of October 1, 2023, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2025.

The contribution requirements, compared with those set forth in the May 30, 2023 actuarial impact statement, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2023 <u>9/30/2025</u>	10/1/2022 <u>9/30/2024</u>
Minimum Required Contribution % of Projected Annual Payroll	40.68%	37.41%
Member Contributions (Est.) % of Projected Annual Payroll	7.30%	7.26%
City And State Required Contribution % of Projected Annual Payroll	33.38%	30.15%
State Contribution (Est.) ¹ % of Projected Annual Payroll (Est.)	\$751,423 8.34%	\$751,423 8.34%
City Required Contribution (Est.) ² % of Projected Annual Payroll (Est.)	25.04%	21.81%

¹ All State Monies up to \$520,281.11 (amount collected in 2012) will be available to offset the City's required contribution, with any remainder split equally between the City's required contribution and a Share Plan.

² The required contribution from the combination of City and State sources for the year ending September 30, 2025, is 33.38% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 25.04% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has access to a prepaid contribution of \$89,318.69 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2024.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the May 30, 2023 actuarial impact statement. The increase is attributable to net unfavorable experience realized by the plan during the year as described below.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 5.14% (Actuarial Asset Basis) which fell short of the 7.25% assumption, an average salary increase of 13.76% which exceeded the 4.64% assumption, and more retirements than expected. There were no significant sources of actuarial gain.

CHANGES SINCE PRIOR VALUATION

Plan Changes

Since the prior valuation, Ordinance 2023-23 was adopted on July 11, 2023 that increased the maximum DROP participation period from the earlier of 60 months of DROP participation (5 years) or 31 years of service, to the earlier of 96 months of DROP participation (8 years) or 34 years of service. Existing DROP Members were allowed to extend their participation period within 90 days of the adoption of the ordinance.

The impact of this benefit change can be found in our May 30, 2023 actuarial impact statement.

Actuarial Assumption/Method Changes

As a result of the above benefit change, the assumed rates of retirement were modified (age 55 from 50% to 75% and 25 years of service from 75% to 90%). Other than this, there have been no assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1) Contribution Determined as of October 1, 2022	22.38%
<i>(As set forth in the May 30, 2023 Actuarial Impact Statement)</i>	
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	-0.57%
Change in Normal Cost Rate	-0.46%
Change in Administrative Expense Percentage	0.19%
Payroll Change Effect on UAAL Amortization	-0.36%
Investment Return (Actuarial Asset Basis)	2.14%
Salary Increases	1.51%
Active Decrements	0.44%
Inactive Mortality	0.43%
UAAL Amortization Impact from Contribution Policy	-0.28%
Other	<u>-0.38%</u>
Total Change in Contribution	2.66%
(3) Contribution Determined as of October 1, 2023	25.04%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data		
Actives	124	134
Service Retirees	128	121
DROP Retirees	14	13
Beneficiaries	17	15
Disability Retirees	31	32
Terminated Vested	<u>60</u>	<u>59</u>
 Total	 374	 374
 Projected Annual Payroll	 9,009,842	 8,836,296
 Annual Rate of Payments to:		
Service Retirees	5,396,885	4,999,973
DROP Retirees	885,667	818,142
Beneficiaries	327,216	241,047
Disability Retirees	763,667	790,180
Terminated Vested	173,609	190,030
 B. Assets		
Actuarial Value (AVA) ¹	101,630,125	99,995,148
Market Value (MVA) ¹	94,219,100	88,880,546
 C. Liabilities		
 Present Value of Benefits		
Actives		
Retirement Benefits	30,782,367	32,137,454
Disability Benefits	4,100,650	4,054,786
Death Benefits	148,043	143,093
Vested Benefits	2,143,722	2,145,808
Refund of Contributions	545,369	553,409
Service Retirees	62,559,382	58,237,830
DROP Retirees ¹	13,573,271	12,268,016
Beneficiaries	2,896,321	2,083,825
Disability Retirees	8,314,927	8,951,745
Terminated Vested	1,832,161	1,945,709
Share Plan Balances ¹	<u>956,596</u>	<u>692,221</u>
 Total	 127,852,809	 123,213,896

C. Liabilities - (Continued)	<u>10/1/2023</u>	<u>10/1/2022</u>
Present Value of Future Salaries	68,283,308	66,037,800
Present Value of Future Member Contributions	4,984,681	4,794,344
Normal Cost (Retirement)	966,423	969,172
Normal Cost (Disability)	283,835	290,356
Normal Cost (Death)	6,790	6,837
Normal Cost (Vesting)	131,394	133,742
Normal Cost (Refunds)	89,659	88,849
Total Normal Cost	<u>1,478,101</u>	<u>1,488,956</u>
Present Value of Future Normal Costs	10,403,828	10,461,940
Accrued Liability (Retirement)	23,686,625	25,061,304
Accrued Liability (Disability)	2,139,323	2,070,758
Accrued Liability (Death)	99,567	95,064
Accrued Liability (Vesting)	1,250,082	1,212,842
Accrued Liability (Refunds)	140,726	132,642
Accrued Liability (Inactives) ¹	89,176,062	83,487,125
Share Plan Balances ¹	956,596	692,221
Total Actuarial Accrued Liability (EAN AL)	<u>117,448,981</u>	<u>112,751,956</u>
Unfunded Actuarial Accrued Liability (UAAL)	15,818,856	12,756,808
Funded Ratio (AVA / EAN AL)	86.5%	88.7%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2023</u>	<u>10/1/2022</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	90,132,658	84,179,346
Actives	11,194,912	13,684,154
Member Contributions	<u>4,307,219</u>	<u>4,499,351</u>
Total	105,634,789	102,362,851
Non-vested Accrued Benefits	<u>3,438,370</u>	<u>3,150,912</u>
Total Present Value Accrued Benefits (PVAB)	109,073,159	105,513,763
Funded Ratio (MVA / PVAB)	86.4%	84.2%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	3,230,606	
Benefits Paid	(7,064,857)	
Interest	7,393,647	
Other	<u>0</u>	
Total	3,559,396	

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2024</u>

E. Pension Cost

Normal Cost (with interest) % of Projected Annual Payroll ²	17.00	17.46
Administrative Expenses (with interest) % of Projected Annual Payroll ²	1.17	0.98
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 25 years (as of 10/1/2023, with interest) % of Projected Annual Payroll ²	22.51	18.97
Minimum Required Contribution % of Projected Annual Payroll ²	40.68	37.41
Expected Member Contributions % of Projected Annual Payroll ²	7.30	7.26
Expected City and State Contribution % of Projected Annual Payroll ²	33.38	30.15

F. Past Contributions

Plan Years Ending:	<u>9/30/2023</u>
City and State Requirement	2,823,403
Actual Contributions Made:	
City	2,071,980
State	<u>751,423</u>
Total	2,823,403

G. Net Actuarial (Gain)/Loss 4,046,117

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023 and 9/30/2022.

² Contributions developed as of 10/1/2023 are expressed as a percentage of Projected Annual Payroll at 10/1/2023 of \$9,009,842.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2023	15,818,856
2024	14,866,369
2025	13,844,827
2031	5,958,116
2037	714,039
2048	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2023	13.76%	4.64%
Year Ended 9/30/2022	6.87%	4.74%
Year Ended 9/30/2021	4.83%	4.71%
Year Ended 9/30/2020	0.28%	4.73%
Year Ended 9/30/2019	14.57%	4.71%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

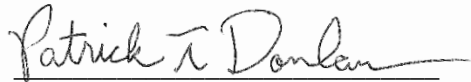
	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2023	10.08%	5.14%	7.25%
Year Ended 9/30/2022	-17.65%	3.89%	7.25%
Year Ended 9/30/2021	20.61%	12.14%	7.25%
Year Ended 9/30/2020	11.77%	9.73%	7.50%
Year Ended 9/30/2019	4.93%	9.30%	7.50%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2023	\$9,009,842
	10/1/2013	7,981,649
(b) Total Increase		12.88%
(c) Number of Years		10.00
(d) Average Annual Rate		1.22%

STATEMENT BY ENROLLED ACTUARY

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.



Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #20-6595

Please let us know when the report is approved by the Board and unless otherwise directed we will provide copies of the report to the following offices to comply with Chapter 112, Florida Statutes:

Mr. Keith Brinkman
Bureau of Local
Retirement Systems
Post Office Box 9000
Tallahassee, FL 32315-9000

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2022	\$12,756,808
(2) Sponsor Normal Cost developed as of October 1, 2022	847,441
(3) Expected administrative expenses for the year ended September 30, 2023	83,632
(4) Expected interest on (1), (2) and (3)	989,340
(5) Sponsor contributions to the System during the year ended September 30, 2023	2,823,403
(6) Expected interest on (5)	81,079
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	11,772,739
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	4,046,117
(10) Unfunded Actuarial Accrued Liability as of October 1, 2023	15,818,856

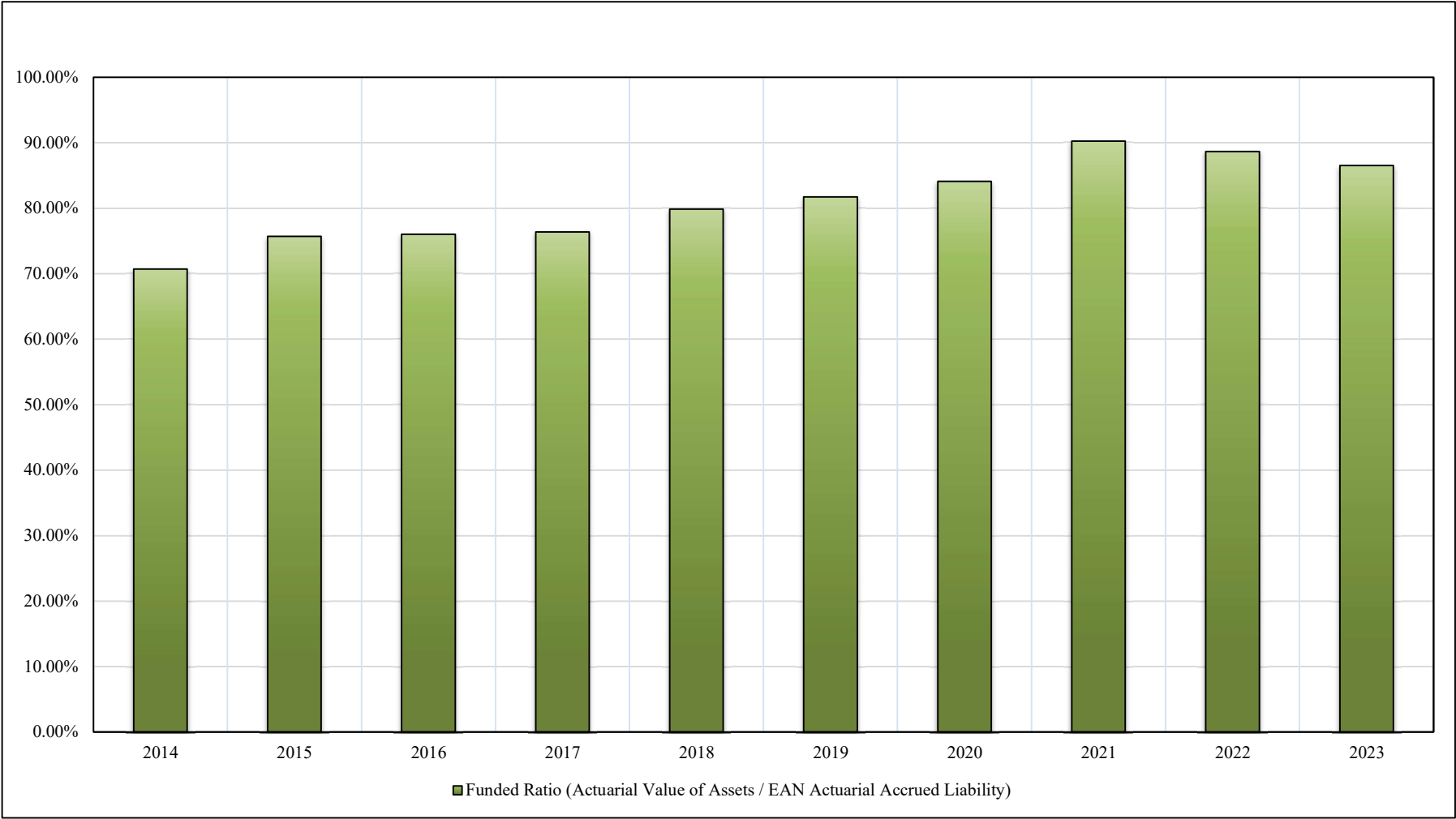
<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2023 Amount</u>	<u>Amortization Amount</u>
Method Change	10/1/2002	9	2,989,504	432,392
Prior Losses	10/1/2002	9	2,989,505	432,392
Actuarial Loss	10/1/2003	10	399,976	53,713
Actuarial Loss	10/1/2004	11	1,947,401	245,168
Actuarial Loss	10/1/2005	12	1,755,723	208,861
Benefit Change	10/1/2005	12	28,849	3,432
Actuarial Gain	10/1/2006	13	(1,464,782)	(165,738)
Actuarial Loss	10/1/2007	14	502,817	54,415
Actuarial Loss	10/1/2008	15	917,131	95,377
Method Change	10/1/2008	15	941,585	97,920
Benefit Change	10/1/2008	15	2,002,978	208,300
Actuarial Loss	10/1/2009	16	3,074,889	308,543
Actuarial Loss	10/1/2010	17	1,124,773	109,285
Assump Change	10/1/2010	17	878,095	85,317
Benefit Change	10/1/2010	17	(534,572)	(51,940)
Actuarial Loss	10/1/2011	18	4,044,881	381,722
Assump Change	10/1/2011	18	(3,450,727)	(325,651)
Benefit Change	10/1/2011	18	(1,471,970)	(138,912)
Actuarial Loss	10/1/2012	19	284,218	26,123

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2023 <u>Amount</u>	Amortization <u>Amount</u>
Actuarial Gain	10/1/2013	20	(886,271)	(79,525)
Actuarial Gain	10/1/2014	21	(1,208,821)	(106,118)
Actuarial Gain	10/1/2015	22	(1,916,659)	(164,928)
Assump Change	10/1/2015	22	(1,042,644)	(89,719)
Assump Change	10/1/2016	23	1,820,266	153,795
Actuarial Gain	10/1/2016	23	(249,482)	(21,079)
Actuarial Loss	10/1/2017	24	1,166,463	96,918
Actuarial Gain	10/1/2018	25	(1,883,441)	(154,103)
State Reserve Credit	10/1/2018	15	(56,300)	(5,855)
Actuarial Loss	10/1/2019	16	412,008	41,342
Actuarial Gain	10/1/2020	17	(2,609,011)	(253,495)
Assump Change	10/1/2020	17	2,117,343	205,724
Actuarial Gain	10/1/2021	18	(4,502,235)	(424,883)
Actuarial Loss	10/1/2022	19	3,572,534	328,355
Benefits Change	10/1/2022	19	78,715	7,235
Actuarial Loss	10/1/2023	20	4,046,117	363,056
			<u>15,818,856</u>	<u>1,957,439</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	\$12,756,808
(2) Expected UAAL as of October 1, 2023	11,772,739
 (3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	2,074,975
Salary Increases	1,461,290
Active Decrements	424,034
Inactive Mortality	415,366
Interest Crediting on Share Plan Balances	18,651
Other	<u>(348,199)</u>
Increase in UAAL due to (Gain)/Loss	4,046,117
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2023	\$15,818,856

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

75% of active deaths are assumed to be service-incurred.

Interest Rate

7.25% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

Salary Scale		
Service	Age	Rate
< 5	< 30	6.50%
< 5	30+	5.00%
5+	< 30	6.50%
5+	30+	4.00%

The assumed rates of salary increase were approved in conjunction with an actuarial experience study dated November 9, 2020. Additionally, projected salary at retirement is increased based on individual accruals to account for non-regular compensation.

Payroll Growth

0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses

\$101,529 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over the following amortization periods:

- Experience: 20 Years.
- Assumption/Method Changes: 20 Years.
- Benefit Changes: 20 Years.

The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method

Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution:

Interest - A half year, based on current 7.25% assumption.

Salary - None.

Retirement Age

Retirement Rates

Service	Age	Rate
< 25	55	75% (previously 50%)
< 25	56+	100%
25	All Ages	90% (previously 75%)
26+	All Ages	100%

The assumed rates of retirement were approved in conjunction with an actuarial impact statement dated May 30, 2023.

Early Retirement

Commencing with the earliest Early Retirement Age (age 45), members are assumed to retire with an immediate subsidized benefit at the rate of 3.0% per year. The assumed rate of Early Retirement was approved in conjunction with an actuarial experience study dated November 9, 2020.

Termination Rate

% Terminating During the Year	
Service	Current Rate
< 5	12.0%
5 – 14	5.0%
15+	2.0%

The assumed rates of termination were approved in conjunction with an actuarial experience study dated November 9, 2020.

Disability Rate

Sample rates below. It is assumed that 75% of disablements are service related. The rates were approved in conjunction with an actuarial experience study dated November 9, 2020.

<u>% Becoming Disabled During the Year</u>	
<u>Age</u>	<u>Current Rate</u>
25	0.20%
35	0.30%
45	1.00%
55	3.00%
65+	3.00%

Actuarial Asset Method

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

COLA

Retirees from 10/1/2008 to 11/27/2012:

1.0% automatic COLA beginning 1 year after retirement for Normal, Early, and Disability Retirees.

Retirees after 11/27/2012:

Proportion of a 1.0% automatic COLA (measured by comparing actual service at 11/27/2012 against projected service at retirement), beginning 1 year after Retirement and continuing for 10 years, payable to Normal, Early, and Disability Retirees.

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.87% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

Projected Annual Payroll is the projected annual rate of pay for the fiscal year following the fiscal year beginning on the valuation date of all covered Members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, closed plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature closed plans with a substantial inactive liability. Similarly, mature closed plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled “Plan Maturity Measures and Other Risk Metrics”. Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 93.4% on October 1, 2013 to 62.3% on October 1, 2023, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 75.9%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 67.1% on October 1, 2013 to 86.5% on October 1, 2023.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from -1.1% on October 1, 2013 to -3.6% on October 1, 2023. The current Net Cash Flow Ratio of -3.6% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20-Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of \$152,860,870. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

The actuarial valuation reports the funded status and develops contributions based on the expected return of the plan’s investment portfolio. If instead, the plan switched to investing exclusively in high quality bonds, the LDROM illustrates that reported funded status would be lower (which also implies that the Actuarially Determined Contributions would be higher), perhaps significantly. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil plan sustainability and benefit security.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2018</u>	<u>10/1/2013</u>
<u>Support Ratio</u>				
Total Actives	124	134	132	141
Total Inactives ¹	199	191	174	151
Actives / Inactives ¹	62.3%	70.2%	75.9%	93.4%

Asset Volatility Ratio

Market Value of Assets (MVA)	94,219,100	88,880,546	83,913,900	62,211,538
Total Annual Payroll	9,187,054	8,999,897	7,898,223	7,981,649
MVA / Total Annual Payroll	1,025.6%	987.6%	1,062.4%	779.4%

Accrued Liability (AL) Ratio

Inactive Accrued Liability	89,176,062	83,487,125	72,054,799	58,327,927
Total Accrued Liability (EAN)	117,448,981	112,751,956	98,773,366	85,628,591
Inactive AL / Total AL	75.9%	74.0%	72.9%	68.1%

Funded Ratio

Actuarial Value of Assets (AVA)	101,630,125	99,995,148	78,917,913	57,457,520
Total Accrued Liability (EAN)	117,448,981	112,751,956	98,773,366	85,628,591
AVA / Total Accrued Liability (EAN)	86.5%	88.7%	79.9%	67.1%

Net Cash Flow Ratio

Net Cash Flow ²	(3,419,701)	(1,964,039)	(1,687,853)	(676,249)
Market Value of Assets (MVA)	94,219,100	88,880,546	83,913,900	62,211,538
Ratio	-3.6%	-2.2%	-2.0%	-1.1%

¹ Excludes terminated participants awaiting a refund of member contributions.

² Determined as total contributions minus benefit payments and administrative expenses.

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
1998	397,717.20	_____ %
1999	397,166.24	-0.1%
2000	389,270.14	-2.0%
2001	406,512.13	4.4%
2002	457,470.19	12.5%
2003	477,169.26	4.3%
2004	517,667.86	8.5%
2005	551,431.20	6.5%
2006	571,640.13	3.7%
2007	559,897.07	-2.1%
2008	563,153.23	0.6%
2009	539,782.49	-4.1%
2010	544,571.96	0.9%
2011	534,528.08	-1.8%
2012	527,255.28	-1.4%
2013	520,281.11	-1.3%
2014	535,651.01	3.0%
2015	543,474.18	1.5%
2016	597,262.55	9.9%
2017	630,296.18	5.5%
2018	697,769.96	10.7%
2019	769,322.09	10.3%
2020	819,725.13	6.6%
2021	788,994.88	-3.7%
2022	853,145.27	8.1%
2023	982,565.67	15.2%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	1,810,000.00	1,810,000.00
Cash	575,718.93	575,718.93
Total Cash and Equivalents	2,385,718.93	2,385,718.93
Receivables:		
From Broker for Investments Sold	17,502.24	17,502.24
Investment Income	187,475.86	187,475.86
Total Receivable	204,978.10	204,978.10
Investments:		
U. S. Bonds and Bills	13,342,752.93	11,895,741.26
Federal Agency Guaranteed Securities	13,081,794.68	12,355,978.84
Corporate Bonds	5,278,385.59	4,350,188.31
Stocks	29,641,997.47	34,449,624.64
Mutual Funds:		
Fixed Income	3,249,079.04	2,581,891.88
Equity	17,480,267.65	22,117,673.26
Pooled/Common/Commingled Funds:		
Real Estate	2,251,426.00	4,062,474.48
Total Investments	84,325,703.36	91,813,572.67
Total Assets	86,916,400.39	94,404,269.70
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	69,416.46	69,416.46
Administrative Expenses	18,874.00	18,874.00
To Broker for Investments Purchased	7,560.49	7,560.49
Prepaid City Contribution	89,318.69	89,318.69
Total Liabilities	185,169.64	185,169.64
NET POSITION RESTRICTED FOR PENSIONS	86,731,230.75	94,219,100.06

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

ADDITIONS

Contributions:		
Member		689,430.84
Buy-Back		21,876.98
City		2,071,979.79
State		982,565.67
Total Contributions		3,765,853.28
Investment Income:		
Net Realized Gain (Loss)	(22,898.07)	
Unrealized Gain (Loss)	6,946,553.83	
Net Increase in Fair Value of Investments		6,923,655.76
Interest & Dividends		2,176,087.29
Less Investment Expense ¹		(341,488.65)
Net Investment Income		8,758,254.40
Total Additions		12,524,107.68

DEDUCTIONS

Distributions to Members:		
Benefit Payments		6,280,407.81
Lump Sum DROP Distributions		582,977.18
Lump Sum Share Distributions		33,452.65
Refunds of Member Contributions		168,018.99
Total Distributions		7,064,856.63
Administrative Expense		120,697.45
Total Deductions		7,185,554.08
Net Increase in Net Position		5,338,553.60

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		88,880,546.46
End of the Year		94,219,100.06

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2023

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return ¹	
09/30/2020	11.77%	
09/30/2021	20.61%	
09/30/2022	-17.65%	
09/30/2023	10.08%	
Annualized Rate of Return for prior four (4) years:		5.14%
(A) 10/01/2022 Actuarial Assets:		\$99,995,147.82
(I) Net Investment Income:		
1. Interest and Dividends	2,176,087.29	
2. Realized Gain (Loss)	(22,898.07)	
3. Unrealized Gain (Loss)	6,946,553.83	
4. Change in Actuarial Value	(3,703,576.74)	
5. Investment Related Expenses	(341,488.65)	
Total		5,054,677.66
(B) 10/01/2023 Actuarial Assets, including Prepaid Contributions:		\$101,719,443.37
Actuarial Asset Rate of Return = $2I/(A+B-I)$, based on Unlimited Actuarial Assets:		5.14%
10/01/2023 Limited Actuarial Assets		\$101,630,124.68
10/01/2023 Market Value of Assets		\$94,219,100.06
Actuarial Asset Rate of Return, based on Limited Actuarial Assets:		5.14%
Actuarial Gain/(Loss) due to Investment Return (Limited Actuarial Asset Basis)		(\$2,074,974.68)

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2023
 Actuarial Asset Basis

REVENUES

Contributions:		
Member	689,430.84	
Buy-Back	21,876.98	
City	2,071,979.79	
State	982,565.67	
 Total Contributions		 3,765,853.28
Earnings from Investments:		
Interest & Dividends	2,176,087.29	
Net Realized Gain (Loss)	(22,898.07)	
Unrealized Gain (Loss)	6,946,553.83	
Change in Actuarial Value	(3,703,576.74)	
 Total Earnings and Investment Gains		 5,396,166.31

EXPENDITURES

Distributions to Members:		
Benefit Payments	6,280,407.81	
Lump Sum DROP Distributions	582,977.18	
Lump Sum Share Distributions	33,452.65	
Refunds of Member Contributions	168,018.99	
 Total Distributions		 7,064,856.63
Expenses:		
Investment related ¹	341,488.65	
Administrative	120,697.45	
 Total Expenses		 462,186.10
 Change in Net Assets for the Year		 1,634,976.86
 Net Assets Beginning of the Year		 99,995,147.82
 Net Assets End of the Year ²		 101,630,124.68

¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2022 to September 30, 2023

Beginning of the Year Balance	1,884,105.65
Plus Additions	912,376.10
Investment Return Earned	56,836.04
Less Distributions	(582,977.18)
End of the Year Balance	2,270,340.61

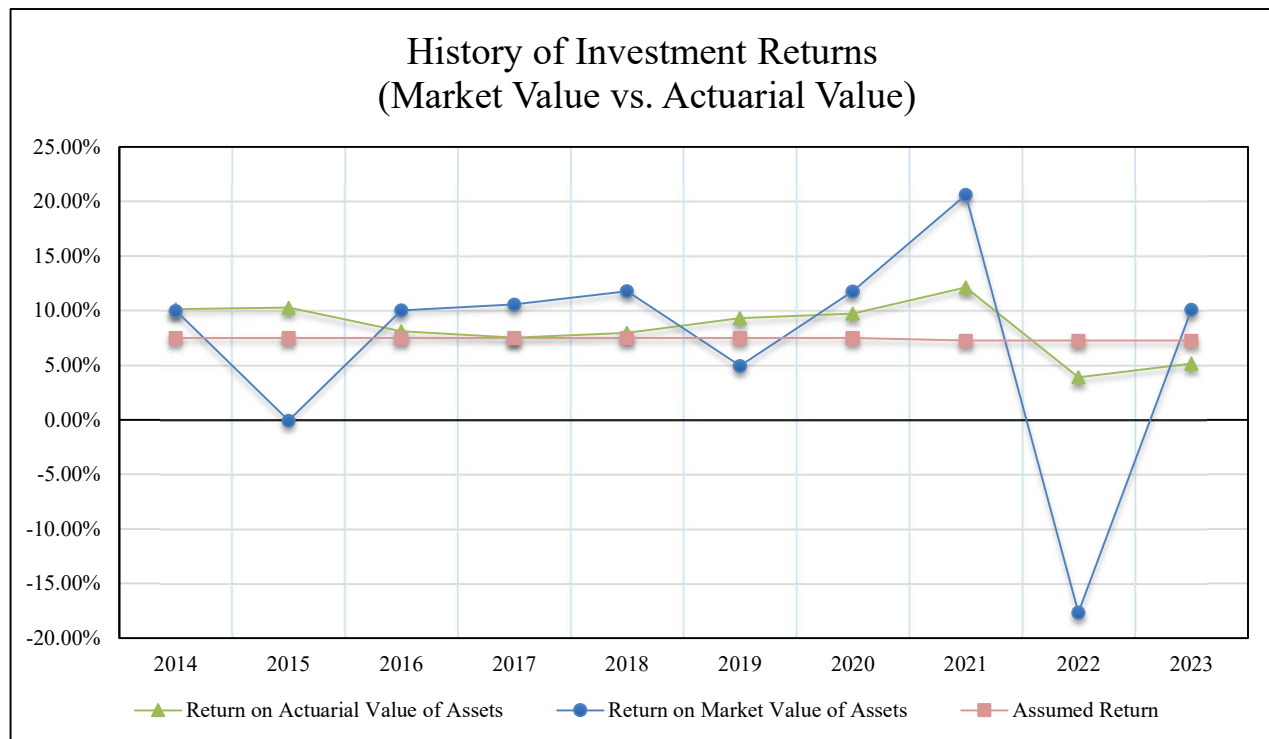
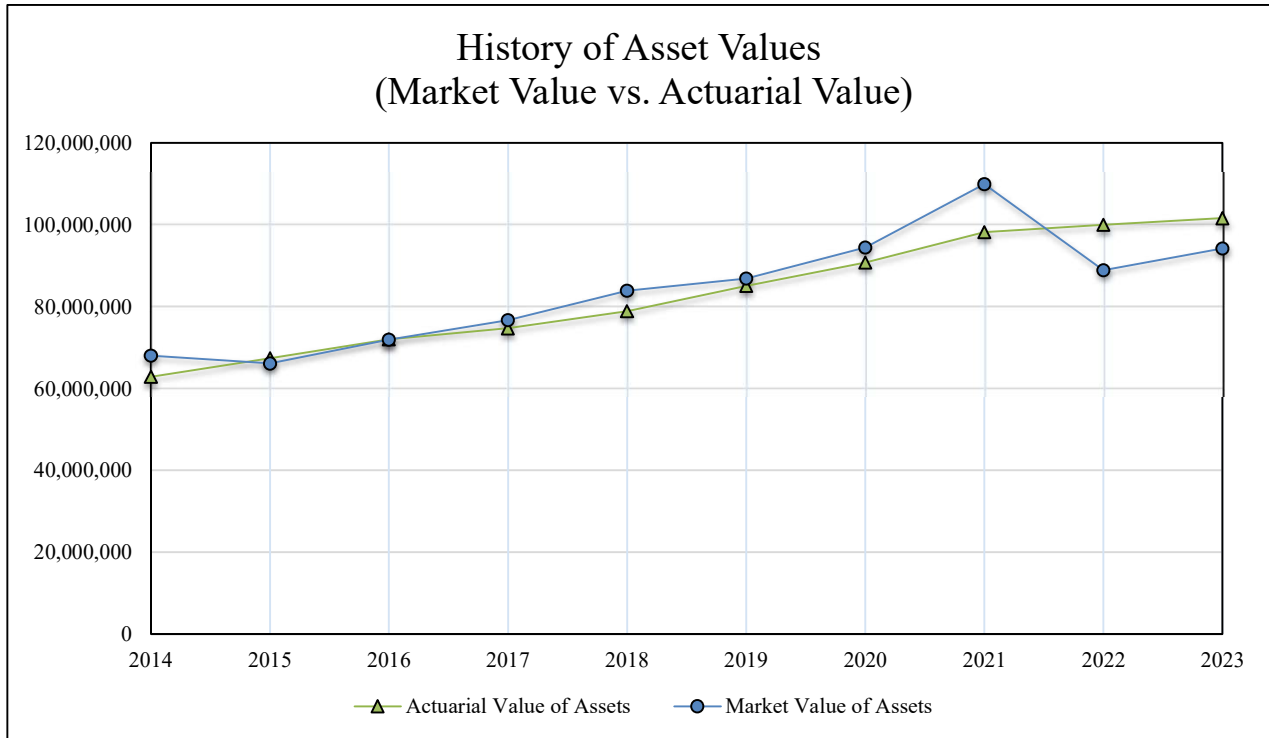
SUPPLEMENTAL CHAPTER 185 SHARE PLAN ACTIVITY
October 1, 2022 through September 30, 2023

9/30/2022 Balance	692,221.12
Prior Year Adjustment	255.29
Plus Additions	231,142.28
Investment Return Earned (Est.)	66,430.00
Less Distributions	<u>(33,452.65)</u>
9/30/2023 Balance (Est.)	956,596.04

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2023

(1)	City and State Required Contribution Rate	29.85%
(2)	Pensionable Payroll Derived from Member Contributions	\$9,458,637.11
(3)	City and State Required Contribution (1) x (2)	2,823,403.18
(4)	Less Allowable State Contribution	<u>(751,423.39)</u>
(5)	Equals Required City Contribution for Fiscal 2023	2,071,979.79
(6)	Less 2022 Prepaid Contribution	0.00
(7)	Less Actual City Contributions	<u>(2,161,298.48)</u>
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2023	(\$89,318.69)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	124	134	149	142
Average Current Age	38.1	37.7	37.6	37.5
Average Age at Employment	28.9	28.5	28.9	28.7
Average Past Service	9.2	9.2	8.7	8.8
Average Annual Salary	\$74,089	\$67,163	\$63,378	\$62,594
<u>Service Retirees</u>				
Number	128	121	119	116
Average Current Age	64.8	64.8	64.9	64.9
Average Annual Benefit	\$42,163	\$41,322	\$40,740	\$39,346
<u>DROP Retirees</u>				
Number	14	13	11	14
Average Current Age	53.9	53.1	53.2	54.0
Average Annual Benefit	\$63,262	\$62,934	\$62,684	\$61,486
<u>Beneficiaries</u>				
Number	17	15	12	12
Average Current Age	74.2	74.6	73.4	72.9
Average Annual Benefit	\$19,248	\$16,070	\$15,841	\$14,274
<u>Disability Retirees</u>				
Number	31	32	31	31
Average Current Age	58.5	57.7	57.3	56.3
Average Annual Benefit	\$24,634	\$24,693	\$24,565	\$24,479
<u>Terminated Vested</u>				
Number	60	59	52	58
Average Current Age ¹	46.4	45.3	45.2	44.4
Average Annual Benefit ¹	\$19,290	\$19,003	\$19,546	\$20,896

¹ The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24	3	1	2	1								7
25 - 29	2		5	4	3	3						17
30 - 34	4	2	2	3	1	8	1					21
35 - 39	2		3	4	2	6	7	3				27
40 - 44		1	1			2	4	12	1			21
45 - 49				2		3	4	1	5			15
50 - 54						3		4	4			11
55 - 59			1			1		1	1	1		5
60 - 64												0
65+												0
Total	11	4	14	14	6	26	16	21	11	1	0	124

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	134
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	(6)
iii. Refund of member contributions or full lump sum distribution	(9)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(5)
f. DROP	(3)
g. Continuing participants	111
h. New entrants / Rehires	13
i. Total active life participants in valuation	124

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	121	13	15	32	10	49	240
Retired	8	(2)			(1)		5
DROP		3					3
Vested (Deferred Annuity)							0
Vested (Due Refund)						6	6
Hired/Terminated in Same Year							0
Death, With Survivor	(1)		2	(1)			0
Death, No Survivor							0
Disabled							0
Refund of Contributions						(3)	(3)
Rehires						(1)	(1)
Expired Annuities							0
Data Corrections							0
b. Number current valuation	128	14	17	31	9	51	250

SUMMARY OF CURRENT PLAN
(Through Ordinance No. 2021-40)

<u>Eligibility</u>	All full-time Police Officers (excluding the Chief, who may opt out) covered from date of employment, including during probationary period.
<u>Salary</u>	<p><u>Hired prior to 11/28/2012:</u></p> <p>Total compensation reportable on a Members W-2 form, subject to the following exceptions:</p> <p>a) Effective May 2, 2011, payments for extra duty or special detail work performed on behalf of a second party employer shall be excluded.</p> <p>b) Effective November 27, 2012, Salary shall not include payments for overtime in excess of 200 hours; provided, the 200 hour annual limit shall be increased to 300 hours in any fiscal year for overtime worked during a declared emergency.</p> <p>c) Effective November 27, 2012, Salary shall include the lesser amount of either the accrued unused sick and annual leave on November 27, 2012, or the actual amount of accrued unused sick and annual leave for which the retiree receives payment at retirement.</p> <p><u>Hired after 11/27/2012:</u></p> <p>Total compensation reportable on a Members W-2 form, excluding payments for accrued unused sick and annual leave. Additionally, Salary shall exclude payments for overtime in excess of 150 hours per fiscal year, regardless of whether or not the overtime is worked during a declared emergency.</p>
<u>Average Final Compensation</u>	Average of best five (5) years of the last 10 years of Credited Service.
<u>Credited Service</u>	Years and fractional parts of years of service with the City as a Police Officer.
<u>Normal Retirement</u>	
Date	Earlier of age 55 <u>and</u> 10 years of Credited Service, or completion of 25 years of Credited Service.
Benefit	3% of Average Final Compensation <u>times</u> Credited Service. Not to exceed \$90,000 per year.
Form of Benefit	Ten Year Certain and Life Annuity (Options available).
<u>Early Retirement</u>	
Age	Age 45 and 10 Years of Credited Service.
Benefit	Accrued pension payable immediately, reduced 3% for each of the first 5 years, and actuarially reduced for all years in excess of 5 years; or, unreduced accrued pension payable at Normal Retirement Date.

Vesting

Less Than 10 Years

Return of Member Contributions.

10 or More Years

Accrued benefit payable at Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability

Service Connected

Eligibility

Total and permanent and unable to perform duties as a Police Officer.

Benefit

Accrued pension, but not less than 50% of Average Final Compensation.

Non-Service Connected

Eligibility

Same as for Service Connected except also must have 366 consecutive days of Credited Service.

Benefit

Accrued pension, but not less than 25% of Average Final Compensation.

Duration

Payable for life and 10 years certain (options available) or until recovery (as determined by the Board).

Pre-Retirement Death

Non-vested

Refund of Member Contributions.

Vested

At beneficiary's election: 1) \$50,000, or 2) the Member's accrued pension benefit payable for 10 years beginning at the Member's otherwise Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Board of Trustees

- a. Two City residents appointed by the City Council.
- b. Two Police Officers elected by a majority of Police Officers, and
- c. A fifth member elected by the Board and appointed (as a ministerial duty) by the City Council.

Contributions

Employee

Hired prior to 11/28/2012:
5.0% of Salary (increased to 6.5%, effective September 1, 2013).

Hired after 11/27/2012:
8.0% of Salary

State

Premium tax refund.

City	Remaining amount necessary to fund Normal Cost and amortize any Past Service Liability as provided in Part VII, Chapter 112, <u>Florida Statutes</u> .
<u>COLA</u>	<p><u>Members eligible for NR prior to 11/28/2012:</u></p> <p>1% automatic cost-of-living increases beginning one year after retirement for Normal, Early, and Disability Retirees. Vested terminated members are not included.</p> <p><u>Members eligible for NR after 11/27/2012:</u></p> <p>Proportion of 1% (measured by comparing actual service as of 11/27/2012 to total service at the time of retirement) beginning one year after retirement and continuing for 10 years, payable to Normal, Early, and Disability Retirees. Vested terminated members are not included.</p> <p>Total benefit not to exceed \$90,000 per year.</p>
<u>Deferred Retirement Option Plan</u>	
Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Earlier of: 1) 96 months in the DROP program, or 2) completion of 34 years of employment with the City as a Police Officer.
Rate of Return	At election of member (may change once during DROP period) either: 1) actual net rate of investment return (total return net of brokerage commissions, transaction costs, and management fees), 2) 6.5% (1.3% for Members who enter DROP on and after 11/27/2012), or 3) 1/2 of 1) and 2). Investment earnings are credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) payable at termination of employment.
<u>Share Plan</u>	
Allocation	As of October 1 of each year, the share accounts are funded with 50% of the annual Florida Statutes Chapter 185 premium tax revenues in excess of \$520,281.
Investment Earnings	Net rate of investment return.
Distribution	Lump sum payment at retirement, termination, disability, or death.
Vesting Schedule	100% at ten years of employment.