



February 22, 2024

Board of Trustees
c/o Mr. T. Scott Baker
New Port Richey
Police Officers' Retirement System
6739 Adams Street
New Port Richey, Florida 34652

Re: October 1, 2023 Actuarial Valuation

Dear Board Members:

As requested, we are pleased to enclose eleven (11) copies of the October 1, 2023 Actuarial Valuation Report for the New Port Richey Police Officers' Retirement System.

We look forward to presenting the key financial results of our Actuarial Valuation Report at the February 27th Board Meeting.

Upon Board approval of the Actuarial Valuation Report, we will upload an electronic copy of the Actuarial Valuation Report along with the required disclosure information to the State portal as required by the State.

We appreciate the opportunity to continue to work with the Board on this important assignment and look forward to responding to any questions that may arise.

If you should have any question concerning the above, please do not hesitate to contact us.

Sincerely,
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Michelle Jones". The signature is written in a cursive, flowing style.

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

Enclosures

cc: Mr. Chuck Landers, C.P.A.

NEW PORT RICHEY POLICE OFFICERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF OCTOBER 1, 2023

This Valuation Determines the Annual Contribution for the System Year October 1, 2024 through September 30, 2025 to be Paid in Fiscal Year October 1, 2024 through September 30, 2025

February 22, 2024



New Port Richey Police Officers' Retirement System

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Transmittal Letter | 1 |
| Executive Summary | 4 |
| Risks Associated with Measuring the Accrued Liabilities and Actuarially Determined Contribution | 7 |
| Low-Default-Risk Obligation Measure | 10 |
| I. Summary of Retirement System Costs..... | 11 |
| II. Comparison of Cost Data of Current and Prior Valuations | 13 |
| III. Characteristics of Participants in Actuarial Valuation..... | 14 |
| IV. Statement of Assets | 15 |
| V. Reconciliation of System Assets..... | 16 |
| VI. Funding Standard Account..... | 18 |
| VII. Actuarial Gain / (Loss) | 19 |
| VIII. Amortization of Unfunded Actuarial Accrued Liability | 20 |
| IX. Accounting Disclosure Exhibit..... | 21 |
| X. Outline of Principal Provisions of Retirement System | 26 |
| XI. Actuarial Assumptions and Actuarial Cost Methods..... | 32 |
| XII. Distribution of System Participants by Attained Age Groups and Service Groups | 36 |
| XIII. Statistics for Participants Entitled to Deferred Benefits and Participants Receiving Benefits | 37 |
| XIV. Reconciliation of Employee Data | 38 |
| XV. Projected Retirement Benefits..... | 39 |
| XVI. Review of Salary and Termination Experience..... | 40 |
| XVII. Analysis of Investment Yield | 41 |
| XVIII. Employer Contribution Information | 44 |
| XIX. State Required Exhibit..... | 45 |
| XX. Glossary..... | 50 |





February 22, 2024

Board of Trustees
City of New Port Richey
Police Officers' Retirement System
6739 Adams Street
New Port Richey, Florida 34652

Dear Board Members:

Re: October 1, 2023 Projection Actuarial Valuation Report

We are pleased to present our October 1, 2023 Projection Actuarial Valuation report for the City of New Port Richey Police Officers' Retirement System (System). The purpose of our report is to indicate appropriate contribution levels, comment on the actuarial stability of the System and to satisfy State reporting requirements. Gabriel, Roeder, Smith & Company (GRS), as System actuary, is authorized by the Board of Trustees to prepare an annual actuarial valuation under Section 17.53(d) of the System Ordinance.

This report consists of this cover letter, executive summary, risk assessment and Low-Default-Risk Obligation Measure followed by detailed Tables I through XVIII, the State Required Exhibit on Table XIX and the glossary on Table XX. The Tables contain basic System cost figures plus significant details on the benefits, liabilities and experience of the System. We suggest you thoroughly review our report at your convenience and contact us with any questions that may arise.

The findings in this report are based on data or other information through September 30, 2023. The valuation was based upon information furnished by the Board concerning Retirement System benefits, plan provisions and active members, terminated members, retirees and beneficiaries. We received financial information as of September 30, 2023 prepared by the System auditors.

We do not audit the Member census data and asset information that is provided to us; however, we perform certain reasonableness checks. The System is responsible for the accuracy of the data reported to us.

In our opinion the benefits provided for under the current System will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed. We will continue to update you on the future payment requirements for the System through our actuarial reports. These reports will also continue to monitor emerging experience of the System.

The actuarial assumptions used in this Actuarial Valuation are as adopted by the Board of Trustees. Demographic and economic actuarial assumptions are based upon the results of an actuarial Experience Study for the five-year period October 1, 2013 – September 30, 2018. The mortality assumptions are prescribed by statute. Each assumption represents an estimate of future System experience. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e. not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice.

If all actuarial assumptions are met and if all future minimum required contributions are paid, System assets will be sufficient to pay all System benefits, future contributions are expected to remain relatively stable as a percent of payroll and the funded status is expected to improve. System minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act and Police Officers Retirement Chapter 185 with normal cost determined as a level percent of covered payroll and a level dollar amortization payment using a maximum amortization period of 30 years.

The Unfunded Actuarial Accrued Liability (UAAL) may not be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions. The UAAL would be different if it reflected the market value of assets rather than the actuarial value of assets.

The Unfunded Actuarial Present Value of Vested Accrued Benefits and the corresponding Vested Benefit Security Ratio may not be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations and also may not be appropriate for assessing the need for or the amount of future contributions.

The GASB Net Pension Liability and System Fiduciary Net Position as a Percentage of Total Pension Liability may not be appropriate for assessing the sufficiency of System assets to meet the estimated cost of settling benefit obligations but may be appropriate for assessing the need for or the amount of future contributions.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determinations of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.



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

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

The signing actuaries are independent of the System sponsor.

The undersigned are Members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. We are available to respond to any questions with regards to matters covered in this report.

Sincerely,

Gabriel, Roeder, Smith & Company

Michelle Jones

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

Jennifer Borregard

Jennifer M. Borregard, E.A., M.A.A.A.
Consultant and Actuary



EXECUTIVE SUMMARY

Retirement System Costs

Our Actuarial Valuation develops the required minimum Retirement System payment under the Florida Protection of Public Employee Retirement Benefits Act and for Police Officers Retirement Chapter 185 for fiscal year ending September 30, 2025. The minimum payment consists of payment of annual normal costs and amortization of the components of the unfunded actuarial accrued liability over various periods as prescribed by law.

The minimum payment for System Year ending September 30, 2025 is **26.4% of covered payroll (\$844,089)**. The figure in parentheses is the System cost expressed as a dollar amount based upon projected covered annual payroll for fiscal year ending September 30, 2025 (\$3,197,308).

This total cost is to be met by Member, City and State contributions. We anticipate Member contributions will be **6.5% of covered payroll** for fiscal year ending September 30, 2025 (**\$207,825**) and the available State contribution will be **\$259,111 (8.1% of projected payroll)** for fiscal year ending September 30, 2025. The required City contribution is **11.8% of projected covered payroll** for fiscal year ending September 30, 2025 (**\$377,153**).

The City contribution includes an interest adjustment and must be increased if actual FYE 2025 State contributions are less than \$259,111. The City has a credit balance as of the valuation date in the amount of \$294,443. The credit balance is available to offset the minimum required City contribution.

Changes in Actuarial Assumptions, Methods and System Benefits

The System provisions valued remain unchanged from the Actuarial Valuation as of October 1, 2022. System provisions are summarized on Table X.

The actuarial assumptions and methods are unchanged from the Actuarial Valuation as of October 1, 2022. The actuarial assumptions and methods are outlined on Table XI.

Since actual State monies received during fiscal year ended September 30, 2023 (\$259,111) was above the threshold (\$248,077) to provide an increase in supplemental benefit but below the threshold (\$285,159) to provide the full supplemental benefit, we understand the supplemental benefit to be paid in calendar year 2024 will be at a prorated increase amount of \$429.76 for members hired prior to October 20, 1994 and \$289.27 for members hired on or after October 20, 1994.

Comparison of October 1, 2022 and October 1, 2023 Valuation Results

Table II of our report provides information of a comparative nature. The left columns of the Table indicate the costs as calculated for the Actuarial Valuation as of October 1, 2022. The right columns indicate the costs as calculated for October 1, 2023.



Comparing the left and right columns of Table II shows the effect of System experience during the year. The number of active participants increased by approximately 14% while the covered payroll increased by approximately 23%. The total normal cost decreased as a percentage of covered payroll but increased as a dollar amount. The unfunded accrued actuarial liability and net City minimum funding payment increased both as a percentage of covered payroll and as a dollar amount.

The System continues to have assets in excess of present value of vested accrued benefits, resulting in a Vested Benefit Security Ratio (VBSR) of 115.5% which is an increase from 112.4% as of the Actuarial Valuation as of October 1, 2022. The VBSR is measured on a market value of assets basis.

Actuarial Gains (Losses)

Table VII indicates the System experienced an actuarial loss of \$811,241. This suggests actual overall experience was less favorable than expected.

Our Actuarial Valuation report tracks the actual experience in three areas that are very significant in determining whether a gain or loss occurs. Table XVI presents salary experience and tracks employee turnover. Table XVII provides information on investment return.

Table XVI provides ten years of history concerning increases in pay enjoyed by System participants. Average increases have been as follows:

| <u>Period Ended</u> <u>September 30, 2023</u> | <u>Average</u> <u>Pay Increase</u> |
|--|---------------------------------------|
| 1 Year | 10.3% |
| 3 Years | 8.0% |
| 5 Years | 9.0% |
| 10 Years | 6.4% |

The salary increase assumption was 4.4% per annum. Salary increase experience was generally a source of actuarial loss during the most recent System Year. Three, five and ten-year assumed average annual salary increases are 4.6%, 4.9% and 5.6%, respectively.

Table XVI also provides statistics for employees terminating service prior to entitlement for immediate System benefits in comparison to the number expected to terminate. Last year we expected approximately three participants would terminate. In fact, two participants terminated. This suggests employee turnover was an additional source of actuarial loss for the System Year.

Table XVII provides investment experience for the System in comparison to our assumption. During System Year 2022-2023, the System experienced a smoothed actuarial value return of approximately 5.18%. This return is less than the 7.25% assumed rate of return. Smoothed actuarial value investment return was an additional source of actuarial loss this year. Average smoothed actuarial value rates of return over the last three, five and ten years have been 7.72%, 7.84% and 9.1%, respectively. The average market value rate of return over the current and last three, five and ten years have been 8.87%, 5.94%, 5.72% and 7.8%, respectively.



Conclusion and Recommendations

- The Market Value of Assets is less than the Actuarial Value of Assets by \$1,450,150 as of the valuation date. This difference will be gradually recognized in the absence of future offsetting gains. In turn, the actuarially determined contribution rate will increase.
- It is highly recommended that Experience Studies be performed regularly to keep the actuarial assumptions and methods up to date with evolving System experience. The last experience study prepared for the System was five years ago. The Government Finance Officers Association (GFOA) recommends experience studies every five years as a best practice. Therefore, we recommend the Board authorize an Experience Study covering the five-year period October 1, 2018 – September 30, 2023 including a review of the investment return assumption.

The remainder of this Report includes detailed actuarial valuation results, information relating to the pension fund, financial accounting information, miscellaneous employee data and a summary of plan provisions and actuarial assumptions and methods.

RISKS ASSOCIATED WITH MEASURING THE ACCRUED LIABILITY AND ACTUARIALLY DETERMINED CONTRIBUTION

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

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

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

1. Investment risk – actual investment returns may differ from expected returns;
2. Asset / Liability mismatch – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and the actuarially determined contribution requirements;
3. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the System's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll or other relevant contribution base;
4. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and the actuarially determined contributions differing from expected;
5. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
6. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and the actuarially determined contributions differing from expected.

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

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

System Maturity Measures

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

| | <u>2022</u> | <u>2023</u> |
|--|-------------|-------------|
| Ratio of the market value of assets to total payroll | 12.37 | 10.56 |
| Ratio of actuarial accrued liability to payroll | 11.61 | 9.75 |
| Ratio of actives to retirees and beneficiaries | 0.75 | 0.87 |
| Ratio of net cash flow to market value of assets | -3.8% | -3.3% |
| Duration of the actuarial accrued liability | 11.64 | 11.70 |

Ratio of Market Value of Assets to Payroll

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

Ratio of Actuarial Accrued Liability to Payroll

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of the actuarially determined contributions for a fully funded system. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also the actuarially determined contributions) as a percentage of payroll.

Ratio of Actives to Retirees and Beneficiaries

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

Ratio of Net Cash Flow to Market Value of Assets

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

Duration of Actuarial Accrued Liability

The duration of the actuarial accrued liability may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, a duration of 10 indicates the liability would increase approximately 10% if the assumed rate of return were lowered 1%.

Additional Risk Assessment

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

LOW-DEFAULT-RISK OBLIGATION MEASURE

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

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

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

- A. Low-default-risk Obligation Measure of benefits earned as of the measurement date: \$41,685,602
- B. Discount rate used to calculate the LDROM: 4.63% based on Fidelity’s “20-Year Municipal GO AA Index” as of September 29, 2023
- C. Other significant assumptions that differ from those used for the funding valuation: None
- D. Actuarial cost method used to calculate the LDROM: Entry Age Normal
- E. Valuation procedures to value any significant plan provisions that are difficult to measure using traditional valuation procedures, and that differ from the procedures used in the funding valuation: None
- F. Commentary to help the intended user understand the significance of the LDROM with respect to the funded status of the plan, plan contributions, and the security of participant benefits: The LDROM is a market-based measurement of the pension obligation. It estimates the amount the plan would need to invest in low default risk securities. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligation.

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

Summary of Retirement System Costs as of October 1, 2023

| | Cost Data | % of Payroll |
|---|----------------------|-------------------------|
| A. Participant Data Summary (Table III) | | |
| 1. Active employees | 41 | N/A |
| 2. Terminated vested | 6 | N/A |
| 3. Receiving benefits | 46 | N/A |
| 4. DROP participants | 1 | N/A |
| 5. Annual payroll of active employees | \$ 3,134,616 | 100.0% |
| B. Total Normal Cost | | |
| 1. Age retirement benefits | \$ 539,432 | 17.2% |
| 2. Termination benefits | 82,421 | 2.6% |
| 3. Death benefits | 16,971 | 0.5% |
| 4. Disability benefits | 75,952 | 2.4% |
| 5. Estimated expenses | 79,889 | 2.5% |
| 6. Total annual normal cost | <u>\$ 794,665</u> | 25.4% |
| C. Total Actuarial Accrued Liability | | |
| 1. Age retirement benefits active employees | \$ 7,364,990 | 235.0% |
| 2. Termination benefits active employees | 114,178 | 3.6% |
| 3. Death benefits active employees | 23,646 | 0.8% |
| 4. Disability benefits active employees | 166,086 | 5.3% |
| 5. Retired or terminated vested participants receiving benefits | 17,825,355 | 568.7% |
| 6. DROP participants | 818,434 | 26.1% |
| 7. Terminated vested participants entitled to future benefits | 2,002,938 | 63.9% |
| 8. Deceased participants whose beneficiaries are receiving benefits | 1,342,410 | 42.8% |
| 9. Disabled participants receiving benefits | 871,149 | 27.8% |
| 10. Miscellaneous liability (refunds in process) | 36,091 | 1.2% |
| 11. Total actuarial accrued liability | <u>\$ 30,565,277</u> | 975.1% |
| D. Assets (Table V) | | |
| 1. Net smoothed actuarial value | \$ 34,561,074 | 1102.6% |
| 2. Net market value | \$ 33,110,924 | 1056.3% |
| E. Unfunded Actuarial Accrued Liability (C.11.-D.1.) | \$ (3,995,797) | (127.5%) |

Summary of Retirement System Costs as of October 1, 2023

| | <u>Cost Data</u> | <u>% of Payroll</u> |
|---|-----------------------------|--------------------------------|
| F. Minimum Required Contribution | | |
| 1. Total normal cost | \$ 794,665 | 25.4% |
| 2. Amortization of unfunded liability | (316,094) | (10.1%) |
| 3. Interest adjustment | 32,331 | 1.0% |
| 4. Total required contribution | <u>\$ 510,902</u> | 16.3% |
| G. Minimum Required Contribution (F.S., 112.66 (13)) (Greater of F.1. + F.3. and F.4.) | \$ 826,996 | 26.4% |
| H. Expected payroll of active employees for 2024 - 2025 year (\$3,134,616 x 1.020) | \$ 3,197,308 | 102.0% |
| I. Contribution Sources (percent of expected 2024 - 2025 payroll) | | |
| 1. City | \$ 377,153 | 11.8% |
| 2. State | 259,111 | 8.1% |
| 3. Member | 207,825 | 6.5% |
| 4. Total | <u>\$ 844,089</u> | 26.4% |
| J. Actuarial Gain / (Loss) | \$ (811,241) | (25.9%) |
| K. Actuarial Present Value of Vested Accrued Benefits | | |
| 1. Retired, terminated vested, beneficiaries and disabled receiving benefits | \$ 20,038,914 | 639.3% |
| 2. DROP participants | 818,434 | 26.1% |
| 3. Terminated vested participants entitled to future benefits and miscellaneous | 2,039,029 | 65.0% |
| 4. Active participants entitled to future benefits | <u>5,778,647</u> | 184.3% |
| 5. Total actuarial present value of vested accrued benefits | \$ 28,675,024 | 914.8% |
| L. Unfunded Actuarial Present Value of Vested Accrued Benefits (K.5. - D.2., not less than zero) | \$ 0 | 0.0% |
| M. Vested Benefit Security Ratio (D.2. ÷ K.5.) | 115.5% | N/A |

Comparison of Cost Data of October 1, 2022 and October 1, 2023 Valuations

| | October 1, 2022 | | October 1, 2023 | |
|---|-----------------|--------------------------|-----------------|--------------------------|
| | Cost Data | % of Annual Compensation | Cost Data | % of Annual Compensation |
| A. Participants | | | | |
| 1. Active employees | 36 | N/A | 41 | N/A |
| 2. Terminated vested | 6 | N/A | 6 | N/A |
| 3. Receiving benefits | 47 | N/A | 46 | N/A |
| 4. DROP participants | 1 | N/A | 1 | N/A |
| 5. Annual payroll of active employees | \$ 2,539,615 | 100.0% | \$ 3,134,616 | 100.0% |
| B. Total Normal Cost | \$ 676,247 | 26.6% | \$ 794,665 | 25.4% |
| C. Total Actuarial Accrued Liability | \$ 29,481,698 | 1160.9% | \$ 30,565,277 | 975.1% |
| D. Smoothed Actuarial Value of Assets | \$ 33,899,274 | 1334.8% | \$ 34,561,074 | 1102.6% |
| E. Unfunded Actuarial Accrued Liability | \$ (4,417,576) | (173.9%) | \$ (3,995,797) | (127.5%) |
| F. Net City Minimum Funding Payment | \$ 286,120 | 11.3% ¹ | \$ 377,153 | 11.8% ² |
| G. Actuarial Gain / (Loss) | \$ 454,395 | 17.9% | \$ (811,241) | (25.9%) |
| H. Vested Benefit Security Ratio | 112.4% | N/A | 115.5% | N/A |

¹ Percent of expected 2023/2024 covered payroll (\$2,539,615)

² Percent of expected 2024/2025 covered payroll (\$3,197,308)

**Characteristics of Participants in
Actuarial Valuation as of October 1, 2023**

| | |
|---|--------------|
| A. Active Plan Participants Summary | |
| 1. Active participants fully vested | 17 |
| 2. Active participants partially vested | 0 |
| 3. Active participants non-vested | 24 |
| 4. Total active participants | 41 |
| 5. Annual rate of pay of active participants | \$ 3,134,616 |
| B. Retired and Terminated Vested Participant Summary | |
| 1. Retired or terminated vested participants receiving benefits | 36 |
| 2. DROP participants | 1 |
| 3. Terminated vested participants entitled to future benefits | 6 |
| 4. Deceased participants whose beneficiaries are receiving benefits | 7 |
| 5. Disabled participants receiving benefits | 3 |
| C. Annual Retirement Benefits | |
| 1. Retired or terminated vested receiving benefits | \$ 1,522,555 |
| 2. DROP participants | \$ 49,853 |
| 3. Terminated vested entitled to future benefits | \$ 223,909 |
| 4. Beneficiaries of deceased participants | \$ 159,306 |
| 5. Disabled participants | \$ 75,684 |

Statement of Assets as of October 1, 2023

| <u>Assets</u> | <u>Market Value</u> |
|--|---------------------|
| A. <u>Cash</u> | \$ 149,772 |
| B. <u>Investments at market value</u> | |
| U.S. Government securities | \$ 3,334,838 |
| U.S. Government agencies | 4,608,934 |
| Domestic corporate bonds | 932,878 |
| Domestic common stocks | 20,013,289 |
| Temporary investment funds | 408,000 |
| Real Estate | <u>3,924,401</u> |
| Total investments | \$ 33,222,340 |
| C. <u>Receivables</u> | |
| Employer contribution | \$ 0 |
| Employee contribution | 0 |
| State contribution | 0 |
| Accrued interest | 55,608 |
| Accrued dividends | 3,751 |
| Other | <u>0</u> |
| Total receivables | \$ 59,359 |
| D. <u>Prepaid expenses</u> | \$ 2,896 |
| E. <u>Equipment at cost, net of accumulated depreciation</u> | \$ 0 |
| F. <u>Liabilities</u> | |
| Accounts payable | <u>\$ 29,000</u> |
| Total liabilities | \$ 29,000 |
| G. <u>Total System assets (A. + B. + C. + D. + E. - F.)</u> | \$ 33,405,367 |
| H. <u>Credit balance</u> | <u>294,443</u> |
| I. <u>Net System assets (G. - H.)</u> | \$ 33,110,924 |

Table V

Reconciliation of System Assets

| | |
|---|---------------------|
| A. <u>Market value of assets as of October 1, 2022</u> | \$ 31,678,139 |
| B. <u>Receipts during period</u> | |
| 1. Contributions | |
| a. Member | \$ 200,560 |
| b. City | 385,694 |
| c. State | 259,111 |
| d. Total | <u>\$ 845,365</u> |
| 2. Investment income | |
| a. Realized gains / (losses) | \$ 1,596,989 |
| b. Unrealized gains / (losses) | 488,027 |
| c. Interest | 286,340 |
| d. Dividends | 506,339 |
| e. Class action settlements | 504 |
| f. Investment expense | (112,879) |
| g. Total | <u>\$ 2,765,320</u> |
| 3. Net receipts during period | <u>\$ 3,610,685</u> |
| C. <u>Disbursements during period</u> | |
| 1. Pension benefit payments | \$ 1,775,176 |
| 2. DROP distributions | 0 |
| 3. Contribution refunds | 20,372 |
| 4. Administrative expenses | 87,909 |
| 5. Total disbursements during period | <u>\$ 1,883,457</u> |
| D. <u>Market value of assets as of September 30, 2023</u> | \$ 33,405,367 |
| E. <u>Credit balance</u> | \$ 294,443 |
| F. <u>Net market value of assets as of September 30, 2023 (D. - E.)</u> | \$ 33,110,924 |
| G. <u>Excess State funds</u> | |
| 1. Balance as of October 1, 2022 | \$ 0 |
| 2. Increase for current year | 0 |
| 3. Purchase of additional benefits | 0 |
| 4. Funds released to reduce unfunded actuarial accrued liability | 0 |
| 5. Balance as of September 30, 2023 | <u>\$ 0</u> |
| H. <u>Reconciliation of DROP account balances</u> | |
| 1. DROP account balances as of October 1, 2022 | \$ 44,031 |
| 2. Benefit payments into DROP accounts during year | 48,782 |
| 3. Investment credits during year | 5,087 |
| 4. Distributions from DROP accounts during year | 0 |
| 5. DROP account balances as of September 30, 2023 | <u>\$ 97,900</u> |

Development of Smoothed Actuarial Value of Assets as of September 30, 2023

| | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> |
|---|------------------|------------------|------------------|------------------|--------------------|----------------|
| A. Preliminary smoothed actuarial value from prior year | \$ 33,230,390 | \$ 34,152,201 | \$ 34,855,517 | | | |
| B. Market value end of year | 31,678,139 | 33,405,367 | | | | |
| C. Market value beginning of year | 36,375,048 | 31,678,139 | 33,405,367 | | | |
| D. Non-investment net cash flow | (1,375,923) | (1,038,092) | | | | |
| E. Investment return | | | | | | |
| 1. Total market value return: B. - C. - D. | (3,320,986) | 2,765,320 | | | | |
| 2. Amount for immediate recognition (7.25%) | 2,587,314 | 2,259,034 | | | | |
| 3. Amount for phased-in recognition: E.1. - E.2. | (5,908,300) | 506,286 | | | | |
| F. Phased-in recognition of investment return | | | | | | |
| 1. Current year: 20% of E.3. | (1,181,660) | 101,257 | | | | |
| 2. First prior year | 808,984 | (1,181,660) | 101,257 | | | |
| 3. Second prior year | 71,833 | 808,984 | (1,181,660) | 101,257 | | |
| 4. Third prior year | (318,039) | 71,833 | 808,984 | (1,181,660) | 101,257 | |
| 5. Fourth prior year | 329,302 | (318,040) | 71,835 | 808,982 | (1,181,660) | 101,258 |
| 6. Total phased-in recognition of investment return | <u>(289,580)</u> | <u>(517,626)</u> | <u>(199,584)</u> | <u>(271,421)</u> | <u>(1,080,403)</u> | <u>101,258</u> |
| G. Smoothed actuarial value end of year | | | | | | |
| 1. Preliminary smoothed actuarial value end of year | | | | | | |
| A. + D. + E.2. + F.6. | 34,152,201 | 34,855,517 | | | | |
| 2. Upper corridor limit: 120% of B. | 38,013,767 | 40,086,440 | | | | |
| 3. Lower corridor limit: 80% of B. | 25,342,511 | 26,724,294 | | | | |
| 4. Smoothed actuarial value end of year: | | | | | | |
| G.1., not more than G.2., nor less than G.3. | 34,152,201 | 34,855,517 | | | | |
| H. Difference between market value and smoothed actuarial value | (2,474,062) | (1,450,150) | | | | |
| I. Smoothed actuarial value rate of return | 7.06% | 5.18% | | | | |
| J. Market value rate of return | (9.31%) | 8.87% | | | | |
| K. Credit Balance | 252,927 | 294,443 | | | | |
| L. Net smoothed actuarial value end of year: G.4. - K. | 33,899,274 | 34,561,074 | | | | |

**Funding Standard Account for
Plan Year Ended September 30, 2023**

A. Charges to the Funding Standard Account

| | | |
|----------------------------------|----|----------------|
| 1. Prior year funding deficiency | \$ | 0 |
| 2. Net charges for the year | | <u>603,289</u> |
| 3. Total employer charges | \$ | 603,289 |

B. Credits to the Funding Standard Account

| | | |
|------------------------------|----|----------------|
| 1. Prior year credit balance | \$ | 252,927 |
| 2. State contribution | | 259,111 |
| 3. City contributions | | <u>385,694</u> |
| 4. Total credits | \$ | 897,732 |

C. Credit Balance / (Funding Deficiency)
(B.4. - A.3.)

\$ 294,443

**Actuarial Gain / (Loss) for
System Year Ended September 30, 2023**

A. Derivation of Actuarial Gain / (Loss)

| | |
|---|---------------------|
| 1. City / State normal cost previous actuarial valuation | \$ 511,172 |
| 2. Net unfunded actuarial accrued liability previous actuarial valuation | (4,417,576) |
| 3. Net contributions previous year | |
| (a) City | \$ 385,694 |
| (b) State | 217,595 |
| (c) Total | <u>\$ 603,289</u> |
| 4. Interest on: | |
| (a) City / State normal cost | \$ 37,060 |
| (b) Net unfunded actuarial accrued liability | (320,274) |
| (c) Net contributions | 14,131 |
| (d) Net total: (a) + (b) - (c) | <u>\$ (297,345)</u> |
| 5. Expected net unfunded actuarial accrued liability current year: (1. + 2. - 3. + 4.) | \$ (4,807,038) |
| 6. Actual net unfunded actuarial accrued liability current year | <u>(3,995,797)</u> |
| 7. Actuarial gain / (loss): (5. - 6.) | <u>\$ (811,241)</u> |

B. Approximate Portion of Gain / (Loss) due to Smoothed Investments

| | |
|---|---------------------|
| 1. Net smoothed actuarial value of assets previous year | \$ 33,899,274 |
| 2. Net contributions during period | 803,849 |
| 3. Benefits and administrative expenses during period | 1,883,457 |
| 4. Expected net appreciation for period | <u>2,410,823</u> |
| 5. Expected smoothed actuarial value of assets current year: (1. + 2. - 3. + 4.) | \$ 35,230,489 |
| 6. Net smoothed actual actuarial value of assets current year | <u>34,561,074</u> |
| 7. Approximate gain / (loss) due to smoothed investments: (6. - 5.) | <u>\$ (669,415)</u> |

**C. Approximate Portion of Gain / (Loss)
due to Liabilities: A. - B.**

\$ (141,826)

Amortization of Unfunded Actuarial Accrued Liability

| <u>Date</u> | <u>Unfunded Liability</u> | <u>Amortization Payment</u> |
|-----------------|-------------------------------|---------------------------------|
| October 1, 2023 | \$ (3,995,797) | \$ (316,094) |
| October 1, 2024 | \$ (3,946,481) | \$ (316,094) |
| October 1, 2025 | \$ (3,893,590) | \$ (316,094) |
| October 1, 2026 | \$ (3,836,864) | \$ (316,094) |
| October 1, 2027 | \$ (3,776,026) | \$ (316,094) |
| ... | | |
| ... | | |
| October 1, 2053 | \$ 0 | \$ 0 |

Accounting Disclosure Exhibit

| | <u>10/01/2022</u> | <u>10/01/2023</u> |
|--|----------------------|----------------------|
| I. <u>Number of System Members</u> | | |
| a. Retirees and beneficiaries receiving benefits | 48 | 47 |
| b. Terminated plan members entitled to deferred benefits | 6 | 6 |
| c. Active System members | 36 | 41 |
| d. Total System members | <u>90</u> | <u>94</u> |
| II. <u>Financial Accounting Standards Board Allocation as of October 1, 2023</u> | | |
| A. <u>Statement of Accumulated System Benefits</u> | | |
| 1. Actuarial present value of accumulated vested System benefits | | |
| a. Participants currently receiving benefits including DROPs | \$ 21,401,746 | \$ 20,857,348 |
| b. Other participants | 6,553,169 | 7,817,676 |
| c. Total | <u>\$ 27,954,915</u> | <u>\$ 28,675,024</u> |
| 2. Actuarial present value of accumulated non-vested System benefits | <u>960,658</u> | <u>1,140,538</u> |
| 3. Total actuarial present value of accumulated System benefits | \$ 28,915,573 | \$ 29,815,562 |
| B. <u>Statement of Change in Accumulated System Benefits</u> | | |
| 1. Actuarial present value of accumulated System benefits as of October 1, 2022 | | \$ 28,915,573 |
| 2. Increase (decrease) during year attributable to: | | |
| a. System amendment | | \$ 0 |
| b. Change in actuarial assumptions | | 0 |
| c. Benefits paid | | (1,795,548) |
| d. Other, including benefits accumulated, increase for interest due to decrease in the discount period | | <u>2,695,537</u> |
| e. Net increase | | \$ 899,989 |
| 3. Actuarial present value of accumulated System benefits as of October 1, 2023 | | \$ 29,815,562 |
| C. <u>Significant Matters Affecting Calculations</u> | | |
| 1. Assumed rate of return used in determining actuarial present values | | 7.25% |
| 2. Change in System provisions | | None |
| 3. Change in actuarial assumptions | | None |

Accounting Disclosure Exhibit

III. Net Pension Liability and Related Ratios (GASB No. 67)

| Measurement date | 9/30/2014 * | 9/30/2015 * | 9/30/2016 | 9/30/2017 | 9/30/2018 | 9/30/2019 | 9/30/2020 | 9/30/2021 | 9/30/2022 | 9/30/2023 | Projected 9/30/2024 ** |
|---|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------------|
| A. Total Pension Liability (TPL) | | | | | | | | | | | |
| Service Cost | \$ 728,582 | \$ 685,630 | \$ 760,315 | \$ 770,072 | \$ 676,144 | \$ 710,034 | \$ 605,593 | \$ 675,563 | \$ 696,224 | \$ 607,449 | \$ 714,776 |
| Interest | 1,799,225 | 1,895,631 | 1,939,254 | 1,970,862 | 1,916,514 | 1,997,614 | 2,000,243 | 2,054,813 | 2,096,351 | 2,116,375 | 2,200,595 |
| Benefit Changes | 0 | 0 | 0 | 0 | (2,507,861) | 615,658 | 134,434 | 0 | 0 | 0 | 0 |
| Difference Between Actual and Expected Experience | (780,543) | (18,648) | (704,111) | (610,687) | 654,544 | (722,312) | (101,689) | (69,441) | (228,156) | (504,520) | 155,177 |
| Assumption Changes | 0 | 0 | 0 | 686,077 | 0 | 0 | 874,824 | (11,954) | 0 | 0 | 0 |
| Benefit Payments, including Refunds of Member Contributions | (1,205,714) | (1,337,591) | (1,456,540) | (1,727,246) | (1,466,384) | (1,481,477) | (1,845,797) | (1,862,505) | (2,063,324) | (1,795,548) | (1,854,050) |
| Net Change in Total Pension Liability | \$ 541,550 | \$ 1,225,022 | \$ 538,918 | \$ 1,089,078 | \$ (727,043) | \$ 1,119,517 | \$ 1,667,608 | \$ 786,476 | \$ 501,095 | \$ 423,756 | \$ 1,216,498 |
| Total Pension Liability (TPL) - (beginning of year) | 23,244,123 | 23,785,673 | 25,010,695 | 25,549,613 | 26,638,691 | 25,911,648 | 27,031,165 | 28,698,773 | 29,485,249 | 29,986,344 | 30,410,100 |
| Total Pension Liability (TPL) - (end of year) | \$ 23,785,673 | \$ 25,010,695 | \$ 25,549,613 | \$ 26,638,691 | \$ 25,911,648 | \$ 27,031,165 | \$ 28,698,773 | \$ 29,485,249 | \$ 29,986,344 | \$ 30,410,100 | \$ 31,626,598 |
| B. System Fiduciary Net Position | | | | | | | | | | | |
| Contributions - Employer and State | \$ 943,208 | \$ 1,118,829 | \$ 1,182,194 | \$ 1,262,959 | \$ 1,046,237 | \$ 594,598 | \$ 654,162 | \$ 595,276 | \$ 576,514 | \$ 644,805 | \$ 579,264 |
| Contributions - Member | 90,712 | 97,124 | 105,320 | 111,261 | 111,835 | 167,338 | 173,300 | 188,809 | 182,759 | 200,560 | 203,750 |
| Net Investment Income | 2,603,632 | 1,036,070 | 1,211,993 | 3,011,138 | 3,696,996 | 700,585 | 2,484,432 | 6,269,076 | (3,320,990) | 2,765,320 | 2,380,168 |
| Benefit Payments, including Refunds of Member Contributions | (1,205,714) | (1,337,591) | (1,456,540) | (1,727,246) | (1,466,384) | (1,481,477) | (1,845,797) | (1,862,505) | (2,063,324) | (1,795,548) | (1,854,050) |
| Administrative Expenses | (51,602) | (58,144) | (53,575) | (65,265) | (90,802) | (73,964) | (78,280) | (65,728) | (71,868) | (87,909) | (79,889) |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change in System Fiduciary Net Position | \$ 2,380,236 | \$ 856,288 | \$ 989,392 | \$ 2,592,847 | \$ 3,297,882 | \$ (92,920) | \$ 1,387,817 | \$ 5,124,928 | \$ (4,696,909) | \$ 1,727,228 | \$ 1,229,243 |
| System Fiduciary Net Position - (beginning of year) | 19,838,578 | 22,218,814 | 23,075,102 | 24,064,494 | 26,657,341 | 29,955,223 | 29,862,303 | 31,250,120 | 36,375,048 | 31,678,139 | 33,405,367 |
| System Fiduciary Net Position - (end of year) | \$ 22,218,814 | \$ 23,075,102 | \$ 24,064,494 | \$ 26,657,341 | \$ 29,955,223 | \$ 29,862,303 | \$ 31,250,120 | \$ 36,375,048 | \$ 31,678,139 | \$ 33,405,367 | \$ 34,634,610 |
| C. Net Pension Liability (NPL) - (end of year): (A) - (B) | \$ 1,566,859 | \$ 1,935,593 | \$ 1,485,119 | \$ (18,650) | \$ (4,043,575) | \$ (2,831,138) | \$ (2,551,347) | \$ (6,889,799) | \$ (1,691,795) | \$ (2,995,267) | \$ (3,008,012) |
| D. System Fiduciary Net Position as a Percentage of TPL: (B) / (A) | 93.41 % | 92.26 % | 94.19 % | 100.07 % | 115.61 % | 110.47 % | 108.89 % | 123.37 % | 105.64 % | 109.85 % | 109.51 % |
| E. Covered Employee Payroll *** | \$ 1,912,968 | \$ 2,158,300 | \$ 2,335,381 | \$ 2,472,455 | \$ 2,484,983 | \$ 2,574,417 | \$ 2,666,145 | \$ 2,904,741 | \$ 2,811,690 | \$ 3,085,547 | \$ 3,134,616 |
| F. NPL as a Percentage of Covered Employee Payroll: (C) / (E) | 81.91 % | 89.68 % | 63.59 % | (0.75)% | (162.72)% | (109.97)% | (95.69)% | (237.19)% | (60.17)% | (97.07)% | (95.96)% |
| G. Notes to Schedule: | | | | | | | | | | | |
| Valuation Date | 10/1/2013 | 10/1/2014 | 10/1/2015 | 10/1/2016 | 10/1/2017 | 10/1/2018 | 10/1/2019 | 10/1/2020 | 10/1/2021 | 10/01/2022 | 10/01/2023 |

Update procedures used to roll forward TPL excluding DROP account balances and reserve for excess State funds, if any, to the measurement dates - actual DROP account balances and reserve for excess State funds, if any, as of measurement dates included in TPL

See Table IX, Item III. for a history of benefit and assumption changes prior to fiscal year 2024. No benefit or assumption changes in fiscal year 2024.

* As reported in System's financial statements
 ** Projected - actual amounts will be available after fiscal year end
 *** Reported payroll used to determine contribution as provided under GASB No. 82



Accounting Disclosure Exhibit

IV. Schedule of Employer Contributions (GASB No. 67)

| Fiscal Year Ended 9/30 | Actuarially Determined Contribution | Actual Contribution ¹ | Contribution Deficiency (Excess) | Covered Payroll ² | Actual Contribution as a % of Covered Payroll |
|------------------------|-------------------------------------|----------------------------------|----------------------------------|------------------------------|---|
| 2014 | \$ 1,183,428 | \$ 943,208 | \$ 240,220 | \$ 1,912,968 | 49.31% |
| 2015 | 1,118,829 | 1,118,829 | 0 | 2,158,300 | 51.84% |
| 2016 | 1,162,424 | 1,182,194 | (19,770) | 2,335,381 | 50.62% |
| 2017 | 1,075,632 | 1,262,959 | (187,327) | 2,472,455 | 51.08% |
| 2018 | 992,658 | 1,046,237 | (53,579) | 2,484,983 | 42.10% |
| 2019 | 587,634 | 594,598 | (6,964) | 2,574,417 | 23.10% |
| 2020 | 660,836 | 654,162 | 6,674 | 2,666,145 | 24.54% |
| 2021 | 598,547 | 595,276 | 3,271 | 2,904,741 | 20.49% |
| 2022 | 581,282 | 576,514 | 4,768 | 2,811,690 | 20.50% |
| 2023 | 603,289 | 644,805 | (41,516) | 3,085,547 | 20.90% |
| 2024 ³ | 579,264 | 579,264 | 0 | 3,134,616 | 18.48% |

¹ Reflects contributions on a cash basis as provided under GASB No. 67

² Reported payroll used to determine contribution as provided under GASB No. 82

³ Projected - actual amounts will be available after fiscal year end

Accounting Disclosure Exhibit

V. Notes to Schedule of Contributions (GASB No. 67)

Valuation Date: Actuarially determined contributions are calculated as of October 1st - two year(s) prior the fiscal year end in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year Ended September 30, 2024:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Amortization Period | 30 years |
| Asset Valuation Method | 5-year smoothed |
| Inflation | 2.50% |
| Salary Increases | 3.5% - 7.0% |
| Investment Rate of Return | 7.25% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | For healthy Police Officer participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. |

For healthy Police Officer participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.

Cost-of-Living Increases None

Other Information:

Benefit Changes

2020-2022: supplemental benefit reduced due to insufficiency of State payments effective following January 1st. 2019: one-time additional benefit payment payable on December 1, 2019, supplemental benefit reduced due to insufficiency of State payments effective following January 1st; 2018: early retirement eligibility changed to completion of twenty (20) years of credited service if ten (10) or more years of credited service as of November 7, 2017; early retirement reduction removed if ten (10) or more years of credited service as of November 7, 2017; supplemental benefit reduced due to insufficiency of State payments effective following January 1st. 2017: accrued benefits frozen November 7, 2017; member contributions increased to 6.5%; average final compensation changed to highest three (3) years of the last five (5) years; normal retirement eligibility changed to earlier of attainment of age fifty-two (52) (age fifty (50) if ten (10) or more years of credited service as of November 7, 2017) and the completion of ten (10) years of Credited Service, or the completion of twenty-three (23) years of credited service; early retirement eligibility changed to attainment of age fifty (50) and completion of ten (10) years of credited service; 3.25% accrual rate (future accruals); 3% early retirement reduction factor added; DROP interest crediting rate updated to Fund return (minimum 0%) or fixed return of 1.5% as elected by the Member; supplemental benefit reduced due to insufficiency of State payments effective following January 1st. 2014-2016: supplemental benefit reduced due to insufficiency of State payments effective following January 1st. 2013: participation by Police Chief made optional; supplemental benefit reduced due to insufficiency of State payments effective following January 1st.



Accounting Disclosure Exhibit

V. Notes to Schedule of Contributions (GASB No. 67) (cont'd)

Assumption Changes

2020: mortality assumption for disabled participants updated. 2019: investment return, mortality assumptions, employee withdrawal rates, salary increase factors and assumed retirement age updated. 2018: assumed retirement age updated due to benefit changes. 2017: salary increase factors and assumed retirement age updated due to benefit changes. 2016: investment return decreased to 7.75%; mortality assumptions, salary increase factors, employee withdrawal rates and assumed retirement age updated.

VI. Discount Rate (GASB No. 67)

A discount rate of 7.25% was used to measure the TPL as of September 30, 2023 and September 30, 2024. This discount rate was based on the expected rate of return on System investments of 7.25%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future expected benefit payments of current System members. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the TPL.

VII. Sensitivity of the NPL to the Discount Rate Assumption (GASB No. 67)

Measurement date: September 30, 2023

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------|-------------|--------------------------|----------------|
| Discount Rate | 6.25% | 7.25% | 8.25% |
| NPL | \$ 497,351 | \$ (2,995,267) | \$ (5,899,903) |

Measurement date: September 30, 2024 *

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------|-------------|--------------------------|----------------|
| Discount Rate | 6.25% | 7.25% | 8.25% |
| NPL | \$ 648,286 | \$ (3,008,012) | \$ (6,046,953) |

* Projected - actual amounts will be available after fiscal year end

Outline of Principal Provisions of the Retirement System

A. Effective Date:

May 1, 1977 (last amended October 15, 2019 - Ordinance No. 2019-2158).

B. Eligibility Requirements:

An actively employed Police Officer who fulfills the prescribed participation requirements. A new employee who is hired as the Police Chief may elect not to participate in the System.

C. Frozen Benefit:

The benefit structure in effect on November 7, 2017 is frozen at midnight on that date. All Members will be vested in benefits accrued as of November 7, 2017 and payable under the terms and conditions of the benefit structure then in effect.

Additional benefits will accrue in accordance with the new benefit structure as described below.

D. Contributions:

State of Florida: Any monies received or receivable by reason of laws of the State of Florida, for funding and paying for retirement benefits for Police Officers of the City.

Members: 6.5% of Earnings, reduced to equal the City Contribution in any year in which the most recent Actuarial Valuation states that the required City Contribution is less than 6.5% of covered payroll.

City: Remaining amount necessary for payment of the total cost for the year as determined in the most recent Actuarial Valuation. However, in any year in which the results of the most recent Actuarial Valuation requires City Contributions of less than 6.5% of covered payroll, then the City Contribution and Member contribution shall be shared equally.

E. Credited Service:

Total number of years and fractional parts of years of service as a Police Officer with Member contributions to the System, omitting intervening years or fractional parts of years when such Member was not employed by the City as a Police Officer. A Member who terminates employment and leaves his contributions in the Fund and is reemployed within five years will receive credit for service prior to his date of termination. A Member may receive credit for military service and prior police service under certain circumstances.

Outline of Principal Provisions of the Retirement System

F. Average Final Compensation (AFC):

For years of Credited Service earned prior to November 8, 2017:

One-twelfth of W-2 compensation plus any tax deferral elective deductions or salary reductions paid during the highest year of the final three (3) years of Credited Service (not less than the average over the five (5) best years of the last ten (10) years) immediately preceding November 8, 2017. In the final year of service prior to November 8, 2017 a Member may be paid 100% of accrued vacation and 50% of accrued sick leave up to 96 hours.

For years of Credited Service earned on or after November 8, 2017:

One-twelfth of total cash remuneration paid by the City for services rendered paid during the highest three (3) years of the last five (5) years of Credited Service immediately preceding the retirement, termination or death of a Member. Salary excludes overtime in excess of 300 hours per year and accrued unused sick or annual leave.

G. Regular Base Salary (RBS):

The Member's hourly rate times two thousand-eighty (2,080) hours.

H. Normal Retirement:

1. Eligibility:

For Members with ten (10) or more years of credited service as of November 7, 2017:

Attainment of age fifty (50) and completion of ten (10) years of Credited Service.

For Members with less than ten (10) years of credited service as of November 7, 2017:

Earlier of (a) attainment of age fifty-two (52) and completion of ten (10) years of Credited Service or (b) completion of twenty-three (23) years of Credited Service.

Frozen benefit as of November 7, 2017 may be paid upon attainment of age fifty (50) and completion of ten (10) years of Credited Service.

2. Benefit:

3.5% of AFC times years of Credited Service through November 7, 2017; 3.25% of AFC times years of Credited Service on or after November 8, 2017 (maximum benefit - 75% of AFC; minimum benefit - 2% of AFC times years of Credited Service) payable for ten (10) years certain and life thereafter. An optional form of benefit may be elected by a Member.

In addition to the benefit above, Members will receive an additional supplemental benefit.

Outline of Principal Provisions of the Retirement System

I. Early Retirement:

1. Eligibility:

For Members with ten (10) or more years of credited service as of November 7, 2017:

Completion of twenty (20) years of Credited Service.

For Members with less than ten (10) years of credited service as of November 7, 2017:

Attainment of age fifty (50) and completion of ten (10) years of Credited Service.

Frozen benefit as of November 7, 2017 may be paid upon completion of twenty (20) years of Credited Service.

2. Benefit:

The accrued benefit based upon AFC and Credited Service determined as of the Early Retirement Date payable immediately. For participants with less than ten (10) years of credited service as of November 7, 2017, the portion of the accrued benefit for years of Credited Service on or after November 8, 2017 is actuarially reduced, but not more than 3% reduction for each year early retirement date precedes normal retirement date.

J. Service Connected Disability Benefit:

1. Eligibility:

Service connected injury, disease or disability which permanently incapacitates a Member from performing Police Officers' duties. Eligible for benefits from date of employment.

2. Benefit:

60% of RBS payable monthly for life or prior recovery. In addition, Members will receive an additional supplemental benefit. Minimum disability benefit is the greatest of 42% of AFC, 2% of AFC times years of Credited Service and 3.5% of RBS times years of Credited Service through November 7, 2017 plus 3.25% of RBS times years of Credited Service on or after November 8, 2017, not to exceed 75% of RBS. Upon death, the benefit will be continued in the same manner provided for under Service Incurred Preretirement Death Benefit, but provided further that the benefit, except for the additional supplemental benefit, shall be payable for a minimum of 120 monthly payments.

Benefits may be reduced for Workers' Compensation benefits, Social Security disability benefits and disability benefits from another employer for the same disability. In no event shall the benefit be reduced below the greater of 42% of AFC and 2% of AFC times years of Credited Service.

K. Non-Service Connected Disability Benefit:

1. Eligibility:

Non-service connected injury, disease or disability which permanently incapacitates a Member from performing Police Officers' duties after completing one year of Credited Service.

Outline of Principal Provisions of the Retirement System

K. Non-Service Connected Disability Benefit (cont'd):

2. Benefit:

Members prior to October 20, 1994 (including those who received Credited Service for periods prior to October 20, 1994), 30% of RBS payable monthly for life or prior recovery plus an additional monthly supplemental benefit. Minimum disability benefit after ten (10) years of Credited Service is the greatest of 25% of AFC, 2% AFC times years of Credited Service, and 3.5% of RBS times years of Credited Service through November 7, 2017 plus 3.25% of RBS times years of Credited Service on or after November 8, 2017, not to exceed 75% of RBS.

Members eligible on or after October 20, 1994 receive a benefit equal to 5% of RBS times years of Credited Service not to exceed 30% of RBS payable monthly for life or prior recovery plus an additional monthly supplemental benefit. Minimum disability benefit for a Member after ten (10) years of Credited Service is the greatest of 25% of AFC, 2% of AFC times years of Credited Service and 3.5% of RBS times years of Credited Service through November 7, 2017 plus 3.25% of RBS times years of Credited Service on or after November 8, 2017, not to exceed 75% of RBS. The benefit, except for the supplemental benefit, shall be payable for a minimum of 120 payments or prior recovery.

Benefits may be reduced for Workers' Compensation benefits, Social Security disability benefits and disability benefits from another employer for the same disability. In no event shall the benefit after ten (10) years of Credited Service be reduced below 25% of AFC or 2% of AFC times years of Credited Service.

L. Service Incurred Preretirement Death Benefit:

1. Eligibility:

Eligible for benefits from date of employment.

2. Benefit:

60% of RBS in effect on date of death plus an additional monthly supplemental benefit payable to the spouse until death. If no spouse, or upon death of the spouse, 15% of RBS payable to each unmarried child until age 18 (or to age 22, if enrolled in school); total maximum for all such children is 60% of RBS. Eligible children shall also share equally in the applicable additional monthly supplemental benefit. If no surviving spouse or eligible children, the designated beneficiary will receive 100% of the Member's accumulated contributions.

M. Non-Service Incurred Preretirement Death Benefit:

1. Eligibility:

Five (5) years of Credited Service.

Outline of Principal Provisions of the Retirement System

M. Non-Service Incurred Preretirement Death Benefit (cont'd):

2. Benefit:

30% of RBS in effect on date of death plus an additional monthly supplemental benefit payable to the spouse until remarriage or death. If no spouse, or upon remarriage or death, 7.5% of RBS payable to each unmarried child until age 18 (or to age 22, if enrolled in school); total maximum for all such children of 30% of RBS. Eligible children shall also share equally in the applicable additional monthly supplemental benefit. If no surviving spouse or eligible children, the designated beneficiary will receive 100% of the Member's accumulated contributions.

With less than five (5) years of Credited Service, refund of 100% of the Member's accumulated contributions.

N. Minimum Preretirement Death Benefit:

If the Member was vested, but not eligible for Early or Normal Retirement, the beneficiary is entitled to the benefits otherwise payable at Early or Normal Retirement, and shall receive the benefit payable monthly for ten (10) years certain.

O. Termination Benefits:

A Member who has completed less than ten (10) years of Credited Service will receive a refund of his accumulated contributions. A Member who has completed ten (10) years of Credited Service who does not withdraw his accumulated contributions will receive his accrued benefit based upon his AFC and years of Credited Service as of his date of termination payable at his Normal Retirement Date. Upon death prior to Normal Retirement Date, his beneficiary will be entitled to benefits as provided under Non-service Incurred Preretirement Death Benefits.

A Member of the plan with a frozen accrued benefit as of November 7, 2017 who does not withdraw his accumulated contributions is 100% vested in the frozen accrued benefit payable under the provisions of the prior Plan.

P. Deferred Retirement Option Plan (DROP):

1. Eligibility: Eligible for normal retirement.
2. The maximum period of participation in the DROP is sixty (60) months.
3. For Members entering the DROP prior to November 8, 2017, the Member's account in the DROP program shall be credited with interest based upon a fixed return of 6.5%. For Members entering the DROP on or after November 8, 2017, the Member's account in the DROP program shall be credited with interest based upon a fixed return of 1.5%. In lieu of the fixed return, a Member may elect for their account in the DROP program to be credited with interest based upon the actual net return of the Fund, but not less than 0%.

Outline of Principal Provisions of the Retirement System

P. Deferred Retirement Option Plan (DROP) (cont'd):

4. For Members entering the DROP prior to November 8, 2017, the Member may elect to change the interest crediting option twice during his DROP participation. For Members entering the DROP on or after November 8, 2017, the Member's interest crediting election upon DROP entry is irrevocable.
5. No payment may be made from DROP until the employee actually separates from service with the City.

Q. Supplemental Benefit:

Members prior to October 20, 1994 (including those who received Credited Service for periods prior to October 20, 1994) - an additional monthly supplemental benefit of \$400 is payable.

Members eligible on or after October 20, 1994 - the additional monthly supplemental benefit is \$200.

For Members who retire on or after October 1, 2004 - the additional monthly supplemental benefit is increased to \$500. This increase in the supplemental benefit shall be funded from the annual state monies received by the Plan in excess of \$248,077. The maximum additional state monies that can be used in each year for this benefit enhancement is \$37,082. To the extent that actual state monies received in any year are less than \$285,159, the prospective supplemental benefit on the following January 1st shall be reduced to a level that the annual state monies can fully fund. This adjusted supplemental benefit cannot be reduced below the current monthly supplemental benefit of \$400 for Members hired prior to October 20, 1994 and \$200 for Members hired on or after October 20, 1994. Any reductions in supplemental benefits will not affect the supplemental benefits prior to that date.

The additional supplemental benefit is payable for the life of the Member, except that if the Member elects a joint and survivor option and the surviving spouse of the Member or the Member's child is the joint pensioner, the entire additional supplemental benefit shall be paid for the life of the surviving spouse or until the child reaches the age of 18 (or 22, if enrolled in school).

For members who were receiving retirement benefits on October 1, 2018, including DROP participants, a one-time additional benefit payment (*13th check*) equal to the sum of current regular monthly benefit payment and the supplemental benefit payment is payable on December 1, 2019.

R. Changes From Previous Valuation:

None.

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

A. Mortality

For healthy Police Officer participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy Police Officer participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.

| Sample Ages (2023) | Pre-retirement Future Life Expectancy (Years) | | Post-retirement Future Life Expectancy (Years) | |
|--------------------------|---|-------|--|-------|
| | Men | Women | Men | Women |
| | 55 | 30.70 | 34.54 | 27.87 |
| 60 | 25.74 | 29.47 | 23.27 | 26.64 |
| 62 | 23.80 | 27.46 | 21.53 | 24.79 |

| Sample Ages (2043) | Pre-retirement Future Life Expectancy (Years) | | Post-retirement Future Life Expectancy (Years) | |
|--------------------------|---|-------|--|-------|
| | Men | Women | Men | Women |
| | 55 | 32.33 | 36.03 | 29.77 |
| 60 | 27.31 | 30.92 | 25.06 | 28.39 |
| 62 | 25.35 | 28.88 | 23.27 | 26.50 |

B. Interest to be Earned by Fund

7.25%, compounded annually, net of investment expense - includes inflation at 2.50%.

C. Allowances for Expenses or Contingencies

Average of two previous years' actual administrative expense.

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

D. Employee Withdrawal Rates

Withdrawal rates for males and for females were used in accordance with the following illustrative example:

| <u>Service</u> | <u>Withdrawal Rates</u> |
|----------------|-------------------------|
| 0 | 15.0% |
| 1 - 10 | 9.0% |
| 10 & Over | 1.0% |

E. Disability Rates

Disability rates for males and for females were used in accordance with the following illustrative example:

| <u>Age</u> | <u>Disability Rates Per 100 Members</u> | <u>Age</u> | <u>Disability Rates Per 100 Members</u> |
|------------|---|------------|---|
| 20 | 0.14 | 45 | 0.51 |
| 25 | 0.15 | 50 | 1.00 |
| 30 | 0.18 | 55 | 1.55 |
| 35 | 0.23 | 60 & Over | 0.00 |
| 40 | 0.30 | | |

F. Salary Increase Factors

Current salary was assumed to increase at a rate based on the table below per year until retirement - includes wage inflation of 3.00%.

| <u>Age</u> | <u>Salary Increase</u> |
|------------|------------------------|
| < 30 | 7.0% |
| 30 - 39 | 4.5% |
| 40 & Over | 3.5% |

Extra-ordinary pay, such as for overtime, in the final averaging period is assumed to add 5% to the average final compensation.

G. Assumed Rate of Increase in Covered Payroll to Contribution Year

2.0% per annum.

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

H. Assumed Retirement Age

For Members with ten (10) or more years of Credited Service as of November 7, 2017, 100% of Members are assumed to retire upon earlier of completion of twenty (20) years of Credited Service or age fifty (50) and completion of ten (10) years of Credited Service.

For Members with less than ten (10) years of Credited Service as of November 7, 2017, 100% of Members are assumed to retire upon earlier of completion of twenty-three (23) years of Credited Service or age fifty-two (52) and completion of ten (10) years of Credited Service.

For Members with less than ten (10) years of Credited Service as of November 7, 2017, 20% of Members are assumed to retire between the ages of fifty (50) and fifty-two (52) and completion of ten (10) years of Credited Service.

However, all active Members on the valuation date are assumed to have a minimum of one year of future service.

I. Disability Benefits

No offset was assumed for potential Workers' Compensation benefits, Social Security disability benefits or other disability benefits attributable to employment with another employer for the same disability.

J. Form of Payment

For purposes of the supplemental benefit, the joint and survivor form is assumed to be elected.

K. Valuation of Assets

The actuarial value of assets is determined by smoothing earnings in excess of or less than the assumed return over five years.

L. Cost Methods

Normal Retirement, Termination, Disability, and Death Benefits: Entry-Age-Normal Cost Method.

Under this method the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from his entry age to his assumed retirement age to fund his estimated benefits, assuming the System had always been in effect. The normal cost for the System is the sum of such amounts for all employees. The actuarial accrued liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the System is the excess of the actuarial present value of estimated future benefits over the actuarial present value of current and future normal costs. The unfunded actuarial accrued liability as of any valuation date is the excess of the actuarial accrued liability over the actuarial value of assets of the System.

**Actuarial Assumptions and Actuarial Cost Methods
Used in the Valuation**

L. Cost Methods (cont'd)

Vested Normal Retirement, Termination, Disability, and Death Benefits: Unit Credit Cost Method

Under this method, the actuarial present value of vested accrued benefits is an amount calculated to be the sum of the present values of each individual's vested accrued or earned benefit under the System as of the valuation date. Each individual's calculation is based on pay and service as of the valuation date.

M. Marital Assumption

Females are assumed to be three (3) years younger than their male spouses. Eighty percent (80%) of active Members are assumed to be married at benefit commencement.

N. Disclosure of Assumptions

The investment return, salary increases, withdrawal and retirement rates were updated based on the most recent experience study performed for the five years ending September 30, 2018. The mortality rates are based upon the July 1, 2023 FRS Actuarial Valuation, as required under F.S., Chapter 2015-157.

O. Changes From Previous Valuation

None.

**Distribution by Attained Age Groups
and Service Groups as of October 1, 2023**

| <u>Attained Age Group</u> | <u>COMPLETED YEARS OF SERVICE</u> | | | | | | | <u>Total</u> |
|-------------------------------|-----------------------------------|------------|--------------|--------------|--------------|--------------|----------------------|--------------|
| | <u>0-4</u> | <u>5-9</u> | <u>10-14</u> | <u>15-19</u> | <u>20-24</u> | <u>25-29</u> | <u>30 & Over</u> | |
| Under 25 | 1 | - | - | - | - | - | - | 1 |
| 25-29 | 2 | - | - | - | - | - | - | 2 |
| 30-34 | 9 | 3 | 1 | - | - | - | - | 13 |
| 35-39 | 7 | 3 | 2 | 1 | - | - | - | 13 |
| 40-44 | 2 | 3 | - | 1 | - | - | - | 6 |
| 45-49 | 1 | - | 1 | 2 | - | - | - | 4 |
| 50-54 | - | - | 2 | - | - | - | - | 2 |
| 55-59 | - | - | - | - | - | - | - | 0 |
| 60-64 | - | - | - | - | - | - | - | 0 |
| 65 & Over | - | - | - | - | - | - | - | 0 |
| TOTAL | 22 | 9 | 6 | 4 | 0 | 0 | 0 | 41 |

| | <u>10/01/2022</u> | <u>10/01/2023</u> |
|----------------------|-------------------|-------------------|
| Average Pay | \$ 70,545 | \$ 76,454 |
| Average Attained Age | 36.4 years | 36.9 years |
| Average Service | 6.0 years | 6.2 years |
| Percent Female | 5.6% | 7.3% |

**Statistics for Participants Entitled to Deferred Benefits
and Participants Receiving Benefits**

A. Entitled to Deferred Benefits

| <u>Current Age Group</u> | <u>Count</u> | <u>Total Annual Benefit</u> | <u>Average Annual Benefit</u> | <u>Average Age at Date Benefits Commence</u> |
|--------------------------|--------------|-----------------------------|-------------------------------|--|
| Less than 30 | - | - | - | - |
| 30 - 34 | - | - | - | - |
| 35 - 39 | 1 | 26,767 | 26,767 | 50.0 |
| 40 - 44 | 1 | 48,778 | 48,778 | 50.0 |
| 45 - 49 | 4 | 148,364 | 37,091 | 50.0 |
| 50 & Over | - | - | - | - |
| TOTAL | 6 | 223,909 | 37,318 | 50.0 |

B. Receiving Benefits (including DROPs)

| <u>Current Age Group</u> | <u>Count</u> | <u>Total Annual Benefit</u> | <u>Average Annual Benefit</u> | <u>Average Age at Date Benefits Commenced</u> |
|--------------------------|--------------|-----------------------------|-------------------------------|---|
| Less than 50 | 4 | 219,568 | 54,892 | 40.2 |
| 50 - 54 | 5 | 222,960 | 44,592 | 49.0 |
| 55 - 59 | 6 | 289,619 | 48,270 | 48.5 |
| 60 - 64 | 8 | 350,808 | 43,851 | 47.1 |
| 65 - 69 | 6 | 262,335 | 43,723 | 48.0 |
| 70 - 74 | 5 | 125,308 | 25,062 | 48.5 |
| 75 - 79 | 9 | 241,032 | 26,781 | 48.6 |
| 80 - 84 | 2 | 54,178 | 27,089 | 48.7 |
| 85 & Over | 2 | 41,590 | 20,795 | 51.0 |
| TOTAL | 47 | 1,807,398 | 38,455 | 47.7 |

Reconciliation of Employee Data

| | |
|--|-----------|
| A. <u>Active Participants</u> | |
| 1. Active participants previous year | 36 |
| 2. Retired during year | 0 |
| 3. Entered DROP during year | 0 |
| 4. Died during year | 0 |
| 5. Disabled during year | 0 |
| 6. Terminated during year | (2) |
| 7. New active participants | 6 |
| 8. Rehired | 1 |
| 9. Active participants current year | <u>41</u> |
| B. <u>Participants Receiving Benefits</u> | |
| 1. Participants receiving benefits previous year | 47 |
| 2. New retired participants | 0 |
| 3. New terminated vested receiving benefits | 0 |
| 4. New disabled receiving benefits | 0 |
| 5. New beneficiaries receiving benefits | 0 |
| 6. Former DROP now receiving benefits | 0 |
| 7. Died or ceased payment during year | (1) |
| 8. Retired or terminated vested receiving benefits current year | <u>46</u> |
| C. <u>DROP Participants</u> | |
| 1. DROP participants previous year | 1 |
| 2. Died during year | 0 |
| 3. Became disabled during year | 0 |
| 4. Employment terminated and retired during year | 0 |
| 5. Entered DROP during year | 0 |
| 6. DROP participants current year | <u>1</u> |
| D. <u>Terminated Vested Participants Entitled to Future Benefits</u> | |
| 1. Terminated vested entitled previous year | 6 |
| 2. Died during year | 0 |
| 3. Commenced receiving benefits during year | 0 |
| 4. New terminated vested | 0 |
| 5. Terminated vested paid lump sum | 0 |
| 6. Terminated vested entitled current year | <u>6</u> |

Projected Retirement Benefits

| <u>Fiscal Year</u> | <u>Projected Total Annual Payout</u> |
|--------------------|--------------------------------------|
| 2024 | 1,854,050 |
| 2025 | 2,060,982 |
| 2026 | 2,282,383 |
| 2027 | 2,341,672 |
| 2028 | 2,367,919 |
| 2029 | 2,361,571 |
| 2030 | 2,357,714 |
| 2031 | 2,379,224 |
| 2032 | 2,496,332 |
| 2033 | 2,587,327 |

The above projected payout of system benefits during the next ten years is based on assumptions involving all decrements. The actual payouts may differ from the above estimates depending upon the death, salary and retirement experience of the system. However, since the projected payment is recomputed each valuation date, there is an automatic correction to the extent that actual experience varies from expected experience.

Review of Salary and Termination Experience

A. Recent Salary Experience *

| <u>Year Ended</u> | <u>% Increase</u> | <u>Assumed Increase</u> |
|-------------------|-------------------|-------------------------|
| 09/30/2023 | 10.3% | 4.4% |
| 09/30/2022 | 6.7% | 4.8% |
| 09/30/2021 | 6.9% | 4.6% |
| 09/30/2020 | 9.8% | 4.7% |
| 09/30/2019 | 11.4% | 6.1% |
| 09/30/2018 | 0.9% | 6.0% |
| 09/30/2017 | 6.5% | 6.1% |
| 09/30/2016 | 4.5% | 6.5% |
| 09/30/2015 | 5.0% | 6.5% |
| 09/30/2014 | 2.7% | 6.5% |
| Last 3 Years | 8.0% | 4.6% |
| Last 5 Years | 9.0% | 4.9% |
| Last 10 Years | 6.4% | 5.6% |

* Participants who have full years of pay for both years considered.

B. Recent Termination Experience

| <u>Year Ended</u> | <u>Number of Employees Previous Valuation</u> | <u>Expected * Terminations</u> | <u>Actual Terminations</u> | <u>Ratio of Actual To Expected</u> |
|-------------------|---|------------------------------------|--------------------------------|--|
| 09/30/2023 | 36 | 3.2 | 2 | 0.6 |
| 09/30/2022 | 41 | 3.4 | 9 | 2.6 |
| 09/30/2021 | 41 | 3.6 | 4 | 1.1 |
| 09/30/2020 | 37 | 3.2 | 3 | 0.9 |
| 09/30/2019 | 40 | 1.6 | 4 | 2.5 |
| 09/30/2018 | 41 | 1.7 | 6 | 3.5 |
| 09/30/2017 | 38 | 1.5 | 5 | 3.3 |
| 09/30/2016 | 38 | 1.4 | 4 | 2.9 |
| 09/30/2015 | 33 | 1.2 | 3 | 2.5 |
| 09/30/2014 | 35 | 1.2 | 3 | 2.5 |
| Last 3 Years | 118 | 10.2 | 15 | 1.5 |
| Last 5 Years | 195 | 15.0 | 22 | 1.5 |
| Last 10 Years | 380 | 22.0 | 43 | 2.0 |

* Based upon expected rates of termination used in completing the previous valuation.

Analysis of Investment Yield as of October 1, 2023

This Table sets forth the results of an analysis made of investment yields on the assets held under the New Port Richey Police Officers' Retirement System.

The basic sources for this analysis were the Statements produced by the System Auditors.

The basic data was initially checked for internal consistency. Since no difficulties were encountered with the data, yield rates were calculated directly from the transaction information submitted. A summary of the transaction information is set forth on the following page.

**Table XVII
(Cont'd)**

Summary of Transaction Information

| Fiscal Year Ended | Benefits Paid ¹ | Expenses | Employee Contributions | City Contributions | Total State Contributions | Market Value ^{2,3} |
|-------------------|----------------------------|------------|------------------------|--------------------|---------------------------|-----------------------------|
| 9/30/2023 | \$ 1,795,548 | \$ 200,788 | \$ 200,560 | \$ 385,694 | \$ 259,111 | \$ 33,110,924 |
| 9/30/2022 | 2,063,324 | 185,017 | 182,759 | 351,462 | 225,052 | 31,425,212 |
| 9/30/2021 | 1,862,505 | 192,606 | 188,809 | 377,681 | 217,595 | 36,117,353 |
| 9/30/2020 | 1,845,797 | 236,171 | 173,300 | 424,341 | 229,821 | 30,989,154 |
| 9/30/2019 | 1,481,477 | 245,009 | 167,338 | 373,667 | 220,931 | 29,594,663 |
| 9/30/2018 | 1,466,384 | 254,468 | 111,835 | 809,318 | 236,919 | 29,694,547 |
| 9/30/2017 | 1,727,246 | 206,796 | 111,261 | 1,038,318 | 224,641 | 26,450,244 |
| 9/30/2016 | 1,456,540 | 181,647 | 105,320 | 984,731 | 197,463 | 24,044,724 |
| 9/30/2015 | 1,337,591 | 192,834 | 97,124 | 930,808 | 188,021 | 23,074,302 |
| 9/30/2014 | 1,205,714 | 185,348 | 90,712 | 765,515 | 177,693 | 22,218,814 |
| 9/30/2013 | 1,259,927 | 136,765 | 90,622 | 931,689 | 195,041 | 19,600,297 |
| 9/30/2012 | 1,172,101 | 143,776 | 95,846 | 994,249 | 200,743 | 17,138,671 |
| 9/30/2011 | 1,147,374 | 144,421 | 92,998 | 907,497 | 223,096 | 14,268,174 |
| 9/30/2010 | 1,132,758 | 146,396 | 90,286 | 775,498 | 215,346 | 14,303,251 |
| 9/30/2009 | 1,080,775 | 118,151 | 84,868 | 682,396 | 244,456 | 12,761,231 |
| 9/30/2008 | 1,081,555 | 140,497 | 81,446 | 667,855 | 299,352 | 12,273,672 |
| 9/30/2007 | 1,023,967 | 148,320 | 75,177 | 577,387 | 299,490 | 15,065,417 |
| 9/30/2006 | 889,360 | 123,709 | 73,019 | 402,579 | 305,875 | 13,484,181 |
| 9/30/2005 | 810,834 | 130,767 | 70,581 | 226,682 | 299,352 | 12,501,079 |
| 9/30/2004 | 674,947 | 116,280 | 151,412 | 246,249 | 311,552 | 11,856,796 |
| 9/30/2003 | 558,393 | 96,156 | 124,451 | 288,037 | 281,193 | 11,092,704 |
| 9/30/2002 | 559,044 | 93,589 | 65,521 | 109,194 | 255,457 | 9,530,611 |
| 9/30/2001 | 494,098 | 102,424 | 58,621 | 71,361 | 223,110 | 10,552,703 |
| 9/30/2000 | 493,442 | 101,996 | 32,611 | 48,379 | 226,843 | 11,678,350 |
| 9/30/1999 | 454,265 | 72,160 | 33,968 | 23,805 | 237,446 | 10,880,461 |

¹ Effective with fiscal year ended September 30, 2013, includes DROP distributions (previously included DROP benefit credits)

² Effective with fiscal year ended September 30, 2013, includes reserve for excess State funds, if any

³ Net of credit balance, if any

**Table XVII
(Cont'd)**

Recent Plan Experience

| <u>Valuation Date</u> | <u>Actuarial Assumed Investment Return</u> | <u>Market Value Return</u> | <u>Smoothed Actuarial Value Return</u> |
|-----------------------|--|----------------------------|--|
| October 1, 2023 | 7.25% | 8.87% | 5.18% |
| October 1, 2022 | 7.25% | (9.31%) | 7.06% |
| October 1, 2021 | 7.25% | 20.44% | 11.00% |
| October 1, 2020 | 7.25% | 8.48% | 7.92% |
| October 1, 2019 | 7.75% | 2.37% | 8.10% |
| October 1, 2018 | 7.75% | 13.97% | 9.79% |
| October 1, 2017 | 7.75% | 12.62% | 9.19% |
| October 1, 2016 | 8.0% | 5.3% | 10.5% |
| October 1, 2015 | 8.0% | 4.7% | 10.6% |
| October 1, 2014 | 8.0% | 13.2% | 12.2% |
| Last 3 Years | 7.25% | 5.94% | 7.72% |
| Last 5 Years | 7.35% | 5.72% | 7.84% |
| Last 10 Years | 7.6% | 7.8% | 9.1% |

Employer Contribution Information

| Valuation Date | Contribution Fiscal Year End | Minimum Required Employer Contributions | Actual Employer Contributions Made |
|-------------------|------------------------------------|---|--|
| 10/01/2023 | 09/30/2025 | \$ 636,264 | N/A |
| 10/01/2022 | 09/30/2024 | \$ 579,264 | N/A |
| 10/01/2021 | 09/30/2023 | \$ 603,289 | \$ 644,805 |
| 10/01/2020 | 09/30/2022 | \$ 581,282 | \$ 576,514 ¹ |
| 10/01/2019 | 09/30/2021 | \$ 598,547 | \$ 595,276 ² |
| 10/01/2018 | 09/30/2020 | \$ 660,836 | \$ 654,162 ³ |
| 10/01/2017 | 09/30/2019 | \$ 587,634 | \$ 594,598 |
| 10/01/2016 | 09/30/2018 | \$ 992,658 | \$ 1,046,237 |
| 10/01/2015 | 09/30/2017 | \$ 1,075,632 | \$ 1,262,959 |
| 10/01/2014 | 09/30/2016 | \$ 1,162,424 | \$ 1,182,194 |
| 10/01/2013 | 09/30/2015 | \$ 1,118,829 | \$ 1,118,829 |
| 10/01/2012 | 09/30/2014 | \$ 1,183,428 | \$ 943,208 ⁴ |
| 10/01/2011 | 09/30/2013 | \$ 1,126,730 | \$ 1,126,730 |
| 10/01/2010 | 09/30/2012 | \$ 1,109,699 | \$ 1,194,992 |
| 10/01/2009 | 09/30/2011 | \$ 1,095,042 | \$ 1,130,593 |
| 10/01/2008 | 09/30/2010 | \$ 980,834 | \$ 990,844 |
| 10/01/2007 | 09/30/2009 | \$ 892,182 | \$ 926,852 |
| 10/01/2006 | 09/30/2008 | \$ 918,628 | \$ 953,014 |
| 10/01/2005 | 09/30/2007 | \$ 822,236 | \$ 862,546 |
| 10/01/2004 | 09/30/2006 | \$ 650,656 | \$ 687,738 |
| 10/01/2003 | 09/30/2005 | \$ 474,759 | \$ 474,759 |
| 10/01/2003 | 09/30/2004 | \$ 474,759 | \$ 494,326 |

¹ Excludes use of credit balance (\$4,768)

² Excludes use of credit balance (\$3,271)

³ Excludes use of credit balance (\$6,674)

⁴ Excludes use of credit balance (\$240,220)

Actuarial Valuation as of October 1, 2023

State Required Exhibit

| | <u>10/01/2022</u> | <u>10/01/2023</u> |
|--|----------------------|----------------------|
| A. <u>Participant Data</u> | | |
| 1. Active participants | 36 | 41 |
| 2. Retired participants and beneficiaries receiving benefits | 44 | 43 |
| 3. DROP participants | 1 | 1 |
| 4. Disabled participants receiving benefits | 3 | 3 |
| 5. Terminated vested participants | 6 | 6 |
| 6. Annual payroll of active participants | \$ 2,539,615 | \$ 3,134,616 |
| 7. Expected payroll of active participants for the following year | \$ 2,539,615 | \$ 3,197,308 |
| 8. Annual benefits payable to those currently receiving benefits | \$ 1,775,178 | \$ 1,757,545 |
| 9. Annual benefits payable to DROP participants | \$ 48,782 | \$ 49,853 |
| B. <u>Value of Assets</u> | | |
| 1. Net smoothed actuarial value of assets | \$ 33,899,274 | \$ 34,561,074 |
| 2. Net market value of assets | \$ 31,425,212 | \$ 33,110,924 |
| C. <u>Liabilities</u> | | |
| 1. Actuarial present value of future expected benefit payments for active members | | |
| a. Retirement benefits | \$ 9,098,734 | \$ 11,157,231 |
| b. Vesting benefits | 533,604 | 635,054 |
| c. Death benefits | 120,320 | 144,219 |
| d. Disability benefits | 570,436 | 695,964 |
| e. Total | <u>\$ 10,323,094</u> | <u>\$ 12,632,468</u> |
| 2. Actuarial present value of future expected benefit payments for terminated vested members | \$ 1,858,678 | \$ 2,002,938 |
| 3. Actuarial present value of future expected benefit payments for members currently receiving benefits | | |
| a. Service retired | \$ 18,378,638 | \$ 17,825,355 |
| b. DROP participants | 765,325 | 818,434 |
| c. Disability retired | 879,659 | 871,149 |
| d. Beneficiaries | 1,378,124 | 1,342,410 |
| e. Miscellaneous (Refunds in process) | 42,001 | 36,091 |
| f. Total | <u>\$ 21,443,747</u> | <u>\$ 20,893,439</u> |

Actuarial Valuation as of October 1, 2023

State Required Exhibit

| | <u>10/01/2022</u> | <u>10/01/2023</u> |
|---|----------------------|----------------------|
| 4. Total actuarial present value of future expected benefit payments | \$ 33,625,519 | \$ 35,528,845 |
| 5. Actuarial accrued liabilities | \$ 29,481,698 | \$ 30,565,277 |
| 6. Unfunded actuarial accrued liabilities | \$ (4,417,576) | \$ (3,995,797) |
| | | |
| D. <u>Statement of Accumulated Plan Benefits</u> | | |
| 1. Actuarial present value of accumulated vested benefits | | |
| a. Participants currently receiving benefits | \$ 20,636,421 | \$ 20,038,914 |
| b. DROP participants | 765,325 | 818,434 |
| c. Other participants | 6,553,169 | 7,817,676 |
| d. Total | <u>\$ 27,954,915</u> | <u>\$ 28,675,024</u> |
| 2. Actuarial present value of accumulated non-vested plan benefits | <u>960,658</u> | <u>1,140,538</u> |
| 3. Total actuarial present value of accumulated plan benefits | \$ 28,915,573 | \$ 29,815,562 |
| | | |
| E. <u>Statement of Change in Accumulated Plan Benefits</u> | | |
| 1. Actuarial present value of accumulated plan benefits as of October 1, 2022 | | \$ 28,915,573 |
| 2. Increase (decrease) during year attributable to: | | |
| a. Plan amendment | | \$ 0 |
| b. Change in actuarial assumptions | | 0 |
| c. Benefits paid including refunds & DROPs | | (1,795,548) |
| d. Other, including benefits accumulated and increase for interest due to decrease in the discount period | | <u>2,695,537</u> |
| e. Net increase | | \$ 899,989 |
| 3. Actuarial present value of accumulated plan benefits as of October 1, 2023 | | \$ 29,815,562 |

Actuarial Valuation as of October 1, 2023

State Required Exhibit

| | <u>10/01/2022</u> | <u>10/01/2023</u> |
|---|-------------------|-------------------|
| F. <u>Pension Cost</u> | | |
| 1. Total normal cost | \$ 676,247 | \$ 794,665 |
| 2. Payment required to amortize unfunded liability | (344,560) | (316,094) |
| 3. Interest adjustment | 15,539 | 32,331 |
| 4. Total preliminary required contribution | <u>\$ 347,226</u> | <u>\$ 510,902</u> |
| 5. Total required contribution (Greater of F.1. + F.3. and F.4.) | \$ 676,247 | \$ 826,996 |
| 6. Item 5 as a percentage of payroll | 26.6% | 26.4% |
| 7. Estimated Member contributions | \$ 165,075 | \$ 207,825 |
| 8. Item 7 as a percentage of expected payroll | 6.5% | 6.5% |
| 9. Estimated State contributions | \$ 225,052 | \$ 259,111 |
| 10. Item 9 as a percentage of expected payroll | 8.9% | 8.1% |
| 11. Net amount payable by City | \$ 286,120 | \$ 377,153 |
| 12. Item 11 as a percentage of expected payroll | 11.3% | 11.8% |
| G. <u>Past Contributions</u> | | |
| 1. Total contribution required (Prior Year Valuation)* | \$ 803,849 | \$ 783,014 |
| 2. Actual contributions made: | | |
| a. Members | \$ 200,560 | N/A |
| b. City | 385,694 | N/A |
| c. State | 259,111 | N/A |
| d. Total | <u>\$ 845,365</u> | <u>N/A</u> |
| H. <u>Net Actuarial Gain / (Loss)</u> | \$ 454,395 | \$ (811,241) |

* Based on percent of actual / expected covered payroll

Actuarial Valuation as of October 1, 2023

State Required Exhibit

| | <u>10/01/2022</u> | <u>10/01/2023</u> |
|--|-------------------|-------------------|
| I. <u>Disclosure of Following Items:</u> | | |
| 1. Actuarial present value of future salaries - attained age | \$ 15,985,902 | \$ 19,327,551 |
| 2. Actuarial present value of future employee contributions - attained age | \$ 1,039,084 | \$ 1,256,291 |
| 3. Actuarial present value of future contributions from other sources | N/A | N/A |
| 4. Amount of active members' accumulated contributions | \$ 772,005 | \$ 958,104 |
| 5. Actuarial present value of future salaries and future benefits at entry age | N/A | N/A |
| 6. Actuarial present value of future employee contributions at entry age | N/A | N/A |

State Required Exhibit

| | <u>Unfunded Actuarial Accrued Liabilities</u> | <u>Current Unfunded Liabilities</u> | <u>Amortization Payment</u> | <u>Remaining Funding Period</u> |
|------------|---|-------------------------------------|-----------------------------|---------------------------------|
| 10/01/2017 | Combined Bases * | \$ (2,947,164) | \$ (244,872) | 24 years |
| 10/01/2017 | System Amendment | 1,346,630 | 111,888 | 24 years |
| 10/01/2018 | Actuarial (Gain) / Loss including Supplemental Benefit Adjustment | (1,759,469) | (143,960) | 25 years |
| 10/01/2018 | System Amendment | 187,726 | 25,210 | 10 years |
| 10/01/2019 | Actuarial (Gain) / Loss including Supplemental Benefit Adjustment | (377,138) | (30,425) | 26 years |
| 10/01/2019 | Assumption Changes | 1,239,170 | 99,967 | 26 years |
| 10/01/2020 | Actuarial (Gain) / Loss including Supplemental Benefit Adjustment | (368,074) | (29,310) | 27 years |
| 10/01/2020 | Assumption Changes | (14,859) | (1,183) | 27 years |
| 10/01/2021 | Actuarial (Gain) / Loss including Supplemental Benefit Adjustment | (1,619,492) | (127,430) | 28 years |
| 10/01/2022 | Actuarial (Gain) / Loss including Supplemental Benefit Adjustment | (494,368) | (38,473) | 29 years |
| 10/01/2023 | Actuarial (Gain) / Loss including Supplemental Benefit Adjustment | <u>811,241</u> | <u>62,494</u> | 30 years |
| | TOTAL | \$ (3,995,797) | \$ (316,094) | |

* Combined per Internal Revenue Code Regulation 1.412(b)-1 - 30-year for resulting combined credit base

This actuarial valuation and / or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate, and in our 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 other wise provided for in the valuation. All known events or trends which may require material increase in plan costs or required contribution rates have been taken into account in the valuation.

Michelle Jones

Shelly L. Jones, A.S.A., E.A., M.A.A.A.
Enrollment Number: 23-08646

Jennifer Borregard

Jennifer M. Borregard, E.A., M.A.A.A.
Enrollment Number: 23-07624

Dated: February 22, 2024

Glossary

Actuarial Accrued Liability. The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.

Actuarial Assumptions. Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members and other items.

Actuarial Cost Method. A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.

Actuarial Equivalent. Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value of Future Benefits. The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits and inactive, non-retired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation. The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 67.

Actuarial Value of Assets. The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially required contribution.

Amortization Method. A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.

Glossary

Amortization Payment. That portion of the plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Amortization Period. The period used in calculating the Amortization Payment.

Annual Required Contribution. The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The annual required contribution consists of the Employer Normal Cost and Amortization Payment plus interest adjustment.

Closed Amortization Period. A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.

Employer Normal Cost. The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.

Equivalent Single Amortization Period. For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.

Experience Gain/Loss. A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. Losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

GASB. Governmental Accounting Standards Board.

Glossary

GASB No. 67 and GASB No. 68. These are the governmental accounting standards that set the accounting rules for public retirement plans and the employers that sponsor or contribute to them. Statement No. 67 sets the accounting rules for the plans themselves, while Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement plans.

Normal Cost. The annual cost assigned, under the Actuarial Cost Method, to the current plan year.

Open Amortization Period. An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability. The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.

Valuation Date. The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

Vested Benefit Security Ratio. The ratio of the Market Value of Assets to the Actuarial Present Value of Vested Accrued Benefits.