

CITY OF MELBOURNE
GENERAL EMPLOYEES' AND SPECIAL RISK CLASS EMPLOYEES PENSION PLAN
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2025



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

February 6, 2024

Board of Trustees
City of Melbourne
General Employees' Pension Board

Re: City of Melbourne General Employees' and Special Risk Class Employees Pension Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Melbourne General Employees' and Special Risk Class Employees Pension Plan. 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 Chapter 112, 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 are 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 General Employees' and Special Risk Class Employees Pension Plan. 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: 
Patrick T. Donlan, EA, ASA, MAAA
Enrolled Actuary #23-6595

By: 
Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Melbourne General Employees' and Special Risk Class Employees Pension Plan, 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 October 1, 2022 actuarial valuation report, are as follows:

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2024</u>
<u>Regular Class Employees</u>		
Minimum Required Contribution ¹	\$42,243	\$44,366
<u>Special Risk Class Employees</u>		
Minimum Required Contribution	\$14,157	\$50,540

¹ Please note that the City has access to a prepaid contribution of \$59,740.41 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 a decrease for both classes when compared to the results set forth in the October 1, 2022 actuarial valuation report. The decrease for the Special Risk Class is primarily attributable to the full amortization of 2008 bases.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
(Regular Class)

	<u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data		
Actives	2	2
Service Retirees	30	31
DROP Retirees	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>26</u>	<u>32</u>
 Total	 58	 65
 Projected Annual Payroll	 116,479	 104,669
 Annual Rate of Payments to:		
Service Retirees	371,555	376,524
DROP Retirees	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	110,001	129,423
 B. Assets		
Actuarial Value (AVA) ¹	8,310,004	8,307,052
Market Value (MVA) ¹	7,570,159	7,036,130
 C. Liabilities		
 Present Value of Benefits		
Actives		
Retirement Benefits	468,732	411,375
Disability Benefits	24,668	26,838
Death Benefits	6,434	6,377
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	4,363,256	4,414,332
DROP Retirees ¹	0	0
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>1,261,328</u>	<u>1,372,010</u>
 Total	 6,124,418	 6,230,932

(Regular Class)

C. Liabilities - (Continued)	<u>10/1/2023</u>	<u>10/1/2022</u>
Present Value of Future Salaries	548,198	579,198
Present Value of Future Member Contributions	0	0
Total Normal Cost	0	0
Present Value of Future Normal Costs (EAN)	87,314	93,612
Accrued Liability (Retirement)	391,460	329,193
Accrued Liability (Disability)	16,294	17,219
Accrued Liability (Death)	4,766	4,566
Accrued Liability (Vesting)	0	0
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) ¹	<u>5,624,584</u>	<u>5,786,342</u>
Total Actuarial Accrued Liability (EAN AL)	6,037,104	6,137,320
Total Actuarial Accrued Liability (Aggregate)	8,310,004	8,307,052
Unfunded Actuarial Accrued Liability (UAAL)	0	0
Funded Ratio (AVA / EAN AL)	137.6%	135.4%

(Regular Class)

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2023</u>	<u>10/1/2022</u>
Vested Accrued Benefits		
Inactives ¹	5,624,584	5,786,342
Actives	316,445	269,708
Member Contributions	<u>0</u>	<u>0</u>
Total	5,941,029	6,056,050
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value Accrued Benefits (PVAB)	5,941,029	6,056,050
Funded Ratio (MVA / PVAB)	127.4%	116.2%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	(154,975)	
Benefits Paid	(370,985)	
Interest	410,939	
Other	<u>0</u>	
Total	(115,021)	

(Regular Class)

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 ²	\$0	\$0
Administrative Expenses ²	42,243	44,366
Payment Required to Amortize Unfunded Actuarial Accrued Liability (as of 10/1/2023) ²	0	0
Minimum Required Contribution	42,243	44,366
Expected Member Contributions ²	0	0
Expected City Contribution	42,243	44,366
F. Past Contributions		
Plan Years Ending:	<u>9/30/2023</u>	
City Requirement	45,983	
Actual Contributions Made:		
City	<u>45,983</u>	
G. Net Actuarial (Gain)/Loss	N/A	

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

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.

(Regular Class)

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
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N/A – Aggregate Actuarial Cost Method

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2023	11.28%	6.00%
Year Ended	9/30/2022	6.33%	6.00%
Year Ended	9/30/2021	-2.57%	6.00%
Year Ended	9/30/2020	-0.60%	6.00%
Year Ended	9/30/2019	5.06%	6.00%

(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	12.94%	4.47%	7.00%
Year Ended	9/30/2022	-17.74%	2.51%	7.00%
Year Ended	9/30/2021	17.25%	9.86%	7.00%
Year Ended	9/30/2020	9.33%	8.81%	7.00%
Year Ended	9/30/2019	4.70%	8.59%	7.00%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS
(Special Risk Class)

	<u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data		
Actives	0	0
Service Retirees	4	3
DROP Retirees	0	1
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>0</u>	<u>0</u>
 Total	 4	 4
 Projected Annual Payroll	 0	 0
 Annual Rate of Payments to:		
Service Retirees	99,240	52,285
DROP Retirees	0	44,568
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	0	0
 B. Assets		
Actuarial Value (AVA) ¹	1,631,126	1,715,376
Market Value (MVA) ¹	1,564,961	1,534,008
 C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	0	0
Disability Benefits	0	0
Death Benefits	0	0
Vested Benefits	0	0
Refund of Contributions	0	0
Service Retirees	1,659,482	860,619
DROP Retirees ¹	0	861,377
Beneficiaries	0	0
Disability Retirees	0	0
Terminated Vested	<u>0</u>	<u>0</u>
 Total	 1,659,482	 1,721,996

(Special Risk Class)

C. Liabilities - (Continued)	<u>10/1/2023</u>	<u>10/1/2022</u>
Present Value of Future Salaries	0	0
Present Value of Future Member Contributions	0	0
Normal Cost (Retirement)	0	0
Normal Cost (Disability)	0	0
Normal Cost (Death)	0	0
Normal Cost (Vesting)	0	0
Normal Cost (Refunds)	<u>0</u>	<u>0</u>
Total Normal Cost	0	0
Present Value of Future Normal Costs	0	0
Accrued Liability (Retirement)	0	0
Accrued Liability (Disability)	0	0
Accrued Liability (Death)	0	0
Accrued Liability (Vesting)	0	0
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) ¹	<u>1,659,482</u>	<u>1,721,996</u>
Total Actuarial Accrued Liability (EAN AL)	1,659,482	1,721,996
Unfunded Actuarial Accrued Liability (UAAL)	28,356	6,620
Funded Ratio (AVA / EAN AL)	98.3%	99.6%

(Special Risk Class)

D. Actuarial Present Value of	<u>10/1/2023</u>	<u>10/1/2022</u>
Accrued Benefits		
Vested Accrued Benefits		
Inactives ¹	1,659,482	1,721,996
Actives	0	0
Member Contributions	0	0
Total	<u>1,659,482</u>	<u>1,721,996</u>
Non-vested Accrued Benefits	<u>0</u>	<u>0</u>
Total Present Value		
Accrued Benefits (PVAB)	1,659,482	1,721,996
Funded Ratio (MVA / PVAB)	94.3%	89.1%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	12,968	
Benefits Paid	(189,393)	
Interest	113,911	
Other	0	
Total	<u>(62,514)</u>	

(Special Risk Class)

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 ²	\$0	\$0
Administrative Expenses ²	8,868	9,368
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2023) ²	5,289	41,172
Minimum Required Contribution	14,157	50,540
Expected Member Contributions ²	0	0
Expected City Contribution	14,157	50,540
F. Past Contributions		
Plan Years Ending:	<u>9/30/2023</u>	
City Requirement	39,975	
Actual Contributions Made:		
City	<u>39,975</u>	
G. Net Actuarial (Gain)/Loss	53,886	

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

² Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.

(Special Risk Class)

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	28,356
2024	25,228
2038	0

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


	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2023	N/A	N/A
Year Ended 9/30/2022	N/A	N/A
Year Ended 9/30/2021	N/A	N/A
Year Ended 9/30/2020	-1.56%	6.00%
Year Ended 9/30/2019	4.12%	6.00%

(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	12.94%	4.46%	7.00%
Year Ended 9/30/2022	-17.74%	2.51%	7.00%
Year Ended 9/30/2021	17.25%	9.86%	7.00%
Year Ended 9/30/2020	9.33%	8.81%	7.00%
Year Ended 9/30/2019	4.70%	8.59%	7.00%

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 #23-6595

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES
(Special Risk Class)

(1) Unfunded Actuarial Accrued Liability as of October 1, 2022	\$6,620
(2) Sponsor Normal Cost developed as of October 1, 2022	0
(3) Expected administrative expenses for the year ended September 30, 2023	8,464
(4) Expected interest on (1), (2) and (3)	760
(5) Sponsor contributions to the System during the year ended September 30, 2023	39,975
(6) Expected interest on (5)	1,399
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	(25,530)
(8) Change to UAAL due to Assumption Change	0
(9) Change to UAAL due to Actuarial (Gain)/Loss	53,886
(10) Unfunded Actuarial Accrued Liability as of October 1, 2023	28,356

<u>Type of Base</u>	<u>Date Established</u>	<u>Years Remaining</u>	<u>10/1/2023 Amount</u>	<u>Amortization Amount</u>
Actuarial Loss	10/1/2009	1	6,160	6,160
Assump Change	10/1/2009	1	3,021	3,021
Actuarial Loss	10/1/2010	2	9,666	4,996
Actuarial Loss	10/1/2011	3	27,727	9,874
Actuarial Gain	10/1/2012	4	(72,898)	(20,114)
Assump Change	10/1/2012	4	9,899	2,731
Actuarial Gain	10/1/2013	5	(932)	(212)
Software Change	10/1/2013	5	(38,684)	(8,817)
Assump Change	10/1/2013	5	7,815	1,781
Actuarial Loss	10/1/2014	6	21,814	4,277
Assump Change	10/1/2014	6	11,700	2,294
Assump Change	10/1/2015	7	78,855	13,675
Actuarial Gain	10/1/2015	7	(179,410)	(31,112)
Actuarial Loss	10/1/2016	8	35,820	5,606
Assump Change	10/1/2016	8	13,054	2,043
Actuarial Gain	10/1/2017	9	(15,120)	(2,169)
Actuarial Gain	10/1/2018	10	(6,331)	(842)
Actuarial Gain	10/1/2019	11	(7,503)	(935)
Reconciliation Base	10/1/2020	12	(4,962)	(584)

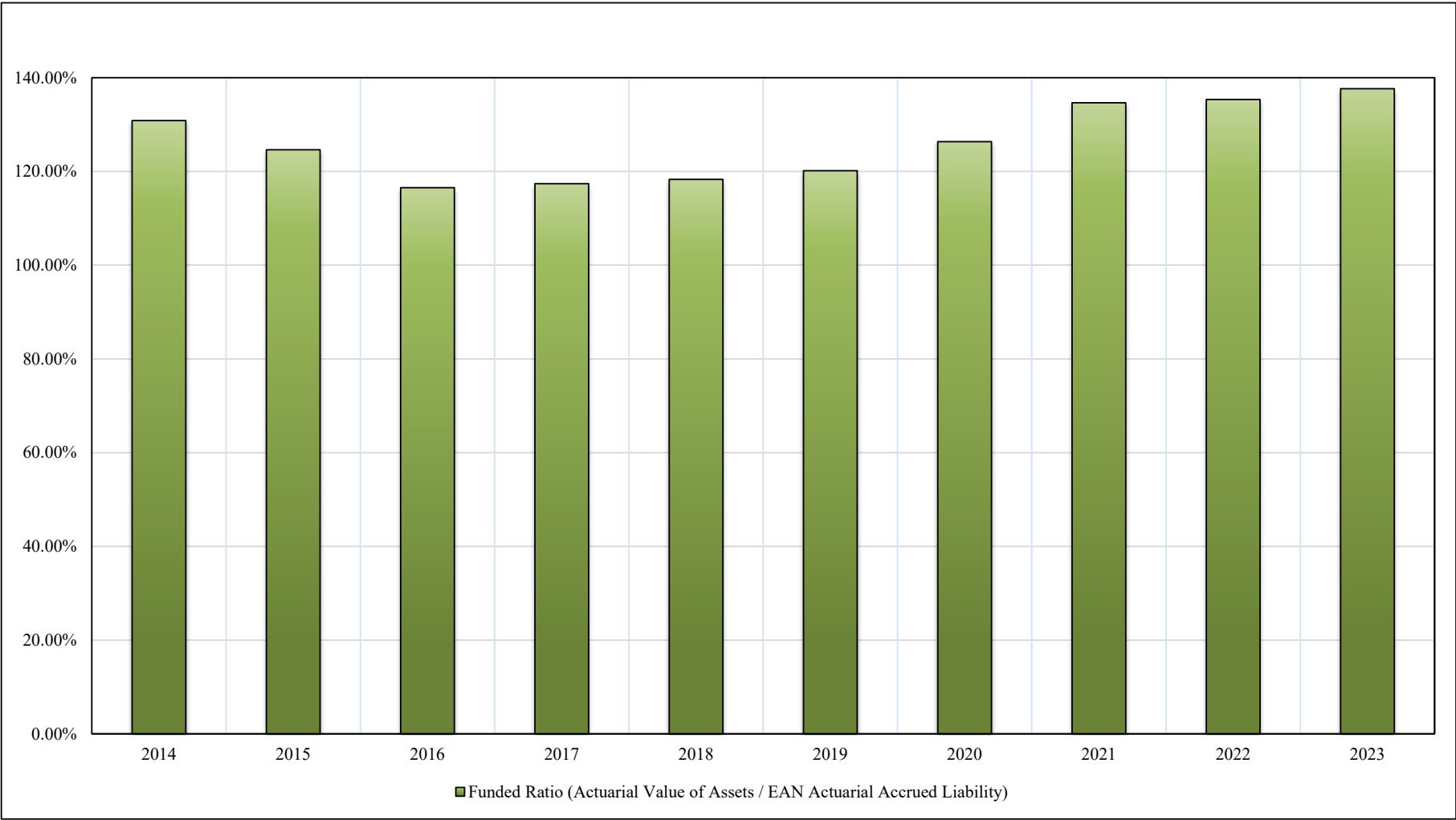
Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2023 <u>Amount</u>	Amortization <u>Amount</u>
Actuarial Gain	10/1/2020	12	(46,254)	(5,442)
Assump Change	10/1/2020	12	(30,570)	(3,597)
Reconciliation Base	10/1/2021	13	(17,006)	(1,902)
Actuarial Loss	10/1/2021	13	100,521	11,241
Reconciliation Base	10/1/2022	14	(15,332)	(1,638)
Actuarial Loss	10/1/2022	14	83,420	8,915
Actuarial Loss	10/1/2023	15	53,886	5,529
			<u>28,356</u>	<u>4,779</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS
(Special Risk Class)

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	\$6,620
(2) Expected UAAL as of October 1, 2023	(25,530)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	41,615
Salary Increases	0
Active Decrements	0
Inactive Mortality	5,988
Other	<u>6,283</u>
Increase in UAAL due to (Gain)/Loss	53,886
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2023	\$28,356

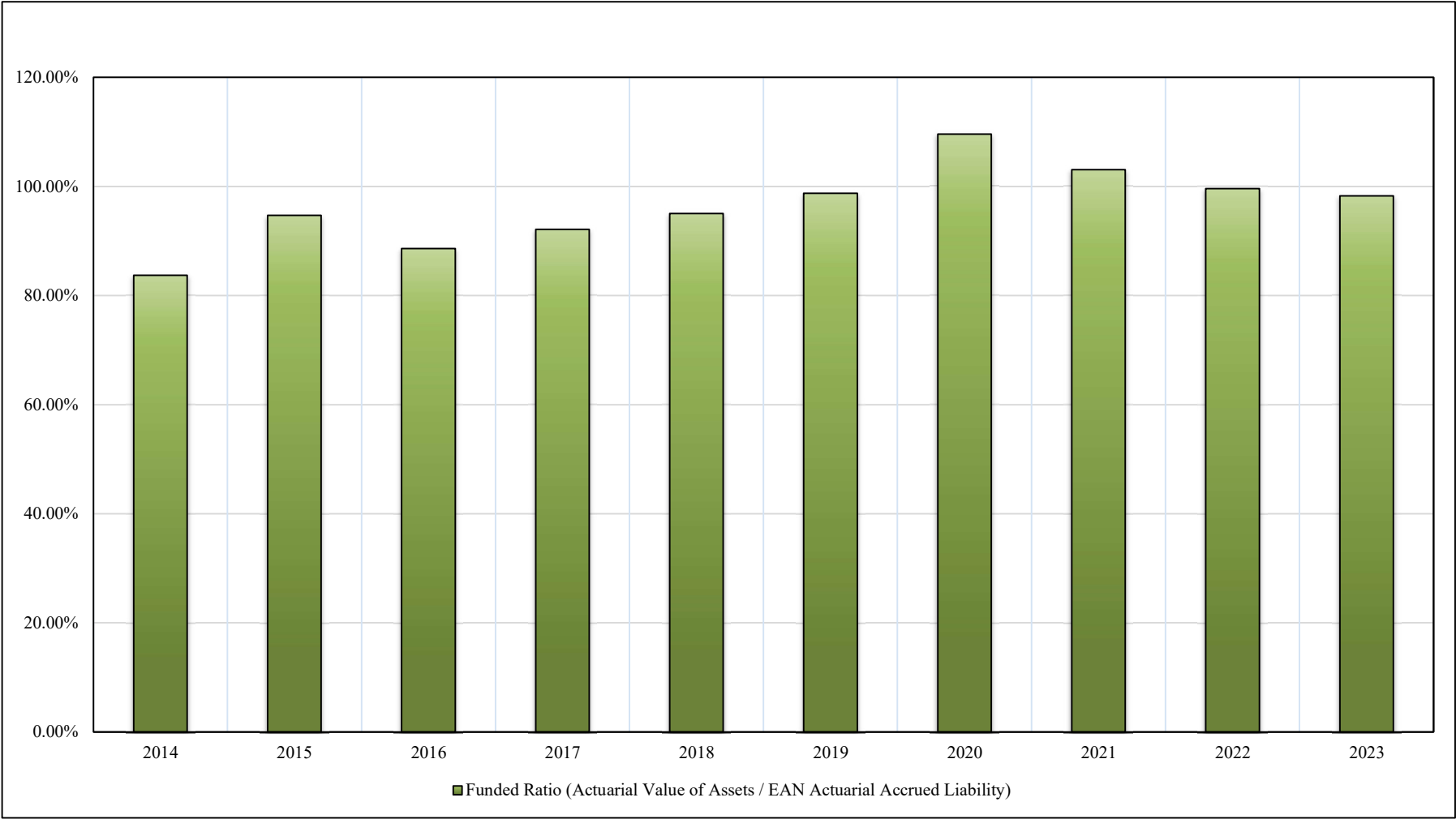
HISTORY OF FUNDING PROGRESS

(Regular Class)



HISTORY OF FUNDING PROGRESS

(Special Risk Class)



ACTUARIAL ASSUMPTIONS AND METHODS
(Regular Class)

Mortality Rate

Healthy Active Lives:

Female: PubG.H-2010 (Below Median) for Employees.

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

Healthy Retiree Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

PubG.H-2010 for Disabled Retirees, set forward three years.

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 non-special-risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

7.00% 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

6.00% per year until the assumed retirement age. Projected salary at retirement is increased 10% to account for non-regular compensation. This assumption was developed from those used by other General Employee plans in the state.

Payroll Growth

None.

Administrative Expenses

\$38,167 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Retirement Age

Earlier of 1) Age 62 with 6 years of Credited Service (57 and 10 for City Manager), or 2) the completion of 30 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based on the plan provisions.

Early Retirement

Commencing with the earliest assumed early retirement date (age 52 or 20 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year. We feel this assumption is reasonable based on the plan provisions.

Disability Rate

Age-based; sample rates below. This assumption is consistent with other General Employee plans in the state.

% Becoming Disabled During the Year	
Age	Rate
50	0.43%
55	0.89%
60	1.61%
65	2.80%

Termination Rate

Age-based; sample rates below. This assumption is consistent with other General Employee plans in the state.

% Terminating During the Year	
Age	Rate
50	1.7%
55	0.6%
60	0.5%
65	0.0%

Cost-of-Living Adjustments

3.00% per year beginning at retirement.

Funding Method

Aggregate Actuarial Cost Method. An interest load (one and a half years, based on the current 7.00% assumption) is utilized for determination of the Minimum Required Contribution.

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.

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.

ACTUARIAL ASSUMPTIONS AND METHODS
(Special Risk Class)

Mortality Rate

Healthy Active Lives:

N/A; no remaining active participants.

Healthy Retiree Lives:

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

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

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

PubG.H-2010 for Disabled Retirees, set forward three years.

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 non-special-risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

7.00% 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

N/A; no remaining active participants.

Payroll Growth

None.

Administrative Expenses

\$38,167 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are established with a 15-year amortization period.

<u>Retirement Age</u>	N/A; no remaining active participants.
<u>Disability Rate</u>	N/A; no remaining active participants.
<u>Termination Rate</u>	N/A; no remaining active participants.
<u>Cost-of-Living Adjustment</u>	3.00% per year beginning 2 years after retirement.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. An interest load (one and a half years, based on the current 7.00% assumption) is utilized for determination of the Minimum Required Contribution.
<u>Actuarial Asset Method</u>	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.

GLOSSARY
(Regular Class)

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.

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.

Total Annual Payroll is the projected annual rate of pay for 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 Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Normal (Current Year's) Cost Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

- (a) The present value of benefits for all Plan participants, less the actuarial value of assets.
- (b) The present value of future compensation over the anticipated number of years of participation, determined as of the valuation date.

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Payroll Under Assumed Retirement Age as of the valuation date.

Aggregate Actuarial Cost Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above).

Total Required Contribution is equal to the Normal Cost plus Administrative Expenses. The required amount is adjusted for interest according to the timing of contributions during the year.

GLOSSARY
(Special Risk Class)

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 – Regular Class Employees

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 21.3% on October 1, 2013 to 3.6% 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 93.2%. 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 130.5% on October 1, 2013 to 137.6% 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 -1.0% on October 1, 2013 to -4.8% on October 1, 2023. The current Net Cash Flow Ratio of -4.8% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure – Regular Class Employees

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 \$7,580,876. The LDRM 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 LDRM 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 LDRM 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.

Impact of Plan Maturity on Risk – Special Risk Class Employees

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 150.0% on October 1, 2013 to 0.0% 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 100.0%. 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 82.2% on October 1, 2013 to 98.3% 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 8.3% on October 1, 2013 to -10.1% on October 1, 2023. The current Net Cash Flow Ratio of -10.1% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure – Special Risk Class Employees

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 13 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 \$2,187,418. 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
(Regular Class)

	<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	2	2	4	13
Total Inactives ¹	56	63	70	61
Actives / Inactives ¹	3.6%	3.2%	5.7%	21.3%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	7,570,159	7,036,130	7,649,708	6,530,180
Total Annual Payroll	116,479	104,669	164,758	549,814
MVA / Total Annual Payroll	6,499.2%	6,722.3%	4,643.0%	1,187.7%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	5,624,584	5,786,342	5,904,064	3,845,695
Total Accrued Liability (EAN)	6,037,104	6,137,320	6,348,333	4,966,241
Inactive AL / Total AL	93.2%	94.3%	93.0%	77.4%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	8,310,004	8,307,052	7,510,228	6,481,513
Total Accrued Liability (EAN)	6,037,104	6,137,320	6,348,333	4,966,241
AVA / Total Accrued Liability (EAN)	137.6%	135.4%	118.3%	130.5%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(363,538)	(341,650)	(390,025)	(63,065)
Market Value of Assets (MVA)	7,570,159	7,036,130	7,649,708	6,530,180
Ratio	-4.8%	-4.9%	-5.1%	-1.0%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS
(Special Risk Class)

	<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	0	0	1	3
Total Inactives ¹	4	4	3	2
Actives / Inactives ¹	0.0%	0.0%	33.3%	150.0%
 <u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	1,564,961	1,534,008	1,353,519	781,873
Total Annual Payroll	0	0	74,021	180,698
MVA / Total Annual Payroll	N/A	N/A	1,828.6%	432.7%
 <u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	1,659,482	1,721,996	740,959	174,040
Total Accrued Liability (EAN)	1,659,482	1,721,996	1,319,146	875,393
Inactive AL / Total AL	100.0%	100.0%	56.2%	19.9%
 <u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	1,631,126	1,715,376	1,253,797	719,735
Total Accrued Liability (EAN)	1,659,482	1,721,996	1,319,146	875,393
AVA / Total Accrued Liability (EAN)	98.3%	99.6%	95.0%	82.2%
 <u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(157,322)	(27,020)	19,808	64,765
Market Value of Assets (MVA)	1,564,961	1,534,008	1,353,519	781,873
Ratio	-10.1%	-1.8%	1.5%	8.3%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2023
 (Regular Class Employees)

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	342,232.96	342,232.96
Cash	2.08	2.08
Total Cash and Equivalents	342,235.04	342,235.04
Receivables:		
Investment Income	19,710.71	19,710.71
Total Receivable	19,710.71	19,710.71
Investments:		
Fixed Income	3,020,451.29	2,610,234.35
Equities	3,806,926.03	4,700,069.83
Total Investments	6,827,377.32	7,310,304.18
Total Assets	7,189,323.07	7,672,249.93
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	11,929.45	11,929.45
Administrative Expenses	4,241.11	4,241.11
To Broker for Investments Purchased	26,179.97	26,179.97
Prepaid City Contribution	59,740.41	59,740.41
Total Liabilities	102,090.94	102,090.94
NET POSITION RESTRICTED FOR PENSIONS	7,087,232.13	7,570,158.99

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis
(Regular Class Employees)

ADDITIONS

Contributions:			
City		45,983.00	
Total Contributions			45,983.00
Investment Income:			
Net Realized Gain (Loss)	280,066.65		
Unrealized Gain (Loss)	414,558.76		
Net Increase in Fair Value of Investments		694,625.41	
Interest & Dividends		252,064.38	
Less Investment Expense ¹		(49,122.63)	
Net Investment Income			897,567.16
Total Additions			943,550.16
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		370,984.76	
Lump Sum DROP Distributions		0.00	
Total Distributions			370,984.76
Administrative Expense			38,535.94
Total Deductions			409,520.70
Net Increase in Net Position			534,029.46
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			7,036,129.53
End of the Year			7,570,158.99

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

ACTUARIAL ASSET VALUATION

SEPTEMBER 30, 2023

(Regular Class Employees)

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	9.33%
09/30/2021	17.25%
09/30/2022	-17.74%
09/30/2023	12.94%

Annualized Rate of Return for prior four (4) years: 4.47%

(A) 10/01/2022 Actuarial Assets, including Prepaid Contributions: \$8,412,775.41

(I) Net Investment Income:

1. Interest and Dividends	252,064.38	
2. Realized Gain (Loss)	280,066.65	
3. Unrealized Gain (Loss)	414,558.76	
4. Change in Actuarial Value	(531,077.71)	
5. Investment Related Expenses	(49,122.63)	
Total		366,489.45

(B) 10/01/2023 Actuarial Assets, including Prepaid Contributions: \$8,369,744.16

Actuarial Asset Rate of Return = $2I/(A+B-I)$, based on Unlimited Actuarial Assets: 4.47%

10/01/2023 Limited Actuarial Assets \$8,310,003.75

10/01/2023 Market Value of Assets \$7,570,158.99

Actuarial Asset Rate of Return, based on Limited Actuarial Assets: 4.47%

Actuarial Gain/(Loss) due to Investment Return (Limited Actuarial Asset Basis) (\$207,431.29)

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2023
 Actuarial Asset Basis
 (Regular Class Employees)
 REVENUES

Contributions:		
City	45,983.00	
Total Contributions		45,983.00
Earnings from Investments:		
Interest & Dividends	252,064.38	
Net Realized Gain (Loss)	280,066.65	
Unrealized Gain (Loss)	414,558.76	
Change in Actuarial Value	(531,077.88)	
Total Earnings and Investment Gains		415,611.91
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	370,984.76	
Lump Sum DROP Distributions	0.00	
Total Distributions		370,984.76
Expenses:		
Investment related ¹	49,122.63	
Administrative	38,535.94	
Total Expenses		87,658.57
Change in Net Assets for the Year		2,951.58
Net Assets Beginning of the Year		8,307,052.17
Net Assets End of the Year ²		8,310,003.75

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

²Net Assets may be limited for actuarial consideration.

STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2023
 (Special Risk Class Employees)

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	70,195.04	70,195.04
Cash	0.43	0.43
Total Cash and Equivalents	70,195.47	70,195.47
Receivables:		
Investment Income	4,042.84	4,042.84
Total Receivable	4,042.84	4,042.84
Investments:		
Fixed Income	619,521.56	535,382.40
Equities	780,834.56	964,026.33
Total Investments	1,400,356.12	1,499,408.73
Total Assets	1,474,594.43	1,573,647.04
<u>LIABILITIES</u>		
Payables:		
Investment Expenses	2,446.84	2,446.84
Administrative Expenses	869.89	869.89
To Broker for Investments Purchased	5,369.75	5,369.75
Total Liabilities	8,686.48	8,686.48
NET POSITION RESTRICTED FOR PENSIONS	1,465,907.95	1,564,960.56

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis
(Special Risk Class Employees)

ADDITIONS

Contributions:			
City		39,975.00	
Total Contributions			39,975.00
Investment Income:			
Net Realized Gain (Loss)	57,444.17		
Unrealized Gain (Loss)	107,619.14		
Net Increase in Fair Value of Investments		165,063.31	
Interest & Dividends		33,287.22	
Less Investment Expense ¹		(10,075.49)	
Net Investment Income			188,275.04
Total Additions			228,250.04
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		76,092.29	
Lump Sum DROP Distributions		113,300.61	
Total Distributions			189,392.90
Administrative Expense			7,904.08
Total Deductions			197,296.98
Net Increase in Net Position			30,953.06
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			1,534,007.50
End of the Year			1,564,960.56

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

ACTUARIAL ASSET VALUATION
 SEPTEMBER 30, 2023
 (Special Risk Class Employees)

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	9.33%	
09/30/2021	17.25%	
09/30/2022	-17.74%	
09/30/2023	12.94%	
Annualized Rate of Return for prior four (4) years:		4.46%
(A) 10/01/2022 Actuarial Assets:		\$1,715,375.63
(I) Net Investment Income:		
1. Interest and Dividends	33,287.22	
2. Realized Gain (Loss)	57,444.17	
3. Unrealized Gain (Loss)	107,619.14	
4. Change in Actuarial Value	(115,202.53)	
5. Investment Related Expenses	(10,075.49)	
Total		73,072.51
(B) 10/01/2023 Actuarial Assets:		\$1,631,126.16
Actuarial Asset Rate of Return = 2I/(A+B-I), based on Unlimited Actuarial Assets:		4.46%
10/01/2023 Limited Actuarial Assets		\$1,631,126.16
10/01/2023 Market Value of Assets		\$1,564,960.56
Actuarial Asset Rate of Return, based on Limited Actuarial Assets:		4.46%
Actuarial Gain/(Loss) due to Investment Return (Limited Actuarial Asset Basis)		(\$41,615.08)

¹Market Value Basis, net of investment related expenses.

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2023
 Actuarial Asset Basis
 (Special Risk Class Employees)
 REVENUES

Contributions:		
City	39,975.00	
Total Contributions		39,975.00
Earnings from Investments:		
Interest & Dividends	33,287.22	
Net Realized Gain (Loss)	57,444.17	
Unrealized Gain (Loss)	107,619.14	
Change in Actuarial Value	(115,202.90)	
Total Earnings and Investment Gains		83,147.63
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	76,092.29	
Lump Sum DROP Distributions	113,300.61	
Total Distributions		189,392.90
Expenses:		
Investment related ¹	10,075.49	
Administrative	7,904.08	
Total Expenses		17,979.57
Change in Net Assets for the Year		(84,249.84)
Net Assets Beginning of the Year		1,715,376.00
Net Assets End of the Year ²		1,631,126.16

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
(Special Risk Class)

Beginning of the Year Balance	82,728.49
Plus Additions	29,712.32
Investment Return Earned	859.80
Less Distributions	(113,300.61)
End of the Year Balance	0.00

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

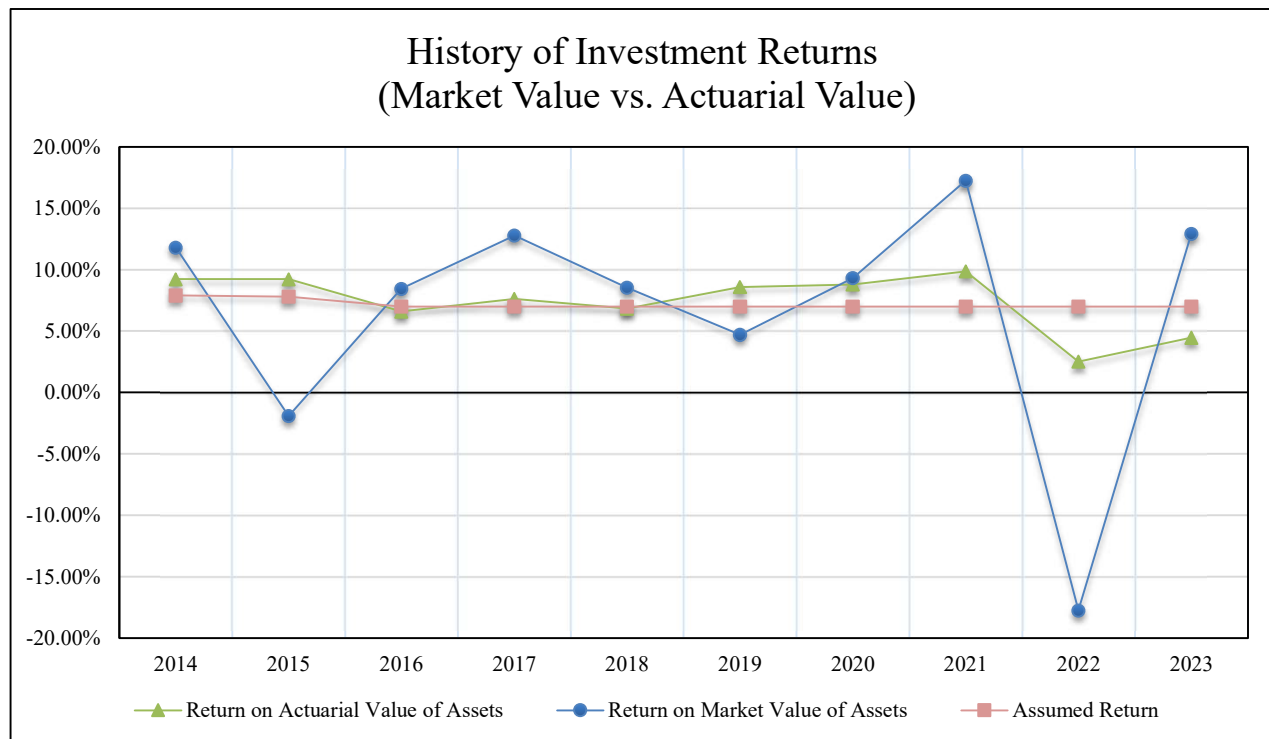
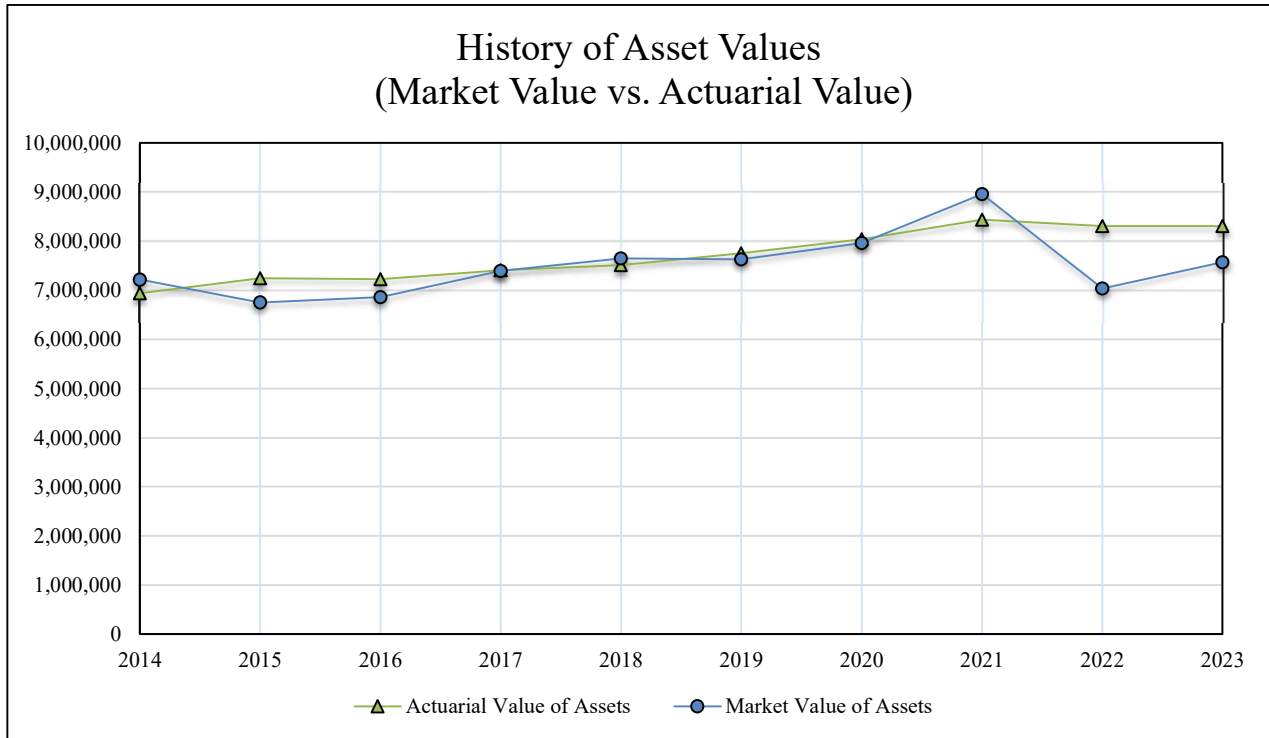
(1) Required City Contributions	\$45,983.00
(2) Less 2022 Prepaid Contribution	(105,723.41)
(3) Less Actual City Contributions	<u>0.00</u>
(4) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2023	(\$59,740.41)

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

(1) Required City Contributions	\$39,975.00
(2) Less 2022 Prepaid Contribution	0.00
(3) Less Actual City Contributions	<u>(39,975.00)</u>
(4) City Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2023	\$0.00

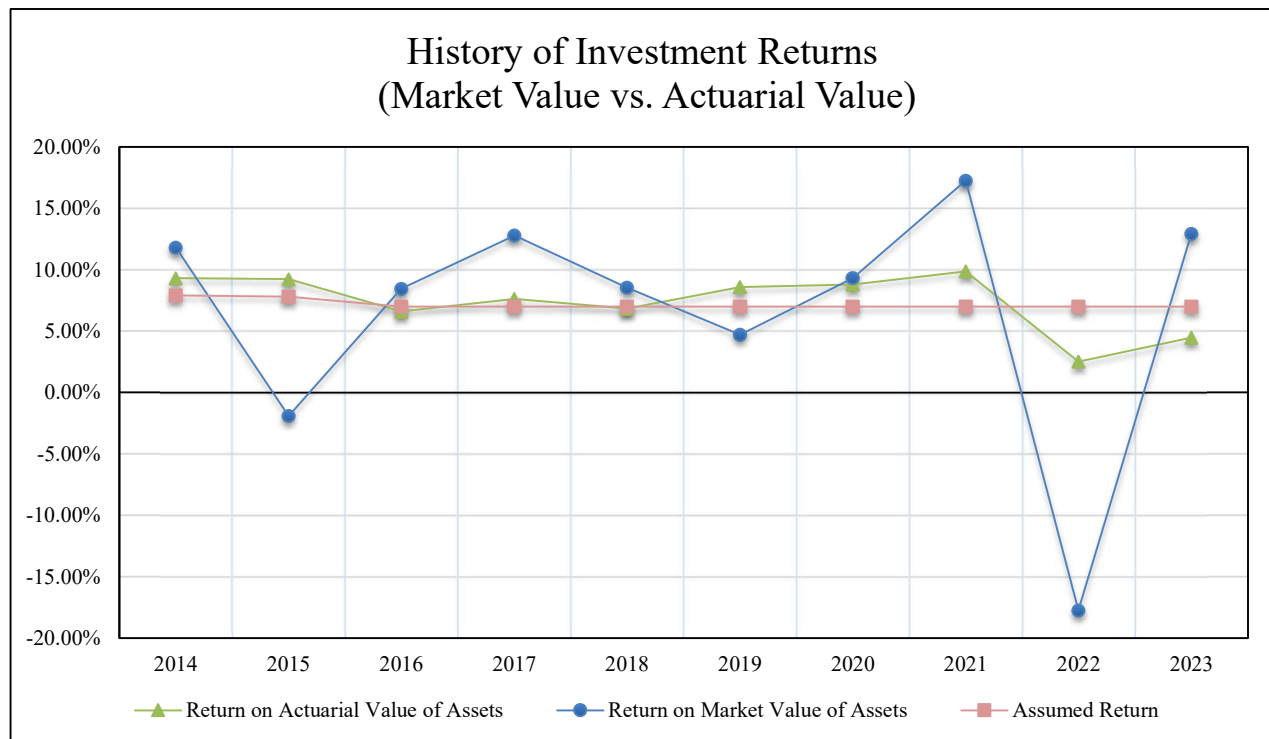
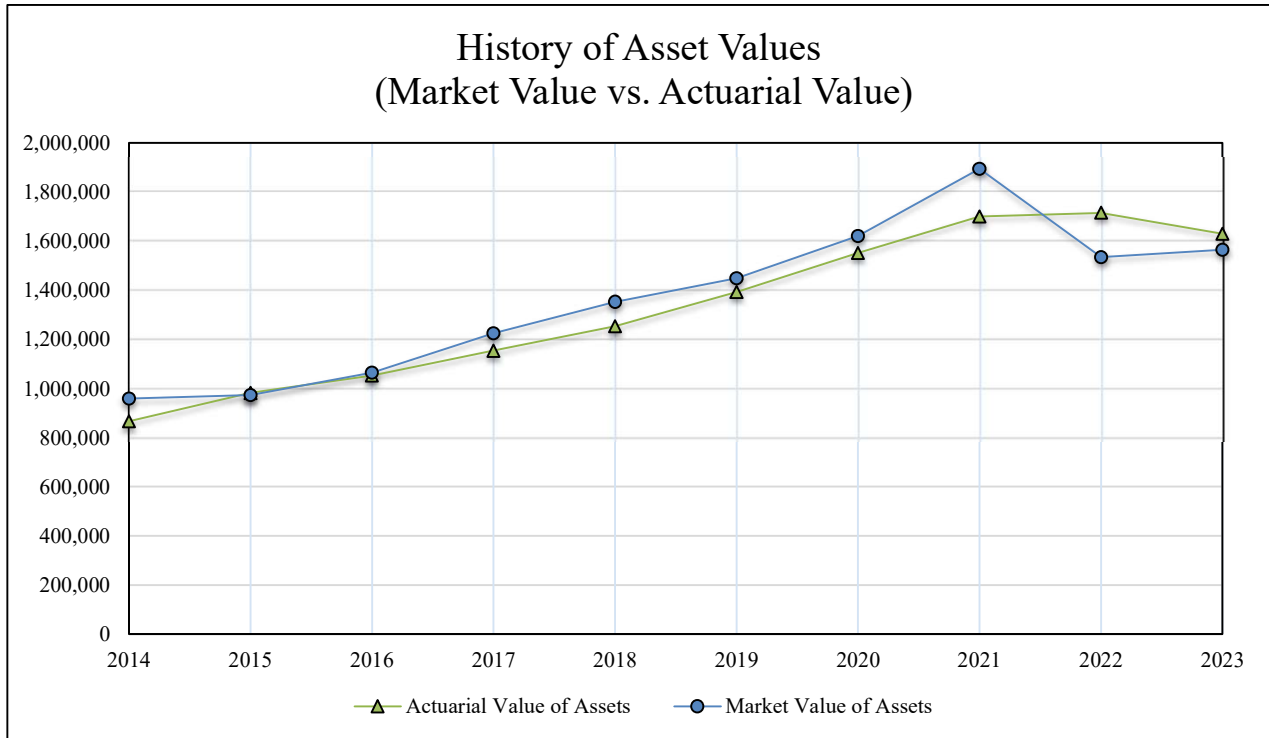
HISTORY OF ASSET VALUES AND INVESTMENT RETURNS

(Regular Class)



HISTORY OF ASSET VALUES AND INVESTMENT RETURNS

(Special Risk Class)



STATISTICAL DATA
(Regular Class)

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	2	2	2	2
Average Current Age	56.8	55.8	54.8	53.8
Average Age at Employment	39.5	39.5	39.5	39.5
Average Past Service	17.3	16.3	15.3	14.3
Average Annual Salary	\$58,240	\$52,335	\$49,219	\$50,517
<u>Service Retirees</u>				
Number	30	31	34	35
Average Current Age	73.3	72.6	72.4	71.8
Average Annual Benefit	\$12,385	\$12,146	\$11,305	\$10,598
<u>DROP Retirees</u>				
Number	0	0	0	1
Average Current Age	N/A	N/A	N/A	63.3
Average Annual Benefit	N/A	N/A	N/A	\$16,967
<u>Beneficiaries</u>				
Number	0	0	1	3
Average Current Age	N/A	N/A	88.3	68.1
Average Annual Benefit	N/A	N/A	\$1,003	\$5,035
<u>Disability Retirees</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Terminated Vested</u>				
Number	26	32	32	32
Average Current Age	53.6	57.9	56.9	55.9
Average Annual Benefit	\$4,231	\$4,044	\$4,044	\$4,044

STATISTICAL DATA
(Special Risk Class)

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	0	0	0	1
Average Current Age	N/A	N/A	N/A	55.3
Average Age at Employment	N/A	N/A	N/A	35.3
Average Past Service	N/A	N/A	N/A	20.0
Average Annual Salary	N/A	N/A	N/A	\$75,863
<u>Service Retirees</u>				
Number	4	3	3	2
Average Current Age	56.0	54.3	53.3	57.2
Average Annual Benefit	\$24,810	\$17,428	\$16,941	\$17,790
<u>DROP Retirees</u>				
Number	0	1	1	0
Average Current Age	N/A	57.3	56.3	N/A
Average Annual Benefit	N/A	\$44,568	\$44,568	N/A
<u>Beneficiaries</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Disability Retirees</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Terminated Vested</u>				
Number	0	0	0	1
Average Current Age	N/A	N/A	N/A	42.4
Average Annual Benefit	N/A	N/A	N/A	\$16,887

AGE AND SERVICE DISTRIBUTION
(Regular Class)

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												0
25 - 29												0
30 - 34												0
35 - 39												0
40 - 44												0
45 - 49												0
50 - 54												0
55 - 59								2				2
60 - 64												0
65+												0
Total	0	0	0	0	0	0	0	2	0	0	0	2

VALUATION PARTICIPANT RECONCILIATION
(Regular Class)

1. Active lives

a. Number in prior valuation 10/1/2022	2
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	<u>0</u>
g. Continuing participants	2
h. New entrants / Rehires	<u>0</u>
i. Total active life participants in valuation	<u>2</u>

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	31	0	0	0	32	0	63
Retired							0
DROP							0
Vested (Deferred Annuity)							0
Vested (Due Refund)							0
Hired/Terminated in Same Year							0
Death, With Survivor							0
Death, No Survivor	(1)				(1)		(2)
Disabled							0
Refund of Contributions							0
Rehires							0
Expired Annuities							0
Data Corrections					(5)		(5)
b. Number current valuation	30	0	0	0	26	0	56

VALUATION PARTICIPANT RECONCILIATION
(Special Risk Class)

1. Active lives

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

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity)	Vested (Due Refund)	<u>Total</u>
a. Number prior valuation	3	1	0	0	0	0	4
Retired	1	(1)					0
DROP							0
Vested (Deferred Annuity)							0
Vested (Due Refund)							0
Hired/Terminated in Same Year							0
Death, With Survivor							0
Death, No Survivor							0
Disabled							0
Refund of Contributions							0
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	4	0	0	0	0	0	4

SUMMARY OF CURRENT PLAN

<u>Eligibility</u>	All general employee members (except elected city officials) and all airport security officers who are employed on or after January 1, 1996, and prior to August 1, 2008, and who did not elect to become a member of the Florida Retirement System, shall remain members of this Plan. No new employees hired on or after August 1, 2008 shall become members of this system.
<u>Credited Service</u>	Total years and fractional parts of years of service with the City as a General Employee (Regular Class) or Airport Security Officer (Special Risk Class).
<u>Salary</u>	Base compensation, including regular earnings, vacation pay, sick pay, and all tax deferred items, but excluding lump sum payments, except for up to 500 hours of unused vacation leave at retirement (only attributable to service before July 1, 2011).
<u>Average Final Compensation</u>	Average of Salary paid during the best five (5) years of covered employment.
<u>Member Contributions</u>	None.
<u>City Contributions</u>	Amounts required in order to pay current costs and amortize unfunded past service cost, if any, over no more than 30 years.
<u>Normal Retirement</u>	
Date	Regular Class - Earlier of 1) age 62 with 6 years of Credited Service (age 57 with 10 years of Credited Service for City Manager), or 2) 30 years of Credited Service, regardless of age. Special Risk Class - Earlier of 1) age 55 and 6 years of service, or 2) 25 years of Credited Service, regardless of age.
Benefit	Regular Class - 1.6% of Average Final Compensation <u>times</u> Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management Employees. Special Risk Class - 3.0% of Average Final Compensation <u>times</u> Credited Service.

Form of Benefit

Regular Class - Life Annuity (options available).

Special Risk Class - Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility

6 Years of Credited Service.

Benefit

Regular Class -Accrued benefit, reduced 5% for each year prior to Normal Retirement.

Special Risk Class - Accrued benefit, reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting

Schedule

100% after 6 years of Credited Service.

Benefit Amount

Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility

Service Incurred

Covered from Date of Employment.

Non-Service Incurred

8 years of Credited Service.

Benefit

Benefit accrued to date of disability, but not less than 42% (65% for Special Risk Class) of Average Final Compensation (Service Incurred), or 25% of Average Final Compensation (Non-Service Incurred).

Duration

Payable for life (with 10 year guarantee for the Special Risk Class) or until recovery (as determined by the Board).

Death Benefits

Pre-Retirement

Vested

Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested	Refund of member contributions, if any.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.
<u>Cost-of-Living Adjustments</u>	Regular Class - each July 1 following retirement the monthly benefit amount is increased 3%. Special Risk Class - beginning on the July 1 following 2 years of payments, the monthly amount is increased 3%. The increase is based on the June benefit, excluding any supplemental benefit.
<u>Supplemental Benefit</u>	Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150).
<u>Deferred Retirement Option Plan</u>	
Eligibility	Satisfaction of Normal Retirement requirements
Participation	Not to exceed 60 months.
Rate of Return	1.3% annually.
Form of Distribution	Cash lump sum (options available) at termination of employment.