

CITY OF GAINESVILLE
CONSOLIDATED POLICE OFFICERS' AND
FIREFIGHTERS' RETIREMENT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023

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



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

June 26, 2024

Board of Trustees
City of Gainesville
Consolidated Police Officers' and Retirement Plan

Re: October 1, 2023 Actuarial Valuation

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

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112, 175, and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

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

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

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

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


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

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

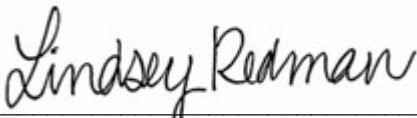
If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Joseph L. Griffin, ASA, EA, MAAA
Enrolled Actuary #23-6938

By: 

Lindsey E. Redman, ASA, EA, MAAA
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SUMMARY OF REPORT

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

The contribution requirements, compared with those set forth in the October 1, 2022 actuarial valuation report, are as follows:

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2024</u>
City Required Contribution (Firefighters)	\$ 958,747	\$ 715,692
% of Projected Annual Payroll	7.06%	5.76%
City Required Contribution (Police Officers)	\$ 1,398,251	\$ 1,310,982
% of Projected Annual Payroll	8.80%	8.21%
City Required Contribution (Total)	\$ 2,356,998	\$ 2,026,674
% of Projected Annual Payroll	8.00%	7.13%

The Minimum Required Contribution reflects an increase for both Firefighters and Police Officers compared to the results determined in the October 1, 2022 actuarial valuation report.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 5.93% (Actuarial Asset Basis) which fell short of the 7.75% assumption and an average salary increase of 13.39% which exceeded the 3.85% assumption. There were no significant sources of actuarial gain.

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

The payroll growth assumption for determining amortization payments towards the Unfunded Actuarial Accrued Liability was increased from 1.56% to 2.11% per year to reflect the average annual increase in payroll over the previous 10-year period.

CONSOLIDATED TOTAL
COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data		
Actives	381	390
Service Retirees	392	390
DROP Retirees	27	25
Beneficiaries	43	41
Disability Retirees	24	23
Terminated Vested	<u>47</u>	<u>38</u>
Total	914	907
Projected Annual Payroll	28,609,136	27,590,292
Annual Rate of Payments to:		
Service Retirees	17,328,675	16,908,898
DROP Retirees	1,291,772	1,183,007
Beneficiaries	1,044,783	964,092
Disability Retirees	467,065	447,010
Terminated Vested	423,188	457,359
B. Assets		
Actuarial Value (AVA) ¹	337,299,611	332,839,491
Market Value (MVA) ¹	302,366,954	277,850,564
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	126,677,478	119,875,946
Disability Benefits	5,774,888	5,852,619
Death Benefits	685,900	670,220
Vested Benefits	380,793	393,586
Refund of Contributions	710,332	700,693
Service Retirees	207,070,819	202,257,319
DROP Retirees ¹	21,159,092	20,197,793
Beneficiaries	9,569,462	9,053,971
Disability Retirees	4,559,911	4,621,020
Terminated Vested	2,623,606	2,620,566
Share Plan Balances ¹	3,061,743	2,905,925
Total	<u>382,274,024</u>	<u>369,149,658</u>

CONSOLIDATED TOTAL

C. Liabilities - (Continued)	<u>10/1/2023</u>	<u>10/1/2022</u>
Present Value of Future Salaries	240,004,893	233,257,089
Present Value of Future Member Contributions	19,707,848	19,096,475
Normal Cost (Retirement)	4,258,757	4,113,029
Normal Cost (Disability)	379,696	389,534
Normal Cost (Death)	40,050	39,846
Normal Cost (Vesting)	48,851	51,493
Normal Cost (Refunds)	<u>185,447</u>	<u>186,118</u>
Total Normal Cost	4,912,801	4,780,020
Present Value of Future Normal Costs	40,865,840	40,026,501
Accrued Liability (Retirement)	91,255,570	85,385,734
Accrued Liability (Disability)	2,641,045	2,634,124
Accrued Liability (Death)	346,489	335,134
Accrued Liability (Vesting)	(16,317)	(13,807)
Accrued Liability (Refunds)	(863,236)	(874,622)
Accrued Liability (Inactives) ¹	244,982,890	238,750,669
Share Plan Balances ¹	<u>3,061,743</u>	<u>2,905,925</u>
Total Actuarial Accrued Liability (EAN AL)	341,408,184	329,123,157
Unfunded Actuarial Accrued Liability (UAAL)	4,108,573	(3,716,334)
Funded Ratio (AVA / EAN AL)	98.8%	101.1%

CONSOLIDATED TOTAL

D. Actuarial Present Value of		
Accrued Benefits	<u>10/1/2023</u>	<u>10/1/2022</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	248,044,633	241,656,594
Actives	38,533,947	34,013,707
Member Contributions	<u>18,736,446</u>	<u>18,185,477</u>
Total	305,315,026	293,855,778
Non-vested Accrued Benefits	<u>13,714,856</u>	<u>14,228,343</u>
Total Present Value		
Accrued Benefits (PVAB)	319,029,882	308,084,121
Funded Ratio (MVA / PVAB)	94.8%	90.2%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	8,182,282	
Benefits Paid	(20,325,430)	
Interest	23,088,909	
Other	<u>0</u>	
Total	10,945,761	

CONSOLIDATED TOTAL

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2024</u>
 E. Pension Cost		
Normal Cost (with interest)	\$5,256,267	\$5,114,203
% of Projected Annual Payroll ²	17.84	18.00
 Administrative Expenses (with interest)	 356,434	 369,630
% of Projected Annual Payroll ²	1.21	1.30
 Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2023, with interest)	 297,456	 (263,691)
% of Projected Annual Payroll ²	1.01	(0.93)
 Minimum Required Contribution	 5,910,157	 5,483,833
% of Projected Annual Payroll ²	20.06	19.30
 Expected Member Contributions	 2,413,879	 2,317,879
% of Projected Annual Payroll ²	8.19	8.16
 Expected State Contribution	 1,139,280	 1,139,280
% of Projected Annual Payroll ²	3.87	4.01
 Expected City Contribution	 2,356,998	 2,026,674
% of Projected Annual Payroll ²	8.00	7.13
 F. Past Contributions		
Plan Years Ending:	<u>9/30/2023</u>	
City and State Requirement	3,343,626	
 Actual Contributions Made:		
Members (excluding buyback)	2,552,695	
City	2,204,346	
State	<u>1,139,280</u>	
Total	5,896,321	
 G. Net Actuarial (Gain)/Loss	 8,457,403	

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2022 and 9/30/2021.

² Contributions developed as of 10/1/2022 are expressed as a percentage of total annual payroll at 4/1/2023 of \$29,467,410.

CONSOLIDATED TOTAL

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2023	4,108,573
2024	4,127,422
2025	4,141,409
2032	4,054,648
2039	3,626,309
2053	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2023	13.39%	3.85%
Year Ended 9/30/2022	9.17%	3.92%
Year Ended 9/30/2021	14.96%	3.97%
Year Ended 9/30/2020	12.43%	3.95%
Year Ended 9/30/2019	3.95%	4.00%

(ii) 5 Year Comparison of Investment Returns on Market and Actuarial Values

	<u>Market</u>	<u>Actuarial</u>	<u>Assumed</u>
Year Ended 9/30/2023	14.64%	5.93%	7.75%
Year Ended 9/30/2022	-16.08%	-0.48%	7.75%
Year Ended 9/30/2021	23.06%	10.43%	7.90%
Year Ended 9/30/2020	6.65%	7.37%	7.90%
Year Ended 9/30/2019	1.67%	7.71%	7.90%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2023	\$29,162,970
	10/1/2013	\$23,668,480
(b) Total Increase		23.21%
(c) Number of Years		10
(d) Average Annual Rate		2.11%

FIREFIGHTERS
COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data		
Actives	173	172
Service Retirees	150	147
DROP Retirees	7	9
Beneficiaries	21	21
Disability Retirees	7	7
Terminated Vested	<u>11</u>	<u>6</u>
Total	369	362
Projected Annual Payroll	13,192,457	12,073,076
Annual Rate of Payments to:		
Service Retirees	7,117,560	6,863,283
DROP Retirees	402,000	485,090
Beneficiaries	570,408	529,237
Disability Retirees	150,923	148,513
Terminated Vested	72,131	72,131
B. Assets		
Actuarial Value (AVA) ¹	136,208,246	135,302,503
Market Value (MVA) ¹	122,268,194	112,860,056
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	57,741,075	52,125,765
Disability Benefits	2,607,742	2,533,969
Death Benefits	333,351	310,409
Vested Benefits	28,088	22,581
Refund of Contributions	271,980	281,738
Service Retirees	82,129,082	79,213,758
DROP Retirees ¹	6,783,499	8,950,899
Beneficiaries	5,311,713	5,006,760
Disability Retirees	1,499,987	1,564,718
Terminated Vested	517,580	385,867
Share Plan Balances ¹	<u>821,870</u>	<u>647,818</u>
Total	158,045,967	151,044,282

FIREFIGHTERS

C. Liabilities - (Continued)	<u>10/1/2023</u>	<u>10/1/2022</u>
Present Value of Future Salaries	113,832,032	106,812,864
Present Value of Future Member Contributions	10,244,883	9,613,158
Normal Cost (Retirement)	2,006,966	1,842,925
Normal Cost (Disability)	161,915	160,579
Normal Cost (Death)	18,980	18,207
Normal Cost (Vesting)	2,716	2,584
Normal Cost (Refunds)	<u>64,184</u>	<u>62,429</u>
Total Normal Cost	2,254,761	2,086,724
Present Value of Future Normal Costs	19,339,418	18,344,209
Accrued Liability (Retirement)	40,612,563	35,986,673
Accrued Liability (Disability)	1,167,707	1,084,962
Accrued Liability (Death)	160,974	144,235
Accrued Liability (Vesting)	5,687	1,742
Accrued Liability (Refunds)	(304,113)	(287,359)
Accrued Liability (Inactives) ¹	96,241,861	95,122,002
Share Plan Balances ¹	<u>821,870</u>	<u>647,818</u>
Total Actuarial Accrued Liability (EAN AL)	138,706,549	132,700,073
Unfunded Actuarial Accrued Liability (UAAL)	2,498,303	(2,602,430)
Funded Ratio (AVA / EAN AL)	98.2%	102.0%

FIREFIGHTERS

D. Actuarial Present Value of		
Accrued Benefits	<u>10/1/2023</u>	<u>10/1/2022</u>
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	97,063,731	95,769,820
Actives	16,447,097	13,689,821
Member Contributions	8,744,115	8,207,699
Total	<u>122,254,943</u>	<u>117,667,340</u>
Non-vested Accrued Benefits	<u>6,790,912</u>	<u>7,146,525</u>
Total Present Value		
Accrued Benefits (PVAB)	129,045,855	124,813,865
Funded Ratio (MVA / PVAB)	94.7%	90.4%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	3,956,417	
Benefits Paid	(9,046,933)	
Interest	9,322,506	
Other	0	
Total	<u>4,231,990</u>	

FIREFIGHTERS

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

E. Pension Cost

Normal Cost (with interest)	\$2,412,397	\$2,232,612
% of Projected Annual Payroll ²	17.75	17.95
Administrative Expenses (with interest)	\$172,382	\$183,173
% of Projected Annual Payroll ²	1.27	1.47
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2023, with interest)	\$177,828	(\$187,586)
% of Projected Annual Payroll ²	1.31	(1.51)
Minimum Required Contribution	\$2,762,607	\$2,415,785
% of Projected Annual Payroll ²	20.33	19.42
Expected Member Contributions	\$1,222,941	\$1,119,174
% of Projected Annual Payroll ²	9.00	9.00
Expected State Contribution	\$580,919	\$580,919
% of Projected Annual Payroll ²	4.28	4.67
Expected City Contribution	\$958,747	\$715,692
% of Projected Annual Payroll ²	7.06	5.76

F. Past Contributions

Plan Years Ending:	<u>9/30/2023</u>
City and State Requirement	1,358,424

Actual Contributions Made:

Members (excluding buyback)	1,260,666
City	777,505
State	<u>580,919</u>
Total	2,619,090

G. Net Actuarial (Gain)/Loss	5,435,477
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¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023 and 9/30/2022.

² Contributions developed as of 10/1/2023 are expressed as a percentage of Projected Annual Payroll at 04/1/2025 of \$13,588,231.

FIREFIGHTERS

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2023	2,498,303
2024	2,512,833
2025	2,524,706
2032	2,506,339
2039	2,268,311
2053	0

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

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2023	18.01%	3.31%
Year Ended	9/30/2022	8.47%	3.43%
Year Ended	9/30/2021	13.28%	3.48%
Year Ended	9/30/2020	7.68%	3.49%
Year Ended	9/30/2019	6.34%	3.54%

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

		<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended	9/30/2023	14.64%	5.66%	7.75%
Year Ended	9/30/2022	-16.08%	-0.11%	7.75%
Year Ended	9/30/2021	23.06%	10.45%	7.90%
Year Ended	9/30/2020	6.65%	7.39%	7.90%
Year Ended	9/30/2019	1.67%	7.73%	7.90%

POLICE OFFICERS
COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2023</u>	<u>10/1/2022</u>
A. Participant Data		
Actives	208	218
Service Retirees	242	243
DROP Retirees	20	16
Beneficiaries	22	20
Disability Retirees	17	16
Terminated Vested	<u>36</u>	<u>32</u>
Total	545	545
Projected Annual Payroll	15,416,679	15,517,216
Annual Rate of Payments to:		
Service Retirees	10,211,115	10,045,615
DROP Retirees	889,772	697,917
Beneficiaries	474,375	434,855
Disability Retirees	316,142	298,497
Terminated Vested	351,057	385,228
B. Assets		
Actuarial Value (AVA) ¹	201,091,365	197,536,988
Market Value (MVA) ¹	180,098,760	164,990,508
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	68,936,403	67,750,181
Disability Benefits	3,167,146	3,318,650
Death Benefits	352,549	359,811
Vested Benefits	352,705	371,005
Refund of Contributions	438,352	418,955
Service Retirees	124,941,737	123,043,561
DROP Retirees ¹	14,375,593	11,246,894
Beneficiaries	4,257,749	4,047,211
Disability Retirees	3,059,924	3,056,302
Terminated Vested	2,106,026	2,234,699
Share Plan Balances ¹	<u>2,239,873</u>	<u>2,258,107</u>
Total	224,228,057	218,105,376

POLICE OFFICERS

C. Liabilities - (Continued)	<u>10/1/2023</u>	<u>10/1/2022</u>
Present Value of Future Salaries	126,172,861	126,444,225
Present Value of Future Member Contributions	9,462,965	9,483,317
Normal Cost (Retirement)	2,251,791	2,270,104
Normal Cost (Disability)	217,781	228,955
Normal Cost (Death)	21,070	21,639
Normal Cost (Vesting)	46,135	48,909
Normal Cost (Refunds)	<u>121,263</u>	<u>123,689</u>
Total Normal Cost	2,658,040	2,693,296
Present Value of Future Normal Costs	21,526,422	21,682,292
Accrued Liability (Retirement)	50,643,007	49,399,061
Accrued Liability (Disability)	1,473,338	1,549,162
Accrued Liability (Death)	185,515	190,899
Accrued Liability (Vesting)	(22,004)	(15,549)
Accrued Liability (Refunds)	(559,123)	(587,263)
Accrued Liability (Inactives) ¹	148,741,029	143,628,667
Share Plan Balances ¹	<u>2,239,873</u>	<u>2,258,107</u>
Total Actuarial Accrued Liability (EAN AL)	202,701,635	196,423,084
Unfunded Actuarial Accrued Liability (UAAL)	1,610,270	(1,113,904)
Funded Ratio (AVA / EAN AL)	99.2%	100.6%

POLICE OFFICERS

D. Actuarial Present Value of	<u>10/1/2023</u>	<u>10/1/2022</u>
Accrued Benefits		
Vested Accrued Benefits		
Inactives + Share Plan Balances ¹	150,980,902	145,886,774
Actives	22,086,850	20,323,886
Member Contributions	9,992,331	9,977,778
Total	<u>183,060,083</u>	<u>176,188,438</u>
Non-vested Accrued Benefits	<u>6,923,944</u>	<u>7,081,818</u>
Total Present Value		
Accrued Benefits (PVAB)	189,984,027	183,270,256
Funded Ratio (MVA / PVAB)	94.8%	90.0%
Increase (Decrease) in Present Value of		
Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	4,225,865	
Benefits Paid	(11,278,497)	
Interest	13,766,403	
Other	0	
Total	<u>6,713,771</u>	

POLICE OFFICERS

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

E. Pension Cost

Normal Cost (with interest)	\$2,843,870	\$2,881,591
% of Projected Annual Payroll ²	17.91	18.03
Administrative Expenses (with interest)	\$184,052	\$186,457
% of Projected Annual Payroll ²	1.16	1.17
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/2023, with interest)	\$119,628	(\$76,105)
% of Projected Annual Payroll ²	0.75	(0.48)
Minimum Required Contribution	\$3,147,550	\$3,068,048
% of Projected Annual Payroll ²	19.82	19.20
Expected Member Contributions	\$1,190,938	\$1,198,705
% of Projected Annual Payroll ²	7.50	7.50
Expected State Contribution	\$558,361	\$558,361
% of Projected Annual Payroll ²	3.52	3.49
Expected City Contribution	\$1,398,251	\$1,310,982
% of Projected Annual Payroll ²	8.80	8.21

F. Past Contributions

Plan Years Ending:	<u>9/30/2023</u>
City and State Requirement	1,985,202

Actual Contributions Made:

Members (excluding buyback)	1,292,029
City	1,426,841
State	<u>558,361</u>
Total	3,277,231

G. Net Actuarial (Gain)/Loss	3,021,926
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¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2023 and 9/30/2022.

² Contributions developed as of 10/1/2023 are expressed as a percentage of Projected Annual Payroll at 04/1/2025 of \$15,879,179.

POLICE OFFICERS

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2023	1,610,270
2024	1,614,589
2025	1,616,703
2032	1,548,309
2039	1,357,998
2053	0

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

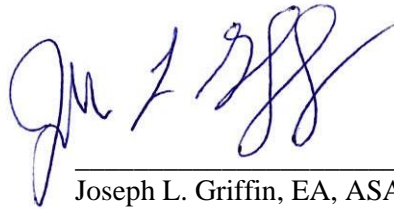
	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2023	9.68%	4.28%
Year Ended 9/30/2022	9.72%	4.31%
Year Ended 9/30/2021	16.23%	4.34%
Year Ended 9/30/2020	16.15%	4.31%
Year Ended 9/30/2019	2.32%	4.31%

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

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2023	14.64%	6.11%	7.75%
Year Ended 9/30/2022	-16.08%	-0.73%	7.75%
Year Ended 9/30/2021	23.06%	10.41%	7.90%
Year Ended 9/30/2020	6.65%	7.36%	7.90%
Year Ended 9/30/2019	1.67%	7.69%	7.90%

STATEMENT BY ENROLLED ACTUARY

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



Joseph L. Griffin, EA, ASA, MAAA
Enrolled Actuary #23-6938

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

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

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

CONSOLIDATED TOTAL
RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2022	(\$3,716,334)
(2)	Sponsor Normal Cost developed as of October 1, 2022	2,529,652
(3)	Expected administrative expenses for the year ended September 30, 2023	345,477
(4)	Expected interest on (1), (2) and (3)	(78,581)
(5)	Sponsor contributions to the System during the year ended September 30, 2023	3,343,626
(6)	Expected interest on (5)	85,418
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	(4,348,830)
(8)	Change to UAAL due to Actuarial (Gain)/Loss	8,457,403
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2023	4,108,573

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2023 <u>Amount</u>	Amortization <u>Amount</u>
Assum. Change	10/1/2003	10	\$155,569	\$19,580
Actuarial Loss	10/1/2003	10	100,386	12,636
Assum. Change	10/1/2004	11	(110,421)	(12,947)
Actuarial Loss	10/1/2004	11	65,667	7,699
Actuarial Gain	10/1/2005	12	(21,550)	(2,373)
Actuarial Gain	10/1/2006	13	(110,564)	(11,509)
Assum. Change	10/1/2007	14	(24,854)	(2,459)
Benefit Change	10/1/2007	14	202,537	20,045
Actuarial Gain	10/1/2007	14	(409,998)	(40,577)
Actuarial Loss	10/1/2008	15	241,875	22,871
Assum. Change	10/1/2009	16	120,517	10,934
Actuarial Loss	10/1/2009	16	913,645	82,893
Actuarial Loss	10/1/2010	17	535,720	46,808
Assum. Change	10/1/2010	17	28,961	2,530
Actuarial Loss	10/1/2011	18	1,004,080	84,762
Assum. Change	10/1/2011	18	(9,366)	(791)
Actuarial Loss	10/1/2012	19	135,033	11,045
Benefit Change	10/1/2012	19	(203,539)	(16,648)
Actuarial Gain	10/1/2013	20	(236,354)	(18,779)
Assum. Change	10/1/2013	20	182,775	14,522
Actuarial Gain	10/1/2014	21	(316,538)	(24,487)
Assum. Change	10/1/2014	21	190,841	14,762
Actuarial Loss	10/1/2015	22	41,421	3,126
Assum. Change	10/1/2015	22	196,577	14,836
Actuarial Loss	10/1/2016	23	209,700	15,468
Assum. Change	10/1/2016	23	374,835	27,648
Actuarial Gain	10/1/2017	24	(270,529)	(19,537)
Assum. Change	10/1/2017	24	325,957	23,539
Actuarial Gain	10/1/2018	25	(314,179)	(22,247)
Assum. Change	10/1/2018	25	220,797	15,635
Actuarial Gain	10/1/2019	26	(92)	(6)
Actuarial Gain	10/1/2020	27	(3,912,957)	(267,453)
Assump Change	10/1/2020	27	(5,918,465)	(404,531)
Actuarial Gain	10/1/2021	28	(290,820)	(19,565)
Assump Change	10/1/2021	28	(31,950,252)	(2,149,418)
Actuarial Loss	10/1/2022	29	34,504,755	2,287,122
Actuarial Loss	10/1/2023	30	8,457,403	552,885
			4,108,573	278,019

FIREFIGHTERS
RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2022	(\$2,602,430)
(2) Sponsor Normal Cost developed as of October 1, 2022	1,000,147
(3) Expected administrative expenses for the year ended September 30, 2023	171,204
(4) Expected interest on (1), (2) and (3)	(117,543)
(5) Sponsor contributions to the System during the year ended September 30, 2023	1,358,424
(6) Expected interest on (5)	30,128
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	(2,937,174)
(8) Change to UAAL due to Actuarial (Gain)/Loss	5,435,477
(9) Unfunded Actuarial Accrued Liability as of October 1, 2023	2,498,303

Type of Base	Date Established	Years Remaining	10/1/2023 Amount	Amortization Amount
Assum. Change	10/1/2003	10	59,598	7,501
Actuarial Loss	10/1/2003	10	38,458	4,841
Assum. Change	10/1/2004	11	(42,301)	(4,960)
Actuarial Loss	10/1/2004	11	25,158	2,950
Actuarial Gain	10/1/2005	12	(8,255)	(909)
Actuarial Gain	10/1/2006	13	(42,356)	(4,409)
Assum. Change	10/1/2007	14	(9,522)	(942)
Benefit Change	10/1/2007	14	77,590	7,679
Actuarial Gain	10/1/2007	14	(157,069)	(15,545)
Actuarial Loss	10/1/2008	15	92,660	8,762
Assum. Change	10/1/2009	16	46,170	4,189
Actuarial Loss	10/1/2009	16	350,013	31,756
Actuarial Loss	10/1/2010	17	205,232	17,932
Assum. Change	10/1/2010	17	11,095	969
Actuarial Loss	10/1/2011	18	384,658	32,472
Assum. Change	10/1/2011	18	(3,589)	(303)
Actuarial Loss	10/1/2012	19	51,731	4,231
Benefit Change	10/1/2012	19	(10,226)	(836)
Actuarial Gain	10/1/2013	20	(45,035)	(3,578)
Assum. Change	10/1/2013	20	67,206	5,340
Actuarial Gain	10/1/2014	21	(11,305)	(875)
Assum. Change	10/1/2014	21	71,390	5,522
Actuarial Gain	10/1/2015	22	(34,621)	(2,613)
Assum. Change	10/1/2015	22	71,445	5,392
Actuarial Loss	10/1/2016	23	65,362	4,821
Assum. Change	10/1/2016	23	131,292	9,684
Actuarial Gain	10/1/2017	24	(133,427)	(9,636)
Assum. Change	10/1/2017	24	119,974	8,664
Actuarial Gain	10/1/2018	25	(110,440)	(7,820)
Assum. Change	10/1/2018	25	81,075	5,741
Actuarial Loss	10/1/2019	26	38,455	2,674
Actuarial Gain	10/1/2020	27	(1,653,096)	(112,990)
Assump Change	10/1/2020	27	(2,597,373)	(177,532)
Actuarial Gain	10/1/2021	28	(572,392)	(38,507)
Asmp/Mthd Change	10/1/2021	28	(12,410,376)	(834,894)
Actuarial Loss	10/1/2022	29	12,915,647	856,104
Actuarial Loss	10/1/2023	30	5,435,477	355,333
			2,498,303	166,208

POLICE OFFICERS
RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1) Unfunded Actuarial Accrued Liability as of October 1, 2022	(\$1,113,904)
(2) Sponsor Normal Cost developed as of October 1, 2022	1,529,505
(3) Expected administrative expenses for the year ended September 30, 2023	174,273
(4) Expected interest on (1), (2) and (3)	38,962
(5) Sponsor contributions to the System during the year ended September 30, 2023	1,985,202
(6) Expected interest on (5)	55,290
(7) Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	(1,411,656)
(8) Change to UAAL due to Actuarial (Gain)/Loss	3,021,926
(9) Unfunded Actuarial Accrued Liability as of October 1, 2023	1,610,270

Type of Base	Date Established	Years Remaining	10/1/2023 Amount	Amortization Amount
Assum. Change	10/1/2003	10	95,971	12,079
Actuarial Loss	10/1/2003	10	61,928	7,795
Assum. Change	10/1/2004	11	(68,120)	(7,987)
Actuarial Loss	10/1/2004	11	40,509	4,749
Actuarial Gain	10/1/2005	12	(13,295)	(1,464)
Actuarial Gain	10/1/2006	13	(68,208)	(7,100)
Assum. Change	10/1/2007	14	(15,332)	(1,517)
Benefit Change	10/1/2007	14	124,947	12,366
Actuarial Gain	10/1/2007	14	(252,929)	(25,032)
Actuarial Loss	10/1/2008	15	149,215	14,109
Assum. Change	10/1/2009	16	74,347	6,745
Actuarial Loss	10/1/2009	16	563,632	51,137
Actuarial Loss	10/1/2010	17	330,488	28,876
Assum. Change	10/1/2010	17	17,866	1,561
Actuarial Loss	10/1/2011	18	619,422	52,290
Assum. Change	10/1/2011	18	(5,777)	(488)
Actuarial Loss	10/1/2012	19	83,302	6,814
Benefit Change	10/1/2012	19	(193,313)	(15,812)
Actuarial Gain	10/1/2013	20	(191,319)	(15,201)
Assum. Change	10/1/2013	20	115,569	9,182
Actuarial Gain	10/1/2014	21	(305,233)	(23,612)
Assum. Change	10/1/2014	21	119,451	9,240
Actuarial Loss	10/1/2015	22	76,042	5,739
Assum. Change	10/1/2015	22	125,132	9,444
Actuarial Loss	10/1/2016	23	144,338	10,647
Assum. Change	10/1/2016	23	243,543	17,964
Actuarial Gain	10/1/2017	24	(137,102)	(9,901)
Assum. Change	10/1/2017	24	205,983	14,875
Actuarial Gain	10/1/2018	25	(203,739)	(14,427)
Assum. Change	10/1/2018	25	139,722	9,894
Actuarial Gain	10/1/2019	26	(38,547)	(2,680)
Actuarial Gain	10/1/2020	27	(2,259,861)	(154,463)
Assump Change	10/1/2020	27	(3,321,092)	(226,999)
Actuarial Loss	10/1/2021	28	281,572	18,942
Asmp/Mthd Change	10/1/2021	28	(19,539,876)	(1,314,524)
Actuarial Loss	10/1/2022	29	21,589,108	1,431,018
Actuarial Loss	10/1/2023	30	3,021,926	197,552
			1,610,270	111,811

CONSOLIDATED TOTAL
DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	(\$3,716,334)
(2) Expected UAAL as of October 1, 2023	(4,348,830)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	5,884,772
Salary Increases	4,783,276
Active Decrements	(202,077)
Inactive Mortality	(977,395)
Other	<u>(1,031,173)</u>
Increase in UAAL due to (Gain)/Loss	8,457,403
Assumption Changes	0
(4) Actual UAAL as of October 1, 2023	\$4,108,573

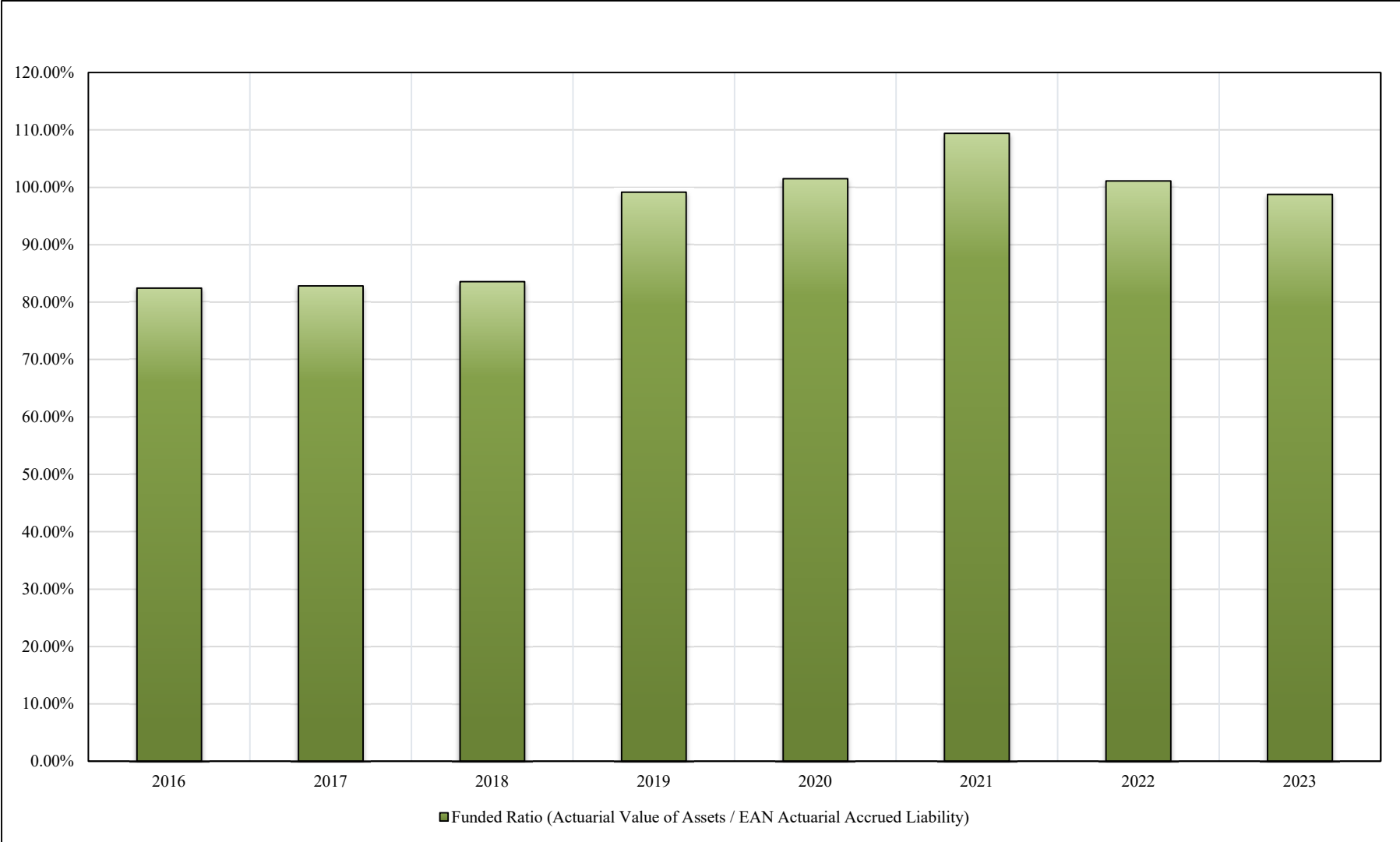
FIREFIGHTERS
DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	(\$2,602,430)
(2) Expected UAAL as of October 1, 2023	(2,937,174)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	2,741,262
Salary Increases	3,140,059
Active Decrements	332,045
Inactive Mortality	(546,130)
Other	<u>(231,759)</u>
Increase in UAAL due to (Gain)/Loss	5,435,477
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2023	\$2,498,303

POLICE OFFICERS
DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	(\$1,113,904)
(2) Expected UAAL as of October 1, 2023	(1,411,656)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	3,143,510
Salary Increases	1,643,217
Active Decrements	(534,122)
Inactive Mortality	(431,265)
Other	<u>(799,414)</u>
Increase in UAAL due to (Gain)/Loss	3,021,926
Assumption Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2023	\$1,610,270

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions were set by the prior actuary based on an experience study conducted in 2017 reflecting plan experience for the six-year period ending September 30, 2015.

Mortality Rate

Healthy Active Lives:

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

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

Healthy Retiree Lives:

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

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

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

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

Disabled Lives:

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

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

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

Interest Rate

7.75% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Administrative Expenses

\$333,143 annually, based on the average of actual non-investment related expenses incurred in the prior two fiscal years.

Marital Assumptions

90% of active members are assumed to be married with males 2 years older than females.

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Payroll Growth

3.0% per year for projecting aggregate payroll to the following fiscal year, and 2.11% (prior year 1.56%) for determining amortization payments towards the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Salary Increases

Rates of salary increases are shown below.

<u>Service</u>	<u>Firefighters</u>	<u>Police Officer</u>
0 – 4	5.0%	6.0%
5 – 9	4.0%	5.0%
10 – 14	3.0%	4.0%
15+	2.0%	3.0%

Termination Rates

Sample rates of termination are shown below.

<u>Service</u>	<u>Firefighters</u>	<u>Police Officers</u>
0 – 5	0.5%	0.7%
6 – 9	1.5%	3.5%
10 – 11	0.0%	2.5%
12+	0.0%	0.0%

Non vested members are assumed to withdraw their contributions and vested members are assumed to commence an annuity at age 55.

Retirement Rates

Rates of retirement are shown below.

<u>Service</u>	<u>Firefighters</u>	<u>Police Officers</u>
20	17.5%	25%
21 – 24	5.0%	5.0%
25	100%	100%

Firefighters who entered the plan on or after January 1, 2014 and Police Officers who are not eligible to retire by July 1, 2013 are assumed to retire at a rate of 1.0% per year once the sum of age and years of Credited Service is at least 70, with 100% assumed to retire upon reaching 25 years of Credited Service. In addition, all Members are assumed to retire no later than age 58.

Disability Rates

Sample rates of disability are shown below.

<u>Age</u>	<u>Disability Rate</u>
25	0.105%
30	0.144%
35	0.182%
40	0.308%
45	0.434%
50	0.854%
55	1.274%

100% of disablements are assumed to be service related.

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

<u>State Contributions</u>	State premium tax revenue is assumed to be the same as the most recent distribution.
<u>Overtime Pay</u>	Overtime pay is assumed to equal to 6.5% of non-overtime related pensionable earnings in the years preceding retirement.
<u>Vacation Payout upon Termination</u>	Accumulated vacation that is payable upon termination of employment is assumed to be equal to the vacation balance as of July 1, 2013 for police officers and January 1, 2014 for firefighters.
<u>Accumulated Sick Leave</u>	Accumulated sick leave is assumed to increase benefit service according to the balance as of July 1, 2013 for police officers and January 1, 2014 for firefighters.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: <ul style="list-style-type: none">Interest - A half year, based on current 7.75% assumption.Salary - A full year, based on current 3.00% assumption.
<u>Asset Allocation Method</u>	Assets were allocated to police officers and firefighters separately as of October 1, 2012. The allocation was performed based on the accrued actuarial liability of each group (net of DROP accounts) with recognition that certain assets (DROP account and State Premium Tax Revenue) are already designated to each group. Future investment returns are allocated to each group such that the investment return as a percentage will be the same as the return on the total assets by taking into account the cash flow of each group separately.
<u>Actuarial Asset Method</u>	Assets are smoothed by recognizing investment gains or losses ratably over a five-year period. The investment gain or loss is determined based on the difference between the actual investment return for the year and the expected investment return by applying the assumed rate of return to the beginning of year market value of assets and cash flows during the year. The resulting asset value is constrained to no less than 80% nor greater than 120% of the market value of assets.
<u>Amortization Method</u>	Changes in Unfunded Liability are amortized over 30 years. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Low-Default-Risk Obligation Measure

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

GLOSSARY

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

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

- (a) The normal cost accrual rate equals:
 - i. the present value of future benefits for the participant, determined as of the participant's entry age, divided by
 - ii. the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

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

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

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

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

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

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

DISCUSSION OF RISK

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

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

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

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

DISCUSSION OF RISK (CONTINUED)

Impact of Plan Maturity on Risk

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has increased from 80.0% on October 1, 2018 to 74.3% on October 1, 2023, indicating that the plan has experienced a growth in active population.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 71.8%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 83.6% on October 1, 2018 to 98.8% on October 1, 2023.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from -4.9% on October 1, 2018 to -4.6% on October 1, 2023. The current Net Cash Flow Ratio of -4.6% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

DISCUSSION OF RISK (CONTINUED)

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of \$482,803,353. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

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

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

CONSOLIDATED TOTAL
PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2020</u>	<u>10/1/2018</u>
<u>Support Ratio</u>				
Total Actives	381	390	410	393
Total Inactives ¹	513	509	508	491
Actives / Inactives ¹	74.3%	76.6%	80.7%	80.0%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	302,366,954	277,850,564	296,918,563	253,221,825
Total Annual Payroll	30,037,859	28,805,938	25,481,061	25,009,614
MVA / Total Annual Payroll	1,006.6%	964.6%	1,165.3%	1,012.5%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	244,982,890	238,750,669	225,959,380	222,958,488
Total Accrued Liability (EAN)	341,408,184	329,123,157	298,371,458	287,969,775
Inactive AL / Total AL	71.8%	72.5%	75.7%	77.4%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	337,299,611	332,839,491	302,938,520	240,646,321
Total Accrued Liability (EAN)	341,408,184	329,123,157	298,371,458	287,969,775
AVA / Total Accrued Liability (EAN)	98.8%	101.1%	101.5%	83.6%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(13,952,529)	(15,526,294)	(11,070,537)	(12,306,508)
Market Value of Assets (MVA)	302,366,954	277,850,564	296,918,563	253,221,825
Ratio	-4.6%	-5.6%	-3.7%	-4.9%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

FIREFIGHTERS
PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2020</u>	<u>10/1/2018</u>
<u>Support Ratio</u>				
Total Actives	173	172	167	138
Total Inactives ¹	188	187	195	193
Actives / Inactives ¹	92.0%	92.0%	85.6%	71.5%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	122,268,194	112,860,056	121,158,931	103,609,352
Total Annual Payroll	13,657,062	12,636,025	10,486,247	9,116,212
MVA / Total Annual Payroll	895.3%	893.2%	1,155.4%	1,136.5%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	96,241,861	95,122,002	93,313,714	95,254,147
Total Accrued Liability (EAN)	138,706,549	132,700,073	121,474,963	119,301,508
Inactive AL / Total AL	69.4%	71.7%	76.8%	79.8%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	136,208,246	135,302,503	123,558,402	98,373,250
Total Accrued Liability (EAN)	138,706,549	132,700,073	121,474,963	119,301,508
AVA / Total Accrued Liability (EAN)	98.2%	102.0%	101.7%	82.5%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(6,271,980)	(6,492,869)	(5,636,896)	(4,816,425)
Market Value of Assets (MVA)	122,268,194	112,860,056	121,158,931	103,609,352
Ratio	-5.1%	-5.8%	-4.7%	-4.6%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

POLICE OFFICERS
PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2020</u>	<u>10/1/2018</u>
<u>Support Ratio</u>				
Total Actives	208	218	243	255
Total Inactives ¹	325	322	313	298
Actives / Inactives ¹	64.0%	67.7%	77.6%	85.6%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	180,098,760	164,990,508	175,759,632	149,612,473
Total Annual Payroll	16,380,797	16,169,913	14,994,814	15,893,402
MVA / Total Annual Payroll	1,099.5%	1,020.4%	1,172.1%	941.3%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	148,741,029	143,628,667	132,645,666	127,704,341
Total Accrued Liability (EAN)	202,701,635	196,423,084	176,896,495	168,668,267
Inactive AL / Total AL	73.4%	73.1%	75.0%	75.7%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	201,091,365	197,536,988	179,380,118	142,273,071
Total Accrued Liability (EAN)	202,701,635	196,423,084	176,896,495	168,668,267
AVA / Total Accrued Liability (EAN)	99.2%	100.6%	101.4%	84.4%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(7,680,548)	(9,033,425)	(5,433,640)	(7,490,083)
Market Value of Assets (MVA)	180,098,760	164,990,508	175,759,632	149,612,473
Ratio	-4.3%	-5.5%	-3.1%	-5.0%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

EXCESS STATE MONIES RESERVE

Firefighters' Distribution

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$310,569.70	\$310,569.70	\$0.00
1999	308,826.01	310,569.70	0.00
2000	340,476.79	310,569.70	29,907.09
2001	365,050.96	310,569.70	54,481.26
2002	386,831.39	310,569.70	76,261.69
2003	404,962.46	310,569.70	94,392.76
2004	420,900.88	310,569.70	110,331.18
2005	478,607.14	310,569.70	168,037.44
2006	539,517.35	310,569.70	228,947.65
2007	639,048.86	580,918.87	58,129.99
2008	653,591.00	580,918.87	72,672.13
2009	586,462.27	580,918.87	5,543.40
2010	566,345.69	580,918.87	0.00
2011	572,537.52	580,918.87	0.00
2012	578,012.52	580,918.87	0.00
2013	573,439.20	580,918.87	0.00
2014	616,730.22	580,918.87	35,811.35
2015	597,606.37	580,918.87	16,687.50
2016	554,610.96	580,918.87	0.00
2017	519,432.67	580,918.87	0.00
2018	573,771.90	580,918.87	0.00
2019	553,982.69	580,918.87	0.00
2020	646,766.57	580,918.87	65,847.70
2021	670,841.96	580,918.87	89,923.09
2022	671,610.17	580,918.87	90,691.30
2023	901,570.52	580,918.87	320,651.65
Total Excess State Monies			1,518,317.18
Amount Allocated to Benefit Improvements			<u>(1,518,317.18)</u>
Equals Current State Monies Reserve			\$0.00

EXCESS STATE MONIES RESERVE

Police Officers' Distribution

	<u>Actual State Contribution</u>	<u>Applicable "Frozen" Amount</u>	<u>Excess State Monies Reserve</u>
1998	\$485,156.16	\$485,156.16	\$0.00
1999	484,907.97	485,156.16	0.00
2000	479,761.05	485,156.16	0.00
2001	532,645.23	485,156.16	47,489.07
2002	577,629.43	485,156.16	92,473.27
2003	613,690.66	485,156.16	128,534.50
2004	599,120.94	485,156.16	113,964.78
2005	607,282.55	485,156.16	122,126.39
2006	632,775.65	485,156.16	147,619.49
2007	614,350.42	558,361.13	55,989.29
2008	641,820.00	558,361.13	83,458.87
2009	667,804.62	558,361.13	109,443.49
2010	614,258.14	558,361.13	55,897.01
2011	609,604.08	558,361.13	51,242.95
2012	599,909.03	558,361.13	41,547.90
2013	596,585.28	558,361.13	38,224.15
2014	643,264.53	558,361.13	84,903.40
2015	672,221.27	558,361.13	113,860.14
2016	688,129.56	558,361.13	129,768.43
2017	738,850.69	558,361.13	180,489.56
2018	792,532.36	558,361.13	234,171.23
2019	1,029,476.16	558,361.13	471,115.03
2020	911,505.90	558,361.13	353,144.77
2021	866,580.46	558,361.13	308,219.33
2022	914,921.22	558,361.13	356,560.09
2023	1,053,891.74	558,361.13	495,530.61
Total Excess State Monies			3,815,773.75
Amount Allocated to Benefit Improvements			<u>(3,815,773.75)</u>
Equals Current State Monies Reserve			\$0.00

FIREFIGHTERS
 CITY CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
 FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2023

(1)	City Required Contribution	\$1,358,423.60
(2)	Less Allowable State Contribution	<u>(580,918.87)</u>
(3)	Equals Required City Contribution for Fiscal 2023	777,504.73
(4)	Less Actual City Contributions	<u>(777,504.73)</u>
(5)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2023	\$0.00

POLICE OFFICERS
 CITY CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
 FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2023

(1)	City Required Contribution	\$1,985,202.08
(2)	Less Allowable State Contribution	<u>(558,361.13)</u>
(3)	Equals Required City Contribution for Fiscal 2023	1,426,840.95
(4)	Less Actual City Contributions	<u>(1,426,840.95)</u>
(5)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2023	\$0.00

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	25,528,289
Due from City of Gainesville	11,998,229
Dividends Receivable	168,198
Investments, at Fair Value	264,817,632
 Total Assets	 302,512,347
 <u>LIABILITIES</u>	
Payables:	
Accounts Payable	141,423
Wages Payable	3,970
 Total Liabilities	 145,393
 NET POSITION RESTRICTED FOR PENSIONS	 302,366,954

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

	<u>SEPTEMBER 30, 2023</u>	<u>SEPTEMBER 30, 2022</u>
<u>ADDITIONS</u>		
Contributions:		
Member	\$ 2,552,695	\$ 2,332,944
City	2,204,346	1,869,220
State	1,955,462	0
Total Contributions	\$ 6,712,503	\$ 4,202,164
Investment Income:		
Net Increase in Fair Value of Investments	\$ 36,754,555	\$ (58,165,889)
Interest & Dividends	3,246,514	5,050,874
Investment Income:	\$ 40,001,069	\$ (53,115,015)
Total Additions	\$ 46,713,572	\$ (48,912,851)
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	\$ 18,481,498	\$ 17,713,252
Retiree DROP Payouts and Rollovers	1,525,718	2,897,441
Refunds of Member Contributions	318,214	377,611
Investment Expense	833,277	1,000,713
Administrative Expense	705,101	666,685
Transfer to Share Plan	488,977	779,683
Transfer to POB 2022	0	6,696
Total Deductions	\$ 22,352,786	\$ 23,442,081
Net Increase in Net Position	24,360,786	(72,354,932)
 <u>NET POSITION RESTRICTED FOR PENSIONS</u>		
Beginning of the Year	\$ 274,944,639	\$ 345,706,130
Adjustment to Beginning of Year ¹	\$ (214)	\$ 6,910
Adjusted Beginning of Year	\$ 274,944,425	\$ 345,713,040
End of the Year	\$ 299,305,211	\$ 273,358,108
Receivable from State	0	1,586,531
Total Fund including Receivable from State	\$ 299,305,211	\$ 274,944,639
Share Plan Balance	3,061,743	2,905,925
Total Fund including Share Plan Balance	\$ 302,366,954	\$ 277,850,564
Rate of Investment Return	14.64%	-16.08%

¹ \$214 ICMA DROP account balance

CITY OF GAINESVILLE
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

<u>ADDITIONS</u>	<u>FIREFIGHTERS</u>	<u>POLICE OFFICERS</u>
Contributions:		
Member	\$ 1,260,666	\$ 1,292,029
City	777,505	1,426,841
State	901,571	1,053,892
Total Contributions	<u>\$ 2,939,741</u>	<u>\$ 3,772,762</u>
Investment Income:		
Net Increase in Fair Value of Investments	\$ 14,955,197	\$ 21,799,358
Interest & Dividends	1,320,986	1,925,528
Investment Income	<u>\$ 16,276,183</u>	<u>\$ 23,724,886</u>
Total Additions	\$ 19,215,924	\$ 27,497,648
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	\$ 7,713,590	\$ 10,767,908
Lump Sum DROP Distributions	1,252,988	272,730
Refunds of Member Contributions	80,355	237,859
Investment Expense	339,055	494,222
Administrative Expense	347,538	357,563
Transfer to Share Plan	248,312	240,665
Total Deductions	\$ 9,981,838	\$ 12,370,947
Net Increase in Net Position	\$ 9,234,086	\$ 15,126,700
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year	\$ 112,212,238	\$ 162,732,401
Adjustment to Beginning of Year ¹	0	(214)
Adjusted Beginning of Year	<u>\$ 112,212,238</u>	<u>\$ 162,732,187</u>
End of the Year	\$ 121,446,324	\$ 177,858,887
Receivable from State	<u>0</u>	<u>0</u>
Total Fund including Receivable from State	\$ 121,446,324	\$ 177,858,887
Share Plan Balance	<u>821,870</u>	<u>2,239,873</u>
Total Fund including Share Plan Balance	\$ 122,268,194	\$ 180,098,760
Rate of Investment Return	14.64%	14.64%

CITY OF GAINESVILLE
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Actuarial Value Basis

	<u>FIREFIGHTERS</u>	<u>POLICE OFFICERS</u>			
A. Market Value of Assets Beginning of the Year	\$ 112,212,238	\$ 162,732,401			
B. Net Cash Flow					
1. Member Contributions	\$ 1,260,666	\$ 1,292,029			
2. City Contributions	777,505	1,426,841			
3. Transfer to POB	0	0			
4. Distributions (Excluding Investment Expenses)	(9,642,783)	(11,876,725)			
5. Net Cash Flow During the Plan Year	(7,604,613)	(9,157,855)			
6. State Contributions (Made at Year End)	901,571	1,053,892			
7. Net Cash Flow (B5 + B6)	\$ (6,703,042)	\$ (8,103,964)			
C. Expected Return of 7.75% (A + B3 + (B5 - B3) / 2) * 0.0775	\$ 8,401,770	\$ 12,256,894			
D. Expected Market Value End of Year (A + B7 + C)	\$ 113,910,966	\$ 166,885,331			
E. Actual Market Value (MV) End of Year	\$ 121,446,324	\$ 177,858,887			
F. Gain/(Loss) on Market Value (E - D)	\$ 7,535,358	\$ 10,973,556			
G. Deferred Gains/(Losses) on Market Value of Assets					
	<u>Fiscal Year Ending</u>	<u>Gain / (Loss)</u>	<u>Amount Deferred</u>	<u>Gain / (Loss)</u>	<u>Amount Deferred</u>
	September 30, 2023	\$7,535,358	\$ 6,028,286	\$10,973,556	\$ 8,778,845
	September 30, 2022	(\$33,280,563)	\$ (19,968,338)	(\$49,619,083)	\$ (29,771,450)
	September 30, 2021	0	0	0	0
	September 30, 2020	0	0	0	0
	Total Deferred		\$ (13,940,052)		\$ (20,992,605)
H. Actuarial Value (AV) End of Year					
1. Preliminary AV end of year: (E - G)		\$ 135,386,376		\$ 198,851,492	
2. Upper corridor limit: 120% * E		145,735,588		213,430,664	
3. Lower corridor limit: 80% * E		97,157,060		142,287,110	
4. Actuarial value end of year		\$ 135,386,376		\$ 198,851,492	
I. Share Plan Balance		\$ 821,870		\$ 2,239,873	
J. Actuarial Value including Share Plan Balance ¹		\$ 136,208,246		\$ 201,091,365	
K. Rate of Investment Return on Actuarial Value		5.66%		6.11%	

CITY OF GAINESVILLE
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
RECONCILIATION OF DROP ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>SEPTEMBER 30, 2023</u>	<u>SEPTEMBER 30, 2022</u>
Market Value Beginning of the Year	\$ 3,140,349	\$ 4,129,778
<u>ADDITIONS</u>		
Contributions	\$ 1,217,169	\$ 1,598,906
Investment Income	84,948	309,106
Total Additions	\$ 1,302,117	\$ 1,908,012
<u>DEDUCTIONS</u>		
Benefit Payments ¹	\$ (1,525,931)	\$ (2,897,441)
Investment Income	0	0
Total Deductions	\$ (1,525,931)	\$ (2,897,441)
Market Value of Assets End of the Year	\$ 2,916,535	\$ 3,140,349

	<u>FIREFIGHTERS SEPTEMBER 30, 2023</u>	<u>POLICE OFFICERS SEPTEMBER 30, 2023</u>
Market Value Beginning of the Year	\$ 1,601,884	\$ 1,538,465
<u>ADDITIONS</u>		
Contributions	\$ 372,657	\$ 844,512
Investment Income	21,647	63,301
Total Additions	\$ 394,304	\$ 907,813
<u>DEDUCTIONS</u>		
Benefit Payments ¹	\$ (1,252,988)	\$ (272,943)
Investment Income	0	0
Total Deductions	\$ (1,252,988)	\$ (272,943)
Market Value of Assets End of the Year	\$ 743,200	\$ 2,173,335

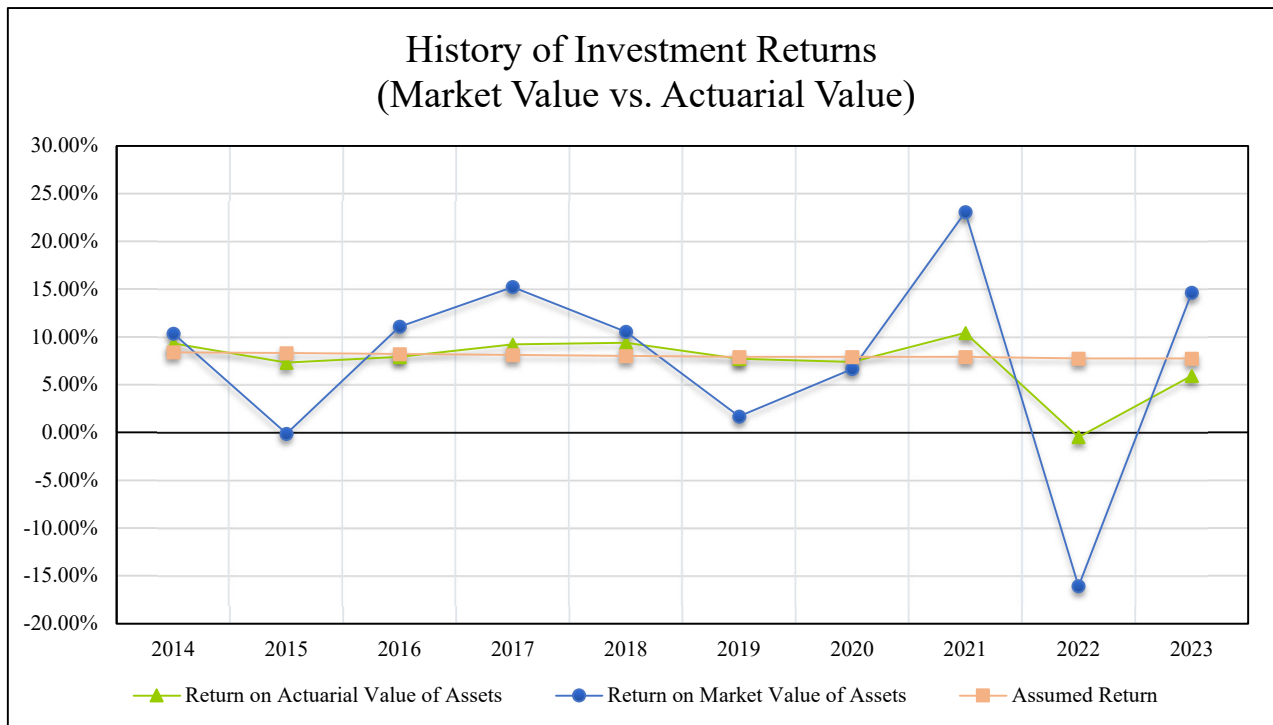
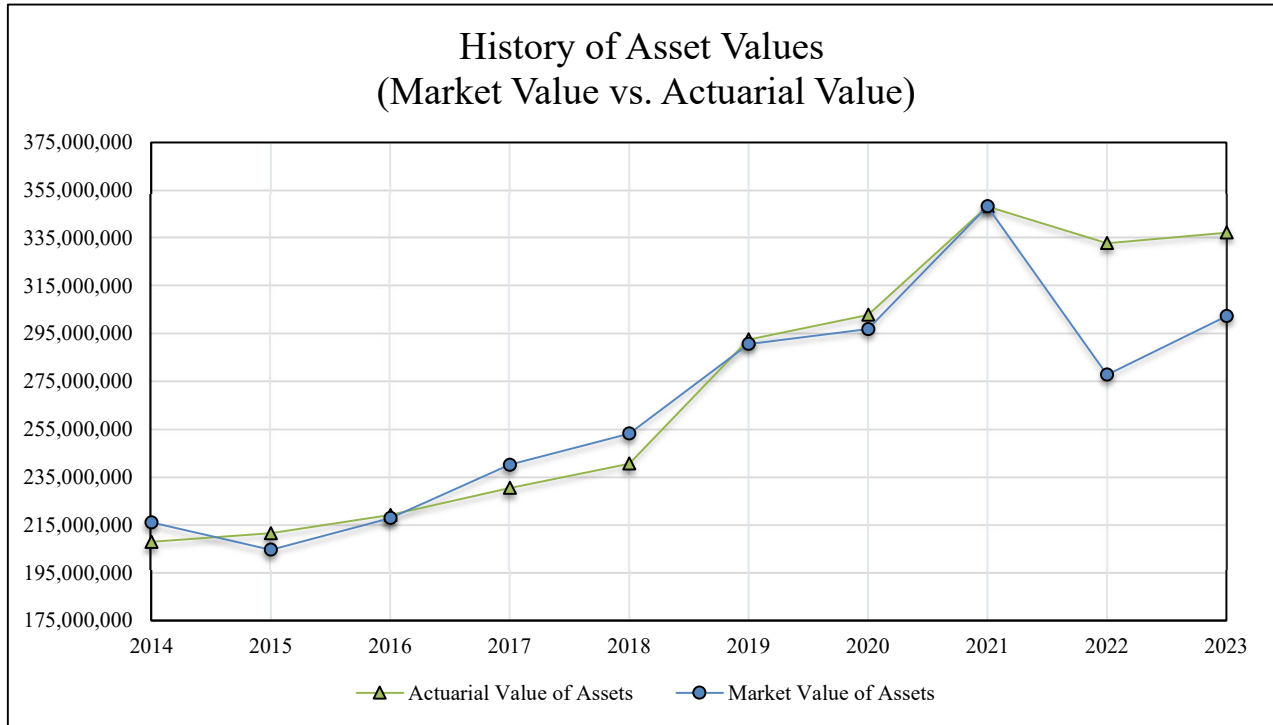
¹ Includes remaining balance from the ICMA DROP account for Fiscal Year 2023.

CITY OF GAINESVILLE
CONSOLIDATED POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT PLAN
RECONCILIATION OF SHARE ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>SEPTEMBER 30, 2023</u>	<u>SEPTEMBER 30, 2022</u>
Market Value Beginning of the Year	\$ 2,905,925	\$ 2,504,332
<u>ADDITIONS</u>		
Contributions	\$ 488,978	\$ 779,683
Investment Income	0	0
Total Additions	\$ 488,978	\$ 779,683
<u>DEDUCTIONS</u>		
Share Plan Distributions	\$ (333,160)	\$ (378,090)
Expenses	0	0
Total Deductions	\$ (333,160)	\$ (378,090)
Market Value of Assets End of the Year	\$ 3,061,743	\$ 2,905,925

	<u>FIREFIGHTERS SEPTEMBER 30, 2023</u>	<u>POLICE OFFICERS SEPTEMBER 30, 2023</u>
Market Value Beginning of the Year	\$ 647,818	\$ 2,258,107
<u>ADDITIONS</u>		
Contributions	\$ 248,312	\$ 240,666
Investment Income	0	0
Total Additions	\$ 248,312	\$ 240,666
<u>DEDUCTIONS</u>		
Benefit Payments	\$ (74,260)	\$ (258,900)
Expenses	0	0
Total Deductions	\$ (74,260)	\$ (258,900)
Market Value of Assets End of the Year	\$ 821,870	\$ 2,239,873

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



CONSOLIDATED TOTAL
STATISTICAL DATA

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	381	390	389	410
Average Current Age	38.0	38.1	38.1	37.4
Average Age at Employment	27.8	28.1	28.2	28.1
Average Past Service	10.1	10.1	10.0	9.4
Average Annual Salary	\$78,840	\$73,861	\$70,715	\$63,061
<u>Service Retirees</u>				
Number	392	390	373	376
Average Current Age	66.6	66.4	66.4	66.1
Average Annual Benefit	\$44,206	\$43,356	\$42,518	\$41,883
<u>DROP Retirees</u>				
Number	27	25	34	28
Average Current Age	54.6	53.9	54.7	53.4
Average Annual Benefit	\$47,844	\$47,320	\$51,127	\$49,462
<u>Beneficiaries</u>				
Number	43	41	41	39
Average Current Age	75.9	75.6	75.0	74.8
Average Annual Benefit	\$24,297	\$23,515	\$22,283	\$21,728
<u>Disability Retirees</u>				
Number	24	23	25	26
Average Current Age	63.2	62.3	62.5	61.6
Average Annual Benefit	\$19,461	\$19,435	\$18,964	\$18,688
<u>Terminated Vested</u>				
Number	47	38	42	39
Average Current Age ¹	46.4	45.6	47.5	44.5
Average Annual Benefit ¹	\$15,673	\$15,246	\$16,684	\$12,740

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

CONSOLIDATED TOTAL
AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	2											2
20 - 24	13	7	2	1								23
25 - 29	9	8	6	10	13	5						51
30 - 34	7	7	8	6	11	28	4					71
35 - 39	2	1		5	3	20	32	8				71
40 - 44		2	1	1	4	8	14	31	7			68
45 - 49						5	7	17	16	2		47
50 - 54	1					5	1	17	12	1		37
55 - 59					1			2	1	1	1	6
60 - 64						1	1		1			3
65+						1				1		2
Total	34	25	17	23	32	73	59	75	37	5	1	381

CONSOLIDATED TOTAL
VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	390
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Vested in refund of member contributions only	(12)
iii. Refund of member contributions or full lump sum distribution	(15)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(1)
e. Retired	(6)
f. DROP	(8)
g. Continuing participants	347
h. New entrants / rehires	34
i. Total active life participants in valuation	381

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

	Service Retirees, Vested Receiving <u>Benefits</u>	DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity) <u>Refund</u>	Vested (Due Refund) <u>Refund</u>	<u>Total</u>
a. Number prior valuation	390	25	41	23	30	8	517
Retired	13	(6)			(1)		6
DROP		8					8
Vested (Deferred Annuity)					1		1
Vested (Due Refund)						12	12
Hired/Terminated in Same Year						2	2
Death, With Survivor	(3)		4		(1)		0
Death, No Survivor	(8)		(2)				(10)
Disabled				1			1
Refund of Contributions					(1)	(2)	(3)
Rehires							0
Expired Annuities							0
Data Corrections					(1)		(1)
b. Number current valuation	392	27	43	24	27	20	533

FIREFIGHTERS
STATISTICAL DATA

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	173	172	163	167
Average Current Age	36.6	36.8	36.9	36.2
Average Age at Employment	27.0	27.3	27.4	27.5
Average Past Service	9.6	9.5	9.5	8.7
Average Annual Salary	\$78,943	\$73,465	\$71,741	\$65,030
<u>Service Retirees</u>				
Number	150	147	144	149
Average Current Age	68.7	68.6	68.5	68.0
Average Annual Benefit	\$47,450	\$46,689	\$44,748	\$44,274
<u>DROP Retirees</u>				
Number	7	9	14	11
Average Current Age	53.3	53.1	55.1	52.2
Average Annual Benefit	\$57,429	\$53,899	\$57,891	\$54,483
<u>Beneficiaries</u>				
Number	21	21	20	21
Average Current Age	76.7	76.3	75.5	75.4
Average Annual Benefit	\$27,162	\$25,202	\$24,279	\$24,638
<u>Disability Retirees</u>				
Number	7	7	8	8
Average Current Age	65.0	64.0	64.4	63.3
Average Annual Benefit	\$21,560	\$21,216	\$19,987	\$19,684
<u>Terminated Vested</u>				
Number	11	6	11	6
Average Current Age ¹	45.1	44.1	48.5	38.7
Average Annual Benefit ¹	\$24,044	\$24,044	\$22,404	\$10,820

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

FIREFIGHTERS
AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	2											2
20 - 24	7	6	1									14
25 - 29	4	3	3	4	8	2						24
30 - 34	2	5	1	3	9	17						37
35 - 39	1				2	14	5	3				25
40 - 44		1			3	5	9	15	5			38
45 - 49						3	3	5	6			17
50 - 54						1		5	6	1		13
55 - 59										1		1
60 - 64									1			1
65+										1		1
Total	16	15	5	7	22	42	17	28	18	3	0	173

FIREFIGHTERS
VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	172
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	(6)
iii. Refund of member contributions or full lump sum distribution	(4)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(2)
f. DROP	<u>(3)</u>
g. Continuing participants	157
h. New entrants / Rehires	<u>16</u>
i. Total active life participants in valuation	173

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

	Service Retirees, Vested Receiving	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	147	9	21	7	3	3	190
Retired	7	(5)					2
DROP		3					3
Vested (Deferred Annuity)							0
Vested (Due Refund)						6	6
Hired/Terminated in Same Year							0
Death, With Survivor	(2)		2				0
Death, No Survivor	(2)		(2)				(4)
Disabled							0
Refund of Contributions						(1)	(1)
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	150	7	21	7	3	8	196

POLICE OFFICERS
STATISTICAL DATA

	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>	<u>10/1/2020</u>
<u>Actives</u>				
Number	208	218	226	243
Average Current Age	39.1	39.2	39.0	38.3
Average Age at Employment	28.5	28.7	28.7	28.5
Average Past Service	10.6	10.5	10.3	9.8
Average Annual Salary	\$78,754	\$74,174	\$69,975	\$61,707
<u>Service Retirees</u>				
Number	242	243	229	227
Average Current Age	65.3	65.1	65.0	64.9
Average Annual Benefit	\$42,195	\$41,340	\$41,116	\$40,314
<u>DROP Retirees</u>				
Number	20	16	20	17
Average Current Age	55.0	54.4	54.4	54.2
Average Annual Benefit	\$44,489	\$43,620	\$46,392	\$46,213
<u>Beneficiaries</u>				
Number	22	20	21	18
Average Current Age	75.1	74.8	74.6	74.0
Average Annual Benefit	\$21,563	\$21,743	\$20,383	\$18,334
<u>Disability Retirees</u>				
Number	17	16	17	18
Average Current Age	62.5	61.6	61.6	60.8
Average Annual Benefit	\$18,597	\$18,656	\$18,482	\$18,246
<u>Terminated Vested</u>				
Number	36	32	31	33
Average Current Age ¹	46.6	45.8	47.1	45.5
Average Annual Benefit ¹	\$14,627	\$14,268	\$14,654	\$13,089

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

POLICE OFFICERS
AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19												0
20 - 24	6	1	1	1								9
25 - 29	5	5	3	6	5	3						27
30 - 34	5	2	7	3	2	11	4					34
35 - 39	1	1		5	1	6	27	5				46
40 - 44		1	1	1	1	3	5	16	2			30
45 - 49						2	4	12	10	2		30
50 - 54	1					4	1	12	6			24
55 - 59					1			2	1		1	5
60 - 64						1	1					2
65+						1						1
Total	18	10	12	16	10	31	42	47	19	2	1	208

POLICE OFFICERS
VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	218
b. Terminations	
i. Vested (partial or full) with deferred annuity	(1)
ii. Vested in refund of member contributions only	(6)
iii. Refund of member contributions or full lump sum distribution	(11)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(1)
e. Retired	(4)
f. DROP	<u>(5)</u>
g. Continuing participants	190
h. New entrants / Rehires	<u>18</u>
i. Total active life participants in valuation	208

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

	Service Retirees, Vested Receiving	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	243	16	20	16	27	5	327
Retired	6	(1)			(1)		4
DROP		5					5
Vested (Deferred Annuity)					1		1
Vested (Due Refund)						6	6
Hired/Terminated in Same Year						2	2
Death, With Survivor	(1)		2		(1)		0
Death, No Survivor	(6)						(6)
Disabled				1			1
Refund of Contributions					(1)	(1)	(2)
Rehires							0
Expired Annuities							0
Data Corrections					(1)		(1)
b. Number current valuation	242	20	22	17	24	12	337

SUMMARY OF CURRENT PLAN

Eligibility

Any full-time regular employee who is certified as a firefighter as a condition of employment in accordance with the provisions of F.S. § 633.35, and whose duty it is to extinguish fires, to protect life, and to protect property, or any full-time regular employee who is certified or required to be certified as a law enforcement officer in compliance with F.S. § 943.14, who is vested with authority to bear arms and make arrests, and whose primary responsibility is the prevention and detection of crime or the enforcement of the penal, criminal, traffic, or highway laws of the state.

Member Contributions

Members are required to contribute 7.5% of gross pay. Effective with the first full pay period following January 1, 2014, firefighters contribute 9.0% of gross pay.

State Contributions

State premium tax revenue under Chapter 175/185 received annually is used to offset required contributions. Chapter 185 premium tax revenue up to \$558,361.13 will be used to offset annual required contributions with excess amounts going to the Supplemental Retirement Program. Chapter 175 premium tax revenue up to \$580,918.87 will be used to offset annual required contributions with excess amounts reserved for extra benefits.

Credited Service

Credited Service means the total number of months of service with the City, expressed in terms of full and fractional years, where a member earns one month of service for at least 10 days of service within each month beginning on the day of the month corresponding to the member's date of employment. Credited Service will include unused sick leave credits, any authorized leave of absence up to 90 days, and military service as required by Federal law.

Unused sick leave will be limited to the lesser of the number of credits at retirement and the credits earned as of July 1, 2013 for police officers and credits earned as of January 1, 2014 for firefighters.

Limited Participant Service

Service worked for the City as an ineligible member of the plan will be counted for any purpose of the Plan, except for the purpose of determining the member's accrued benefit.

Gross Pay

Types of compensation, at the discretion of the City, which will have member contribution deducted, provided that such types of compensation will also be included for determining Earnings.

SUMMARY OF CURRENT PLAN (CONTINUED)

Earnings

Earnings include base pay (including all paid leaves), overtime pay, working out of classification pay, longevity pay, Florida city firefighters supplemental education incentive payments, Florida police officer educational salary incentive payments, police security overtime pay, special assignment pay, special duty assignment pay, paramedic certification pay, stand-by pay, call-back pay, acting out of classification pay, and termination vacation pay, except as provided for by collective bargaining agreements. In addition, for those employees who become a member of the plan on or after October 1, 1996, earnings are limited to \$150,000 per year (as indexed).

Effective July 1, 2013 for police officers and January 1, 2014 for firefighters, overtime is limited to 300 hours per year. In addition, accumulated vacation pay included in earnings will be the lesser of the number of credited hours at retirement and the number of hours as of July 1, 2013 for police officers and the number of hours as of January 1, 2014 for firefighters.

Final Average Earnings (FAE)

Final Average Earnings mean average earnings for the highest 36 consecutive months, or highest 48 consecutive months for police officers who become members on or after July 1, 2013.

Monthly Accrued Benefit

Final average earnings multiplied by a percentage per year of credited service as follows:

<u>Date</u>	<u>Firefighters</u>	<u>Police Officers</u>
Prior to October 1, 2005	2.5%	2.5%
October 1, 2005 to July 1, 2013	2.625%	2.625%
July 1, 2013 to January 1, 2014	2.625%	2.5%
After January 1, 2014	2.5%	2.5%

Normal Retirement

Date

First day of the month coincident with or following the earlier of:

- (1) 20 years of service
- (2) Age 55 with 10 or more years of service
- (3) Age plus service equal 70

For police officers who become participants on or after July 1, 2013, and firefighters who become participants on or after January 1, 2014, item (1) above is equal to 25 years of service.

Benefit

Monthly Accrued Benefit

Normal Form of Payment

Ten Year Certain & Life

SUMMARY OF CURRENT PLAN (CONTINUED)

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Members that terminate employment with 10 or more years of service, the Monthly Accrued Benefit is payable unreduced at age 55. The benefit can be commenced at age 50, actuarially reduced, but not to exceed 3.0% per year prior to age 55. Members that terminate employment with less than 10 years of service will be eligible to receive a refund of Member contributions without interest. Members may voluntarily leave contributions in the Plan for a period of five years after separation and receive service credit upon rehire within the five-year period. After five years, Member contributions will automatically be refunded without interest.

Optional Forms of Payment

Actuarial Equivalence	Interest rate: 9.5% Mortality Table: 1994 Group Annuity Mortality Basic Table-Unisex 50/50
Form of Payment	Life Annuity, 100% Joint and Last Survivor, 75% Joint and Last Survivor, 66 2/3% Joint and Last Survivor, 66 2/3% Joint and Survivor, 50% Joint and Last Survivor Joint and Last Survivor reduces upon death of the Member or Beneficiary. Joint and Survivor reduces only upon death of the Member. All forms above guarantee the Member will receive the Member's contributions.

Disability

Eligibility	
Service Incurred	Permanent and totally disabled in the line of duty.
Non-Service Incurred	Permanent and totally disabled not in the line of duty after completion of 5 years of credited service.
Benefit	
Service Incurred	The greater of the Monthly Accrued Benefit and 42% of Final Average Earnings.
Non-Service Incurred	The greater of the Monthly Accrued Benefit and 25% of Final Average Earnings.

SUMMARY OF CURRENT PLAN (CONTINUED)

Death Benefits

Pre-Retirement

Eligibility

Death prior to retirement.

Benefit

If the Member has less than 10 years of service upon death, the beneficiary will receive the member's contributions without interest. If the Member has 10 or more years of service, the beneficiary will receive the member's accrued benefit payable at normal or early retirement in the form of benefit chosen by the beneficiary.

Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Deferred Retirement Option Plan ("DROP")

Eligibility

A Member who has earned at least 25 years of service or age plus service equal 70.

Participation

Members may participate for 96 months but must cease at the conclusion of a total of 33 years of regular employment with the City.

Rate of Return

DROP benefits accumulate with interest at 4.5% per year for police officers and 65% of the assumed rate of return on investments for firefighters.

Distribution

Lump sum and/or rollover to qualified retirement plan(s) at termination of employment.

Reverse DROP

Members can select a date in the past for participation in the DROP. Reverse DROP members may participate for 60 months, but the end of the DROP period and termination of employment must occur no later than a total of 30 years of regular employment with the City.

Cost of Living Adjustment ("COLA")

Firefighters

- (1) Retired after October 1, 1999 with less than 20 years of service with age plus service at least 70 receive a 2.0% increase each October 1st following age 62.
- (2) Retired prior to October 1, 1999 receive a 2.0% increase each October 1st following age 62.
- (3) Retired after October 1, 1999 with at least 25 years of service receive a 2.0% increase each October 1st following age 55.
- (4) Retired after October 1, 1999 with at least 20 years but less than 25 years of service receive a 2.0% increase each October 1st following age 62.

SUMMARY OF CURRENT PLAN (CONTINUED)

Cost of Living Adjustment (continued)

Police Officers

- (1) Retired prior to October 1, 1999 receive a 2.0% increase each October 1st following age 62.
- (2) Retired after October 1, 1999, had at least 20 years of service on July 1, 2013, and retired with at least 25 years of service receive a 2.0% increase each October 1st following age 55.
- (3) Retired after October 1, 1999, had at least 20 years of service on July 1, 2013, and retired with less than 25 years of service receive a 2.0% increase each October 1st following age 62.
- (4) Retired after October 1, 1999, had less than 20 years of service on July 1, 2013, and retired with at least 25 years of service receive a 1.0% increase each October 1st following age 55, increasing to 2.0% each October 1st following age 62.

Members who are receiving a disability retirement after October 1, 1999 receive a 2.0% increase each October 1st following attainment of age 62.

Supplemental Retirement Program

Firefighters

Effective February 1, 2017, firefighters hired on or after October 1, 1998 are eligible to participate in the Supplemental Retirement Program, which includes full-time active, retired, and beneficiaries of firefighters who died in the line of duty or while in the military.

The initial allocation was based on a pro rata distribution of excess State premium tax revenues for plan years 1999 through 2006. Subsequent annual allocations will be pro rata based on State premium tax revenue received annually in excess of \$580,918.87. For allocations after September 30, 2022, firefighters must have 10 years of credited service and be employed on September 30th to receive an annual allocation.

Police Officers

Effective July 1, 2013, police officers hired on or after October 1, 2000 are eligible to participate in the Supplemental Retirement Program, which includes full-time active, retired, and beneficiaries of police officers who died in the line of duty or while in the military.

The initial allocation was based on a pro rata distribution of excess State premium tax revenues for plan years 2001 through 2012. Subsequent annual allocations will be pro rata based on State premium tax revenue received annually in excess of \$558,361.13.