

**Item 6.c.**

**Actuarial Reports**

Gabriel, Roeder, Smith & Company

**Item 6.c.i.**

**October 1, 2023 Actuarial Valuation Report**

# City of Delray Beach Police Officers' Retirement System

ACTUARIAL VALUATION REPORT  
AS OF OCTOBER 1, 2023

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR  
ENDING SEPTEMBER 30, 2025







May 8, 2024

Board of Trustees  
City of Delray Beach Police Officers'  
Retirement System  
Delray Beach, Florida

**Re: City of Delray Beach Police Officers' Retirement System  
Actuarial Valuation as of October 1, 2023**

Dear Board Members:

The results of the October 1, 2023 Annual Actuarial Valuation of the City of Delray Beach Police Officers' Retirement System are presented in this report.

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

The purposes of the valuation are to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2025, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67 for the fiscal year ending September 30, 2023. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results, associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The contribution rate in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report includes risk metrics on page 4 but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The findings in this report are based on data and other information through September 30, 2023. The valuation was based upon information furnished by the Plan Administrator concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

This report was prepared using certain assumptions approved by the Board as authorized under Florida Statutes and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Cost Method. The investment return assumption was prescribed by the Board and the assumed mortality rates detailed in the Actuarial Assumptions and Cost Method section were prescribed by Chapter 112.63, Florida Statutes. All actuarial assumptions used in this report are reasonable for purposes of this valuation. The combined effect of the assumptions, excluding prescribed assumptions or methods set by law, is excepted to have no significant bias (i.e. not significantly optimistic or pessimistic).

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the City of Delray Beach Police Officers' Retirement 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 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.

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

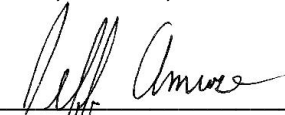
The signing actuaries are independent of the plan sponsor.

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. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

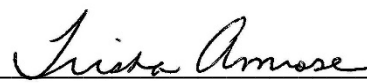
Gabriel, Roeder, Smith & Company will be pleased to review this valuation and Report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

By 

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Senior Consultant and Actuary



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## SECTION A

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### DISCUSSION OF VALUATION RESULTS



## DISCUSSION OF VALUATION RESULTS

### Comparison of Required Employer Contributions

The required employer contribution this year compared with the preceding year is as follows:

|                              | For FYE 9/30/2025<br>Based on 10/1/2023<br>Valuation | For FYE 9/30/2024<br>Based on 10/1/2022<br>Valuation | Increase<br>(Decrease) |
|------------------------------|--|--|------------------------|
| Required Contribution        | \$ 9,403,359   | \$ 9,059,658   | \$ 343,701             |
| As % of Contr. Year Payroll  | 63.01 %  | 66.14 %  | (3.13) %               |
| Estimated State Contribution | 606,595  | 606,595  | 0                      |
| As % of Contr. Year Payroll  | 4.06 %   | 4.43 %   | (0.37) %               |
| Net Employer Contribution    | 8,796,764  | 8,453,063  | 343,701                |
| As % of Contr. Year Payroll  | 58.95 %  | 61.71 %  | (2.76) %               |

### Payment of Required Contribution

The contribution developed in this valuation has been calculated as though payments are made at the end of each biweekly pay period. **If the full contribution for the fiscal year ending September 30, 2025 is paid on October 1, 2024, the net required employer contribution is \$8,487,846 or 56.88% of covered payroll.**

Further, the required Employer contribution has been computed with the assumption that the amount to be received from the State in FYE 2024 and 2025 will be at least equal to the base amount of \$606,595. If the actual payment from the State falls below this amount, then the Employer must increase its contribution by the difference.

Actual contributions for the fiscal year ending September 30, 2023 were \$7,882,933 from the City plus \$606,595 of Chapter 185 money, for a total of \$8,489,528. The total annual required contribution was \$8,489,528 based on the payment schedule. The excess Chapter 185 revenue of \$430,204 was applied to the Unfunded Actuarial Accrued Liability.

### Revisions in Benefits

There were no changes in benefits since the prior valuation.

### Revisions in Actuarial Assumptions and Methods

There were no changes in assumptions or methods since the prior valuation.

Please note that this valuation reflects the benefit provision which limits the annual benefit to \$108,000 without any assumption for future increases to this amount. We recommend that consideration be given to assuming future increases in this benefit limit when determining the liabilities of the Retirement System.



## Actuarial Experience

There was a net actuarial loss of \$2,471,086 since the last valuation which means that actual experience was less favorable than expected. The loss was primarily due to a lower investment rate of return than expected. The investment rate of return on the actuarial (smoothed) value of assets was 5.4% compared to 6.75% assumed. The market value of assets return was 13.1%.

The net loss caused the required employer contribution to increase by 1.44% of covered payroll (or approximately \$214,900).

## Funded Ratio

This year's funded ratio is 70.2% compared to 68.8% last year. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

## Analysis of Change in Employer Contribution

The components of change in the required Employer contribution are as follows:

|                                   |         |
|-----------------------------------|---------|
| Contribution Rate Last Year       | 61.71 % |
| Experience (Gains) or Losses      | 1.44    |
| Amortization Payment on UAAL      | (3.90)  |
| Normal Cost Rate                  | (0.64)  |
| Administrative Expense            | (0.03)  |
| Benefit Changes                   | 0.00    |
| Change in State Contribution Rate | 0.37    |
| Contribution Rate This Year       | 58.95 % |

## Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the required contribution is intended to produce contribution rates which are generally level as a percent of payroll. Even so, when experience differs from the assumptions, as it often does, the employer's contribution rate can vary significantly from year-to-year. Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Actuarial Value of Assets exceeds the Market Value of Assets by \$6,753,348 as of the valuation date (see Section C). This difference will be gradually recognized over the next several years. In turn, the computed employer contribution rate will increase by approximately 3.92% of covered payroll over the same period in the absence of offsetting gains.

## Relationship to Market Value

If Market Value had been the basis for the valuation, the Employer contribution rate would have been 62.87% and the funded ratio would have been 66.6%. In the absence of other gains and losses, the employer contribution rate should increase to that level over the next several years.

## Estimated Required City Contribution for FYE 2026

The estimated required employer contribution for FYE 2026 compared to the required employer contribution for FYE 2025 is as follows:

|                                | Estimated Required<br>Employer Contribution<br>for FYE 9/30/2026 | For FYE 9/30/2025<br>Based on 10/1/2023<br>Valuation | Increase<br>(Decrease) |
|--------------------------------|--|--|------------------------|
| Required Employer Contribution |  |  |                        |
| Date of Payment                | Biweekly   | Biweekly   |                        |
| Dollar Amount                  | \$ 9,150,000 <sup>1</sup>  | \$ 8,796,764   | \$ 353,236             |
| As % of Covered Payroll        | 58.00 % <sup>1</sup>   | 58.95 %  | (0.95) %               |

<sup>1</sup> Estimated Required Employer Contribution for FYE 2026 assuming no gains, losses, or assumption changes and a 5.67% increase in total covered payroll.

## Conclusion

It is important to note that system assets are not sufficient to cover the liabilities for current retirees. As of October 1, 2023, the market value of assets is \$123.7 million, and the liability for current pensioners is \$127.1 million.

Steps have been taken to address this issue, such as strengthening the actuarial assumptions, including lowering the investment return assumption. These steps are resulting in higher contributions in the short-term for the City, which will serve to improve the funded position of the Plan over time.

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.

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

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

1. Investment risk – actual investment returns may differ from the expected returns;
2. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
3. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
4. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
5. 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 contributions differing from expected.

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

The computed contribution rate shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

## PLAN MATURITY MEASURES

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

|  | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Ratio of the market value of assets to total payroll | 8.8         | 8.4         |
| Ratio of actuarial accrued liability to payroll      | 13.2        | 13.9        |
| Ratio of actives to retirees and beneficiaries       | 0.9         | 0.8         |
| Ratio of net cash flow to market value of assets     | 0.0%        | 0.3%        |

### RATIO OF MARKET VALUE OF ASSETS TO PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of 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 plan sponsor 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 contributions for a fully funded plan. 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 the 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 plan sponsor contributions) as a percentage of payroll.

### RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan 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 plan or a need for additional contributions



## **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: \$243,721,371

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: Individual Entry-Age Actuarial Cost Method

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 risk securities to provide the benefits with greater certainty. 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.**

## CHAPTER REVENUE

| Actuarial Confirmation of the Use of State Chapter Money  |            |
|---|------------|
| 1. Base Amount Previous Plan Year   | \$ 606,595 |
| 2. Amount Received for Previous Plan Year   | 1,036,799  |
| 3. Benefit Improvements   | 0          |
| 4. Excess Funds for Previous Plan Year  | 430,204    |
| 5. Accumulated Excess at Beginning of Previous Year   | 0          |
| 6. Prior Excess Used in Previous Plan Year  | 430,204    |
| 7. Accumulated Excess as of Valuation Date<br>(Available for Benefit Improvements): (4) + (5) - (6) | 0          |
| 8. Base Amount This Plan Year   | \$ 606,595 |

The Accumulated Excess shown in line 7 is being held in reserve and is subtracted from Plan assets. The Base Amount in line 8 is the amount the employer may take as a credit against its required contribution; however, in no event may the employer take credit for more than the actual amount of Chapter revenue received.

Under the mutual agreement between the City and the Union, \$606,595 of annual Chapter 185 revenue will be used as a credit toward the required contribution. Any excess Chapter 185 revenue above this amount will be applied toward the Unfunded Actuarial Accrued Liability.



## SECTION B

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### VALUATION RESULTS

| PARTICIPANT DATA  |                 |                 |
|---|-----------------|-----------------|
|   | October 1, 2023 | October 1, 2022 |
| <b>ACTIVE MEMBERS</b>   |                 |                 |
| Number  | 148             | 135             |
| Covered Annual Payroll  | \$ 14,122,833   | \$ 12,962,713   |
| Average Annual Payroll  | \$ 95,425       | \$ 96,020       |
| Average Age   | 36.3            | 37.0            |
| Average Past Service  | 9.4             | 10.0            |
| Average Age at Hire   | 26.9            | 27.0            |
| <b>RETIREES, BENEFICIARIES &amp; DROP</b>                               |                 |                 |
| Number  | 147             | 146             |
| Annual Benefits   | \$ 9,401,289    | \$ 9,060,947    |
| Average Annual Benefit  | \$ 63,954       | \$ 62,061       |
| Average Age   | 61.8            | 61.1            |
| <b>DISABILITY RETIREES</b>  |                 |                 |
| Number  | 15              | 16              |
| Annual Benefits   | \$ 580,929      | \$ 604,620      |
| Average Annual Benefit  | \$ 38,729       | \$ 37,789       |
| Average Age   | 64.7            | 64.9            |
| <b>TERMINATED VESTED MEMBERS (EXCLUDING NON-VESTED REFUNDS PAYABLE)</b> |                 |                 |
| Number  | 11              | 10              |
| Annual Benefits   | \$ 283,896      | \$ 258,816      |
| Average Annual Benefit  | \$ 25,809       | \$ 25,882       |
| Average Age   | 44.4            | 44.4            |

| ACTUARIALLY DETERMINED CONTRIBUTION (ADC)                              |                 |                 |
|--|-----------------|-----------------|
| A. Valuation Date  | October 1, 2023 | October 1, 2022 |
| B. ADC to Be Paid During Fiscal Year Ending                            | 9/30/2025       | 9/30/2024       |
| C. Assumed Dates of Employer Contributions                             | Biweekly        | Biweekly        |
| D. Annual Payment to Amortize<br>Unfunded Actuarial Liability          | \$ 6,146,554    | \$ 5,950,233    |
| E. Employer Normal Cost  | 2,459,529       | 2,341,835       |
| F. ADC if Paid on the Valuation Date: D+E                              | 8,606,083       | 8,292,068       |
| G. ADC Adjusted for Frequency of Payments                              | 8,898,260       | 8,573,584       |
| H. ADC as % of Covered Payroll   | 63.01 %         | 66.14 %         |
| I. Assumed Rate of Increase in Covered<br>Payroll to Contribution Year | 5.67 %          | 5.67 %          |
| J. Covered Payroll for Contribution Year                               | 14,923,598      | 13,697,699      |
| K. ADC for Contribution Year: H x J                                    | 9,403,359       | 9,059,658       |
| L. Estimated Credit for State Revenue in<br>Contribution Year          | 606,595         | 606,595         |
| M. Required Employer Contribution (REC) in<br>Contribution Year        | 8,796,764       | 8,453,063       |
| N. REC as % of Covered Payroll in<br>Contribution Year: M/J            | 58.95 %         | 61.71 %         |

| ACTUARIAL VALUE OF BENEFITS AND ASSETS                               |                 |                 |
|--|-----------------|-----------------|
| A. Valuation Date  | October 1, 2023 | October 1, 2022 |
| B. Actuarial Present Value of All Projected Benefits for             |                 |                 |
| 1. Active Members  |                 |                 |
| a. Service Retirement Benefits                                       | \$ 79,431,432   | \$ 75,797,597   |
| b. Vesting Benefits  | 5,579,852       | 5,138,934       |
| c. Disability Benefits   | 2,042,231       | 1,882,904       |
| d. Preretirement Death Benefits                                      | 710,059         | 659,749         |
| e. Return of Member Contributions                                    | 608,360         | 510,565         |
| f. Total   | 88,371,934      | 83,989,749      |
| 2. Inactive Members  |                 |                 |
| a. Service Retirees & Beneficiaries                                  | 121,105,244     | 117,147,671     |
| b. Disability Retirees   | 5,949,834       | 6,231,687       |
| c. Terminated Vested Members*  | 2,100,835       | 1,914,514       |
| d. Total   | 129,155,913     | 125,293,872     |
| 3. Total for All Members   | 217,527,847     | 209,283,621     |
| C. Actuarial Accrued (Past Service) Liability under Entry Age Normal | 185,851,557     | 179,856,823     |
| D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35      | 173,695,910     | 166,816,685     |
| E. Plan Assets   |                 |                 |
| 1. Market Value  | 123,729,648     | 109,396,630     |
| 2. Actuarial Value   | 130,482,996     | 123,786,587     |
| F. Unfunded Actuarial Accrued Liability                              | 55,368,561      | 56,070,236      |
| G. Actuarial Present Value of Projected Covered Payroll              | 131,013,750     | 118,747,962     |
| H. Actuarial Present Value of Projected Member Contributions         | 12,301,308      | 11,041,593      |
| I. Accumulated Contributions of Active Members                       | 8,660,247       | 8,243,446       |

\* Terminated Vested liability includes refunds payable for terminated non-vested members.

| CALCULATION OF EMPLOYER NORMAL COST               |                 |                 |
|---|-----------------|-----------------|
| A. Valuation Date                                 | October 1, 2023 | October 1, 2022 |
| B. Normal Cost for                                |                 |                 |
| 1. Service Retirement Benefits                    | \$ 2,904,799    | \$ 2,739,043    |
| 2. Vesting Benefits                               | 350,617         | 319,972         |
| 3. Disability Benefits                            | 144,805         | 132,746         |
| 4. Preretirement Death Benefits                   | 57,460          | 53,418          |
| 5. Return of Member Contributions                 | <u>142,939</u>  | <u>131,070</u>  |
| 6. Total for Future Benefits                      | 3,600,620       | 3,376,249       |
| 7. Assumed Amount for Administrative Expenses     | <u>182,489</u>  | <u>171,447</u>  |
| 8. Total Normal Cost                              | 3,783,109       | 3,547,696       |
| C. Expected Member Contribution                   | 1,323,580       | 1,205,861       |
| D. Employer Normal Cost: B8-C                     | 2,459,529       | 2,341,835       |
| E. Employer Normal Cost as a % of Covered Payroll | 17.42%          | 18.07%          |

| A. UAAL AMORTIZATION PERIOD AND PAYMENTS |                            |                             |                 |               |                      |
|--|----------------------------|-----------------------------|-----------------|---------------|----------------------|
| Original UAAL                            |                            |                             | Current UAAL    |               |                      |
| Date Established                         | Base Established           | Amortization Period (Years) | Years Remaining | Amount        | Amortization Payment |
| 10/1/2015                                | Initial Unfunded Liability | 18                          | 10              | \$ 30,786,285 | \$ 3,873,725         |
| 10/1/2015                                | Police Reserve             | 20                          | 12              | (1,886,444)   | (207,620)            |
| 10/1/2016                                | Excess State Revenue       | 20                          | 13              | (336,522)     | (35,014)             |
| 10/1/2016                                | Assumption Change          | 20                          | 13              | 3,122,462     | 324,880              |
| 10/1/2016                                | Actuarial Loss             | 20                          | 13              | 362,618       | 37,729               |
| 10/1/2017                                | Actuarial Gain             | 20                          | 14              | (529,948)     | (52,425)             |
| 10/1/2017                                | Assumption Change          | 20                          | 14              | 10,017,976    | 991,023              |
| 10/1/2017                                | Method Change              | 20                          | 14              | (1,728,588)   | (171,000)            |
| 10/1/2018                                | Actuarial Loss             | 20                          | 15              | 1,907,574     | 180,295              |
| 10/1/2018                                | Assumption Change          | 20                          | 15              | 3,884,986     | 367,190              |
| 10/1/2019                                | Actuarial Loss             | 20                          | 16              | 4,007,191     | 363,389              |
| 10/1/2019                                | Assumption Change          | 20                          | 16              | 593,215       | 53,795               |
| 10/1/2020                                | Actuarial Loss             | 20                          | 17              | 1,784,278     | 155,820              |
| 10/1/2021                                | Actuarial Gain             | 20                          | 18              | (2,302,194)   | (194,240)            |
| 10/1/2022                                | Actuarial Loss             | 20                          | 19              | 3,211,780     | 262,556              |
| 10/1/2022                                | Plan Change                | 20                          | 19              | 2,806         | 229                  |
| 10/1/2023                                | Actuarial Loss             | 20                          | 20              | 2,471,086     | 196,222              |
|  |                            |                             |                 | \$ 55,368,561 | \$ 6,146,554         |

#### B. Amortization Schedule

The UAAL is being amortized as a level percentage of covered annual payroll over the number of years remaining in the amortization period. The following schedule illustrates the expected amortization of the UAAL:

| Amortization Schedule |               |
|-----------------------|---------------|
| Year                  | Expected UAAL |
| 2023                  | \$ 55,368,561 |
| 2024                  | 52,544,482    |
| 2025                  | 49,453,019    |
| 2026                  | 46,075,215    |
| 2027                  | 42,390,834    |
| 2028                  | 38,378,262    |
| 2033                  | 12,527,442    |
| 2038                  | 2,408,891     |
| 2043                  | -             |

## ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long-term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year is computed as follows:

|  |                  |
|--|------------------|
| 1. Last Year's UAAL  | 56,070,236       |
| 2. Last Year's Employer Normal Cost                                | 2,341,835        |
| 3. Last Year's Contributions                                       |                  |
| a. Employer Contribution   | 7,882,933        |
| b. State Contribution Used to Offset Required Contribution         | 606,595          |
| c. State Contribution Above \$606,595 Base Amount Used Toward UAAL | 430,204          |
| d. Total Contributions   | <u>8,919,732</u> |
| 4. Interest at the Assumed Rate on:                                |                  |
| a. 1 and 2 for one year  | 3,942,815        |
| b. 3 from dates paid   | <u>537,679</u>   |
| c. a - b   | 3,405,136        |
| 5. This Year's Expected UAAL: 1 + 2 - 3d + 4c                      | 52,897,475       |
| 6. Change in UAAL Due to Plan Amendment                            | 0                |
| 7. This Year's Expected UAAL: 5 + 6                                | 52,897,475       |
| 8. This Year's Actual UAAL   | 55,368,561       |
| 9. Net Actuarial Gain/(Loss): 7 - 8                                | (2,471,086)      |
| 10. Gain/(Loss) Due to Investments                                 | (1,701,762)      |
| 11. Gain/(Loss) Due to Other Sources                               | (769,324)        |

Net actuarial gains/(losses) since October 1, 2016 have been as follows:

| <b>Year Ending</b> | <b>Actuarial Gain /<br/>(Loss)</b> |
|--------------------|------------------------------------|
| 9/16               | \$ (441,033)                       |
| 9/17               | 622,411                            |
| 9/18               | (2,188,278)                        |
| 9/19               | (4,482,956)                        |
| 9/20               | (1,955,811)                        |
| 9/21               | 2,444,551                          |
| 9/22               | (3,295,313)                        |
| 9/23               | (2,471,086)                        |



The fund earnings and salary increase assumptions have considerable impact on the cost of the plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last few years:

| Year Ending | Investment Return |         | Salary Increases |         |
|-------------|-------------------|---------|------------------|---------|
|             | Actual*           | Assumed | Actual**         | Assumed |
| 9/30/2014   | 9.4 %             | 8.0 %   | 0.8 %            | 5.7 %   |
| 9/30/2015   | 8.8               | 8.0     | 9.8              | 5.6     |
| 9/30/2016   | 7.1               | 8.0     | 3.2              | 5.7     |
| 9/30/2017   | 7.1 ***           | 8.0     | 4.7              | 5.5     |
| 9/30/2018   | 7.4               | 7.25    | 6.1              | 5.5     |
| 9/30/2019   | 6.6               | 7.00    | 13.4             | 5.5     |
| 9/30/2020   | 6.8               | 6.75    | 5.2              | 6.0     |
| 9/30/2021   | 10.0              | 6.75    | 6.5              | 6.0     |
| 9/30/2022   | 4.4               | 6.75    | 10.2             | 5.9     |
| 9/30/2023   | 5.4               | 6.75    | 5.5              | 5.9     |
| Average     | 7.3 %             | ---     | 6.5 %            | ---     |

\* Prior to 9/30/2017, the investment return was based on the combined Police and Firefighter Retirement System.

\*\* Prior to 9/30/2016, the salary increase was based on the combined Police and Firefighter Retirement System.

\*\*\* Before reflecting fresh start of assets as of 10/1/2017.

The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuations both at the beginning and end of each period.

**Number Added To and Removed from Active Participation**

**Actual (A) Versus Expected (E) Decrements**

| Year<br>Ended | Number<br>Added<br>During<br>Year |    | Service<br>& DROP<br>Retirement |   | Disability<br>Retirement |   | Died In<br>Service |   | Terminations |       |        |   | Active<br>Members<br>End of<br>Year |
|---------------|-----------------------------------|----|---------------------------------|---|--------------------------|---|--------------------|---|--------------|-------|--------|---|-------------------------------------|
|               |                                   |    |                                 |   |                          |   |                    |   | Vested       | Other | Totals |   |                                     |
|               | A                                 | E  | A                               | E | A                        | E | A                  | A | A            | E     |        |   |                                     |
| 9/30/2017     | 14                                | 9  | 3                               | 2 | 0                        | 0 | 1                  | 0 | 2            | 3     | 5      | 8 | 147                                 |
| 9/30/2018     | 13                                | 14 | 5                               | 3 | 1                        | 0 | 0                  | 0 | 0            | 8     | 8      | 8 | 146                                 |
| 9/30/2019     | 10                                | 7  | 4                               | 3 | 0                        | 0 | 0                  | 0 | 1            | 2     | 3      | 8 | 149                                 |
| 9/30/2020     | 6                                 | 13 | 9                               | 6 | 1                        | 0 | 0                  | 0 | 2            | 1     | 3      | 7 | 142                                 |
| 9/30/2021     | 4                                 | 10 | 5                               | 3 | 2                        | 0 | 0                  | 0 | 0            | 3     | 3      | 7 | 136                                 |
| 9/30/2022     | 11                                | 12 | 3                               | 3 | 0                        | 0 | 0                  | 0 | 2            | 7     | 9      | 6 | 135                                 |
| 9/30/2023     | 21                                | 8  | 4                               | 3 | 0                        | 0 | 0                  | 0 | 1            | 3     | 4      | 6 | 148                                 |
| 9/30/2024     |                                   |    |                                 | 4 |                          | 0 |                    | 0 |              |       |        | 7 |                                     |

### RECENT HISTORY OF VALUATION RESULTS

| Valuation Date | Number of      |                  | Covered Annual Payroll | Actuarial Value of Assets | Accrued Liability | Unfunded Accrued Liability | Funded Ratio | Employer Normal Cost |              |
|----------------|----------------|------------------|------------------------|---------------------------|-------------------|----------------------------|--------------|----------------------|--------------|
|                | Active Members | Inactive Members |                        |                           |                   |                            |              | Amount               | % of Payroll |
| 10/1/2015      | 138            | 133              | \$10,388,706           | \$74,821,265              | \$114,949,865     | \$40,128,600               | 65.1 %       | \$1,333,846          | 12.84 %      |
| 10/1/2016      | 142            | 136              | 10,744,421             | 80,505,959                | 123,290,864       | 42,784,905                 | 65.3         | 1,432,624            | 13.33        |
| 10/1/2017      | 147            | 142              | 11,191,340             | 87,750,269                | 138,781,762       | 51,031,493                 | 63.2         | 1,803,364            | 16.11        |
| 10/1/2018      | 146            | 148              | 11,449,174             | 93,680,304                | 150,628,377       | 56,948,073                 | 62.2         | 1,897,283            | 16.57        |
| 10/1/2019      | 149            | 153              | 12,821,121             | 100,057,422               | 160,864,884       | 60,807,462                 | 62.2         | 2,528,022            | 19.72        |
| 10/1/2020      | 142            | 165              | 12,275,252             | 107,075,237               | 168,389,329       | 61,314,092                 | 63.6         | 2,341,999            | 19.08        |
| 10/1/2021      | 136            | 170              | 12,245,085             | 118,245,526               | 174,339,930       | 56,094,404                 | 67.8         | 2,303,936            | 18.82        |
| 10/1/2022      | 135            | 172              | 12,962,713             | 123,786,587               | 179,856,823       | 56,070,236                 | 68.8         | 2,341,835            | 18.07        |
| 10/1/2023      | 148            | 173              | 14,122,833             | 130,482,996               | 185,851,557       | 55,368,561                 | 70.2         | 2,459,529            | 17.42        |

Results before October 1, 2017 were determined by the Retirement System's prior actuary.

| RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS |  |                        |              |                 |              |              |              |                      |           |             |
|---|--|------------------------|--------------|-----------------|--------------|--------------|--------------|----------------------|-----------|-------------|
| Valuation Date                                      | End of Year To Which Valuation Applies | Required Contributions |              |                 |              |              |              | Actual Contributions |           |             |
|   |  | Employer & State       |              | Estimated State |              | Net Employer |              |                      |           |             |
|   |  | Amount                 | % of Payroll | Amount          | % of Payroll | Amount       | % of Payroll | Employer             | State     | Total       |
| 10/1/2015   | 9/30/2017                              | \$5,503,513            | 50.13 %      | \$606,595       | 5.52 %       | \$4,896,918  | 44.61 %      | \$4,896,918          | \$742,419 | \$5,639,337 |
| 10/1/2016   | 9/30/2018                              | 5,985,879              | 52.72        | 606,595         | 5.34         | 5,379,284    | 47.38        | 5,379,284            | 786,320   | 6,165,604   |
| 10/1/2017   | 9/30/2019                              | 6,854,111              | 57.96        | 606,595         | 5.13         | 6,247,516    | 52.83        | 6,247,516            | 835,929   | 7,083,445   |
| 10/1/2018   | 9/30/2020                              | 7,523,959              | 62.19        | 606,595         | 5.01         | 6,917,364    | 57.18        | 6,917,364            | 868,062   | 7,785,426   |
| 10/1/2019   | 9/30/2021                              | 8,639,610              | 63.77        | 606,595         | 4.48         | 8,033,015    | 59.29        | 8,033,015            | 834,187   | 8,867,202   |
| 10/1/2020   | 9/30/2022                              | 8,725,766              | 67.27        | 606,595         | 4.68         | 8,119,171    | 62.59        | 8,119,171            | 896,146   | 9,015,317   |
| 10/1/2021   | 9/30/2023                              | 8,489,528              | 65.61        | 606,595         | 4.69         | 7,882,933    | 60.92        | 7,882,933            | 1,036,799 | 8,919,732   |
| 10/1/2022   | 9/30/2024                              | 9,059,658              | 66.14        | 606,595         | 4.43         | 8,453,063    | 61.71        | ---                  | ---       | ---         |
| 10/1/2023   | 9/30/2025                              | 9,403,359              | 63.01        | 606,595         | 4.06         | 8,796,764    | 58.95        | ---                  | ---       | ---         |

Results before October 1, 2017 were determined by the Retirement System's prior actuary.

## ACTUARIAL ASSUMPTIONS AND COST METHOD

### Valuation Methods

**Actuarial Cost Method** - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

**Financing of Unfunded Actuarial Accrued Liabilities** - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) percent-of-payroll contributions over a reasonable period of future years.

**Actuarial Value of Assets** – The Actuarial Value of Assets phase in the difference between the expected return on actuarial value and actual return on market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

### Valuation Assumptions

**The actuarial assumptions used** in the valuation are shown in this Section. Both the economic and decrement assumptions were established following an Experience Investigation for the seven years ended September 30, 2019. For detailed information, refer to the Experience Investigation for the 7 Years Ended September 30, 2019, dated May 19, 2020. The covered group is too small to provide statistically significant experience on which to base the mortality assumption. Mortality is based on a commonly used mortality table and projection scale.

### Economic Assumptions

**The investment return rate** assumed in the valuation is 6.75% per year, compounded annually (net after investment expenses).

The **Inflation Rate** assumed in this valuation is 2.5% per year. The Inflation Rate is defined to be the expected long-term rate of increases in the prices of goods and services.

The assumed **real rate of return** over inflation is defined to be the portion of total investment return that is more than the assumed inflation rate. Considering other economic assumptions, the 6.75% investment return rate translates to an assumed real rate of return over inflation of 4.25%.



The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at 1.17% per year (the average growth over the last ten years as determined in 2014).

**The rates of salary increase** used are based on the member's service and are shown in the table below. This assumption is used to project a member's current salary to the salaries upon which benefits will be based. Part of the assumption for each age is for merit and/or seniority increase, and the other 2.5% recognizes wage inflation, including price inflation, productivity increases, and other macroeconomic forces.

| Years of Service | % Increase in Salary |                 |                |
|------------------|----------------------|-----------------|----------------|
|                  | Merit and Seniority  | Base (Economic) | Total Increase |
| 0 - 4            | 4.25%                | 2.5%            | 6.75%          |
| 5 - 9            | 4.00%                | 2.5%            | 6.50%          |
| 10 - 14          | 3.25%                | 2.5%            | 5.75%          |
| 15 - 19          | 3.00%                | 2.5%            | 5.50%          |
| 20+              | 2.75%                | 2.5%            | 5.25%          |

## Demographic Assumptions

**The mortality table** is the PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for the Special Risk Class members in the July 1, 2023 Actuarial Valuation of the Florida Retirement System (FRS).

### FRS Healthy Post-Retirement Mortality for Special Risk Class Members

| Sample Attained Ages (in 2023) | Probability of Dying Next Year |        | Future Life Expectancy (years) |       |
|--------------------------------|--------------------------------|--------|--------------------------------|-------|
|                                | Men                            | Women  | Men                            | Women |
| 50                             | 0.42 %                         | 0.20 % | 32.69                          | 36.52 |
| 55                             | 0.55                           | 0.35   | 27.91                          | 31.48 |
| 60                             | 0.91                           | 0.60   | 23.31                          | 26.68 |
| 65                             | 1.31                           | 0.92   | 19.03                          | 22.15 |
| 70                             | 2.07                           | 1.43   | 14.99                          | 17.88 |
| 75                             | 3.49                           | 2.38   | 11.38                          | 13.95 |
| 80                             | 6.19                           | 4.08   | 8.29                           | 10.46 |

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

### FRS Healthy Pre-Retirement Mortality for Special Risk Class Members

| Sample<br>Attained<br>Ages (in 2023) | Probability of<br>Dying Next Year |        | Future Life<br>Expectancy (years) |       |
|--------------------------------------|-----------------------------------|--------|-----------------------------------|-------|
|                                      | Men                               | Women  | Men                               | Women |
| 50                                   | 0.16 %                            | 0.10 % | 35.82                             | 39.73 |
| 55                                   | 0.25                              | 0.16   | 30.74                             | 34.59 |
| 60                                   | 0.42                              | 0.22   | 25.78                             | 29.51 |
| 65                                   | 0.68                              | 0.30   | 21.00                             | 24.49 |
| 70                                   | 1.17                              | 0.54   | 16.46                             | 19.58 |
| 75                                   | 2.05                              | 1.05   | 12.21                             | 14.87 |
| 80                                   | 6.19                              | 4.08   | 8.29                              | 10.46 |

This assumption is used to measure the probabilities of active members dying prior to retirement (75% of pre-retirement deaths are assumed to be service-connected).

For disabled retirees, the male mortality tables are 80% of the PUB-2010 Headcount Weighted General Disabled Retiree Male Table and 20% of the Headcount Weighted Safety Disabled Retiree Male Table, and the female mortality tables are 80% of the PUB-2010 Headcount Weighted General Disabled Retiree Female Table and 20% Headcount Weighted Safety Disabled Retiree Female Table, both with no provision being made for future mortality improvements. These are the same rates used for the Special Risk Class members in the July 1, 2023 Actuarial Valuation of the Florida Retirement System (FRS).

### FRS Disabled Mortality for Special Risk Class Members

| Sample<br>Attained<br>Ages (in 2023) | Probability of<br>Dying Next Year |        | Future Life<br>Expectancy (years) |       |
|--------------------------------------|-----------------------------------|--------|-----------------------------------|-------|
|                                      | Men                               | Women  | Men                               | Women |
| 50                                   | 1.45 %                            | 1.25 % | 24.04                             | 26.84 |
| 55                                   | 1.91                              | 1.50   | 20.88                             | 23.54 |
| 60                                   | 2.37                              | 1.81   | 17.92                             | 20.32 |
| 65                                   | 3.00                              | 2.22   | 15.07                             | 17.17 |
| 70                                   | 3.91                              | 2.90   | 12.39                             | 14.10 |
| 75                                   | 5.30                              | 4.13   | 9.87                              | 11.22 |
| 80                                   | 7.66                              | 6.21   | 7.60                              | 8.67  |

**The rates of retirement** used to measure the probability of eligible members retiring during the next year are as follows:

| Normal Retirement for Members Hired<br>Before July 7, 2015 |                     |                                     | Normal Retirement for Members Hired<br>After July 7, 2015 |                     |                                     |
|--|---------------------|-------------------------------------|---|---------------------|-------------------------------------|
| Sample<br>Ages   | Years of<br>Service | Probability of<br>Normal Retirement | Sample<br>Ages  | Years of<br>Service | Probability of<br>Normal Retirement |
| 55+  | 10 - 19             | 25%                                 | 55+   | 10 - 24             | 25%                                 |
| All  | 20                  | 35%                                 | All   | 25                  | 100%                                |
|  | 21                  | 10%                                 |   |                     |                                     |
|  | 22                  | 10%                                 |   |                     |                                     |
|  | 23                  | 25%                                 |   |                     |                                     |
|  | 24                  | 25%                                 |   |                     |                                     |
|  | 25                  | 100%                                |   |                     |                                     |

No early retirement rates were assumed.

**Rates of separation from active membership** were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

| Years of<br>Service | Sample<br>Ages | % of Active Members<br>Separating Within Next Year |
|---------------------|----------------|--|
| 0 - 1               | All Ages       | 9.0 %  |
| 2 - 3               |                | 8.5  |
| 4 - 5               |                | 8.0  |
| 6 - 7               |                | 6.0  |
| 8 - 9               |                | 3.0  |
| 10+                 | 0 - 34         | 3.0  |
|                     | 35 - 39        | 2.5  |
|                     | 40 - 44        | 2.0  |
|                     | 45+            | 1.0  |

**Rates of disability** among active members (75% of disabilities are assumed to be service-connected).

| Sample<br>Ages | % Becoming Disabled<br>Within Next Year |
|----------------|---|
| 20             | 0.07 %                                  |
| 25             | 0.08                                    |
| 30             | 0.09                                    |
| 35             | 0.12                                    |
| 40             | 0.15                                    |
| 45             | 0.26                                    |
| 50             | 0.50                                    |
| 55             | 0.78                                    |



## Miscellaneous and Technical Assumptions

|  |   |
|--|---|
| <b><i>Administrative &amp; Investment Expenses</i></b> | The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the prior year's expenses. Assumed administrative expenses are added to the Normal Cost.  |
| <b><i>Benefit Service</i></b>                          | Service calculated based on completed months is used to determine the amount of benefit payable.  |
| <b><i>Cost of Living Adjustment</i></b>                | The cost of living adjustment for members who receive future normal retirement benefits is 1.0% starting on the 25 <sup>th</sup> anniversary of the retirees' hire date.  |
| <b><i>Decrement Operation</i></b>                      | Disability and mortality decrements operate during retirement eligibility.  |
| <b><i>Decrement Timing</i></b>                         | Decrement of all types are assumed to occur at the beginning of the year.   |
| <b><i>Eligibility Testing</i></b>                      | Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.  |
| <b><i>Forfeitures</i></b>                              | For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions. |
| <b><i>Incidence of Contributions</i></b>               | Employer contributions are assumed to be made at the end of each biweekly pay period. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.              |
| <b><i>Marriage Assumption</i></b>                      | 85% of males and 85% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.   |
| <b><i>Normal Form of Benefit</i></b>                   | 10-year certain and life annuity for unmarried participants. For married participants, a monthly income payable for life of the member; upon death of member, 100% of member's benefit payable to spouse for one year and 60% thereafter until death or remarriage of spouse.   |

***Pay Increase Timing***

Beginning of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

***Service Credit Accruals***

It is assumed that members accrue one year of service credit per year.

## GLOSSARY

|  |   |
|--|---|
| <b><i>Actuarial Accrued Liability (AAL)</i></b>                  | The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.  |
| <b><i>Actuarial Assumptions</i></b>                              | 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.   |
| <b><i>Actuarial Cost Method</i></b>                              | 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.   |
| <b><i>Actuarial Equivalent</i></b>                               | Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.  |
| <b><i>Actuarial Present Value (APV)</i></b>                      | The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.  |
| <b><i>Actuarial Present Value of Future Benefits (APVFB)</i></b> | 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, nonretired 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. |
| <b><i>Actuarial Valuation</i></b>                                | 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, such as the Funded Ratio and the Actuarially Determined Contribution (ADC).   |
| <b><i>Actuarial Value of Assets</i></b>                          | 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 Determined Contribution (ADC).   |

|   |  |
|---|--|
| <b><i>Amortization Method</i></b>                       | 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. |
| <b><i>Amortization Payment</i></b>                      | That portion of the plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.  |
| <b><i>Amortization Period</i></b>                       | The period used in calculating the Amortization Payment.   |
| <b><i>Actuarially Determined Contribution (ADC)</i></b> | The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 67. The ADC consists of the Employer Normal Cost and Amortization Payment.  |
| <b><i>Closed Amortization Period</i></b>                | 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.   |
| <b><i>Employer Normal Cost</i></b>                      | The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.  |
| <b><i>Equivalent Single Amortization Period</i></b>     | 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.  |
| <b><i>Experience Gain/Loss</i></b>                      | A measure of the difference between the normal cost rate from last year and the normal cost rate from this year.   |
| <b><i>Funded Ratio</i></b>                              | The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.   |
| <b><i>GASB</i></b>                                      | Governmental Accounting Standards Board.   |

***GASB No. 67 and  
GASB No. 68***

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

***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.

## SECTION C

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### PENSION FUND INFORMATION

**Statement of Plan Assets at Market Value (Net of DROP Balances)**

| Item  | September 30   |                |
|---|----------------|----------------|
|   | 2023           | 2022           |
| A. Cash and Cash Equivalents (Operating Cash) | \$ 121,715     | \$ 85,996      |
| B. Receivables                                |                |                |
| 1. Member Contributions                       | \$ -           | \$ 22,247      |
| 2. Interest and Dividends                     | 21,158         | 13,003         |
| 3. Due from Broker                            | 328,936        | -              |
| 4. State Contribution                         | -              | -              |
| 5. Employer Contribution                      | -              | -              |
| 6. Prepaid Expenses and Other                 | -              | 6,995          |
| 7. Total Receivables                          | \$ 350,094     | \$ 42,245      |
| C. Investments                                |                |                |
| 1. Short Term Investments                     | \$ 1,651,931   | \$ 2,502,238   |
| 2. Domestic Equities                          | 70,975,673     | 52,626,336     |
| 3. International Equities                     | 27,214,643     | 35,503,930     |
| 4. Domestic Fixed Income                      | 10,835,400     | -              |
| 5. International Fixed Income                 | -              | 10,373,348     |
| 6. Real Estate                                | 9,846,938      | 6,214,504      |
| 7. Other                                      | 2,935,496      | 2,411,713      |
| 8. Total Investments                          | \$ 123,460,081 | \$ 109,632,069 |
| D. Liabilities                                |                |                |
| 1. Prepaid City Contribution                  | \$ -           | \$ -           |
| 2. Accounts Payable and Other                 | (88,941)       | (77,352)       |
| 3. Due to Broker                              | (113,301)      | (286,328)      |
| 4. Total Liabilities                          | \$ (202,242)   | \$ (363,680)   |
| E. Market Value of Assets at End of Year      | \$ 123,729,648 | \$ 109,396,630 |
| F. Allocation of Investments                  |                |                |
| 1. Short Term Investments                     | 1.3%           | 2.3%           |
| 2. Domestic Equities                          | 57.5%          | 48.0%          |
| 3. International Equities                     | 22.0%          | 32.4%          |
| 4. Domestic Fixed Income                      | 8.8%           | 0.0%           |
| 5. International Fixed Income                 | 0.0%           | 9.4%           |
| 6. Real Estate                                | 8.0%           | 5.7%           |
| 7. Other                                      | 2.4%           | 2.2%           |
| 8. Total Investments                          | 100.0%         | 100.0%         |

## Reconciliation of Plan Assets (Net of DROP Balances)

| Item   | September 30   |                 |
|--|----------------|-----------------|
|  | 2023           | 2022            |
| A. Market Value of Assets at Beginning of Year | \$ 109,396,630 | \$ 132,279,683  |
| B. Revenues and Expenditures                   |                |                 |
| 1. Contributions                               |                |                 |
| a. Member Contributions                        | \$ 1,252,569   | \$ 1,159,973    |
| b. Employer Contributions                      | 7,882,933      | 8,119,171       |
| c. State Contributions                         | 1,036,799      | 896,146         |
| d. Total                                       | \$ 10,172,301  | \$ 10,175,290   |
| 2. Investment Income                           |                |                 |
| a. Interest, Dividends, and Other Income       | \$ 5,034,331   | \$ 1,746,944    |
| b. Net Realized/Unrealized Gains/(Losses)*     | 10,030,468     | (24,363,462)    |
| c. Investment Expenses                         | (772,967)      | (596,177)       |
| d. Net Investment Income                       | \$ 14,291,832  | \$ (23,212,695) |
| 3. Benefits and Refunds                        |                |                 |
| a. Regular Monthly Benefits                    | \$ (9,915,657) | \$ (9,497,411)  |
| b. Refunds                                     | (32,969)       | (176,790)       |
| c. Lump Sum Benefits Paid                      | -              | -               |
| d. Total                                       | \$ (9,948,626) | \$ (9,674,201)  |
| 4. Administrative and Miscellaneous Expenses   | \$ (182,489)   | \$ (171,447)    |
| C. Market Value of Assets at End of Year       | \$ 123,729,648 | \$ 109,396,630  |

\* The breakdown between realized and unrealized gain/losses was not provided.





### Reconciliation of DROP Accounts

| <b>Year<br/>Ended<br/>9/30</b> | <b>Balance at<br/>Beginning<br/>of Year</b> | <b>Credits</b> | <b>Interest</b> | <b>Distributions</b> | <b>Balance at<br/>End of Year</b> |
|--------------------------------|---|----------------|-----------------|----------------------|-----------------------------------|
| 2017                           | \$8,869,325                                 | \$968,127      | \$594,985       | (\$1,589,091)        | \$8,843,346                       |
| 2018                           | 8,843,346                                   | 1,276,707      | 544,655         | (2,211,770)          | 8,452,938                         |
| 2019                           | 8,452,938                                   | 1,304,842      | 238,799         | (1,701,359)          | 8,295,220                         |
| 2020                           | 8,295,220                                   | 1,479,425      | 669,578         | (943,651)            | 9,500,572                         |
| 2021                           | 9,500,572                                   | 1,704,797      | 1,204,394       | (1,530,382)          | 10,879,381                        |
| 2022                           | 10,879,381                                  | 1,534,524      | (1,304,679)     | (880,421)            | 10,228,805                        |
| 2023                           | 10,228,805                                  | 1,361,828      | 816,341         | (1,044,168)          | 11,362,806                        |

**Actuarial Value of Assets (Net of DROP Balances)**

| <b>Valuation Date – September 30</b>                         | <b>2022</b>    | <b>2023</b>    | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> |
|--|----------------|----------------|-------------|-------------|-------------|-------------|
| A. Actuarial Value of Assets Beginning of Year               | \$ 118,245,526 | \$ 123,786,587 |             |             |             |             |
| B. Market Value End of Year                                  | 109,396,630    | 123,729,648    |             |             |             |             |
| C. Market Value Beginning of Year                            | 132,279,683    | 109,396,630    |             |             |             |             |
| D. Non-Investment/Administrative Net Cash Flow               | 329,642        | 41,186         |             |             |             |             |
| E. Investment Income   |                |                |             |             |             |             |
| E1. Actual Market Total: B-C-D                               | (23,212,695)   | 14,291,832     |             |             |             |             |
| E2. Assumed Rate of Return                                   | 6.75%          | 6.75%          | 6.75%       | 6.75%       | 6.75%       | 6.75%       |
| E3. Assumed Amount of Return                                 | 7,992,698      | 8,356,985      |             |             |             |             |
| E4. Amount Subject to Phase-In: E1-E3                        | (31,205,393)   | 5,934,847      |             |             |             |             |
| F. Phased-In Recognition of Investment Income                |                |                |             |             |             |             |
| F1. Current Year: 0.2 x E4                                   | (6,241,079)    | 1,186,969      |             |             |             |             |
| F2. First Prior Year   | 3,416,354      | (6,241,079)    | 1,186,969   |             |             |             |
| F3. Second Prior Year  | 389,301        | 3,416,354      | (6,241,079) | 1,186,969   |             |             |
| F4. Third Prior Year   | (453,307)      | 389,301        | 3,416,354   | (6,241,079) | 1,186,969   |             |
| F5. Fourth Prior Year  | 107,452        | (453,307)      | 389,301     | 3,416,354   | (6,241,077) | 1,186,971   |
| F6. Total Phase-Ins  | (2,781,279)    | (1,701,762)    | (1,248,455) | (1,637,756) | (5,054,108) | 1,186,971   |
| <b>G. Actuarial Value of Assets End of Year</b>              |                |                |             |             |             |             |
| G1. Preliminary Actuarial Value of Assets End of Year:       |                |                |             |             |             |             |
| A+D+E3+F6  | 123,786,587    | 130,482,996    |             |             |             |             |
| G2. Upper Corridor Limit: 120%*B                             | 131,275,956    | 148,475,578    |             |             |             |             |
| G3. Lower Corridor Limit: 80%*B                              | 87,517,304     | 98,983,718     |             |             |             |             |
| G4. Final Actuarial Value of Assets End of Year              | 123,786,587    | 130,482,996    |             |             |             |             |
| H. Difference between Market & Actuarial Value of Assets     | (14,389,957)   | (6,753,348)    |             |             |             |             |
| <b>I. Actuarial Rate of Return</b>                           | 4.4%           | 5.4%           |             |             |             |             |
| <b>J. Market Value Rate of Return</b>                        | -17.5%         | 13.1%          |             |             |             |             |
| <b>K. Ratio of Actuarial Value of Assets to Market Value</b> | 113.2%         | 105.5%         |             |             |             |             |

| Year Ending<br>September 30th | Investment Rate of Return* |                 |
|-------------------------------|----------------------------|-----------------|
|                               | Market Value               | Actuarial Value |
| 2014                          | 10.0 %                     | 9.4 %           |
| 2015                          | (1.2)                      | 8.8             |
| 2016                          | 8.9                        | 7.1             |
| 2017                          | 11.3                       | 7.1 **          |
| 2018                          | 7.9                        | 7.4             |
| 2019                          | 4.6                        | 6.6             |
| 2020                          | 8.8                        | 6.8             |
| 2021                          | 22.6                       | 10.0            |
| 2022                          | (17.5)                     | 4.4             |
| 2023                          | 13.1                       | 5.4             |
| <b>Average Returns:</b>       |                            |                 |
| Last 5 Years                  | 5.4 %                      | 6.6 %           |
| Last 10 Years                 | 6.3 %                      | 7.3 %           |
| All Years                     | 6.3 %                      | 7.3 %           |

\* Prior to 9/30/2017, the investment return was based on the combined Police and Firefighter Retirement System.

\*\* Before reflecting fresh start of assets as of 10/1/2017.

The above rates are based on the retirement system's financial information reported to the actuary. They may differ from figures that the investment consultant reports, in part because of differences in the handling of administrative and investment expenses, and in part because of differences in the handling of cash flows.

## SECTION D

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### FINANCIAL ACCOUNTING INFORMATION

| FASB NO. 35 INFORMATION   |                 |                 |
|---|-----------------|-----------------|
| A. Valuation Date   | October 1, 2023 | October 1, 2022 |
| B. Actuarial Present Value of Accumulated Plan Benefits                         |                 |                 |
| 1. Vested Benefits  |                 |                 |
| a. Members Currently Receiving Payments   | \$ 127,055,078  | \$ 123,379,358  |
| b. Terminated Vested Members  | 2,100,835       | 1,914,514       |
| c. Other Members  | 41,938,767      | 38,867,650      |
| d. Total  | 171,094,680     | 164,161,522     |
| 2. Non-Vested Benefits  | 2,601,230       | 2,655,163       |
| 3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2           | 173,695,910     | 166,816,685     |
| 4. Accumulated Contributions of Active Members                                  | 8,660,247       | 8,243,446       |
| C. Changes in the Actuarial Present Value of Accumulated Plan Benefits          |                 |                 |
| 1. Total Value at Beginning of Year   | 166,816,685     | 161,170,922     |
| 2. Increase (Decrease) During the Period Attributable to:                       |                 |                 |
| a. Plan Amendment   | 0               | 0               |
| b. Change in Actuarial Assumptions  | 0               | 0               |
| c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period | 16,827,851      | 15,319,964      |
| d. Benefits Paid  | (9,948,626)     | (9,674,201)     |
| e. Net Increase   | 6,879,225       | 5,645,763       |
| 3. Total Value at End of Period   | 173,695,910     | 166,816,685     |
| D. Market Value of Assets   | 123,729,648     | 109,396,630     |
| E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods  |                 |                 |

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
GASB Statement No. 67**

Fiscal year ending September 30,

|   | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>  |                       |                       |                       |                       |                       |                       |                       |
| Service Cost  | \$ 3,362,525          | \$ 3,254,371          | \$ 3,302,977          | \$ 3,026,742          | \$ 2,660,367          | \$ 2,250,201          | \$ 2,257,858          |
| Interest  | 12,853,227            | 12,333,708            | 11,791,348            | 11,453,773            | 10,940,196            | 10,828,233            | 10,166,078            |
| Benefit Changes   | 17,725                | -                     | -                     | -                     | -                     | -                     | -                     |
| Difference between actual & expected experience                                   | (1,909,097)           | 1,325,865             | 2,068,151             | 4,122,894             | 2,398,201             | (1,601,389)           | 3,864,146             |
| Assumption Changes  | -                     | -                     | -                     | 795,219               | 4,555,304             | 12,048,119            | -                     |
| Benefit Payments  | (9,597,997)           | (8,843,308)           | (9,114,763)           | (8,056,133)           | (8,196,161)           | (8,361,173)           | (7,528,330)           |
| Refunds   | (32,969)              | (176,790)             | (22,953)              | (33,258)              | (103,178)             | (117,462)             | -                     |
| Other   | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| <b>Net Change in Total Pension Liability</b>                                      | <b>4,693,414</b>      | <b>7,893,846</b>      | <b>8,024,760</b>      | <b>11,309,237</b>     | <b>12,254,729</b>     | <b>15,046,529</b>     | <b>8,759,752</b>      |
| <b>Total Pension Liability - Beginning</b>  | <b>191,871,129</b>    | <b>183,977,283</b>    | <b>175,952,523</b>    | <b>164,643,286</b>    | <b>152,388,557</b>    | <b>137,342,028</b>    | <b>128,582,276</b>    |
| <b>Total Pension Liability - Ending (a)</b>                                       | <b>\$ 196,564,543</b> | <b>\$ 191,871,129</b> | <b>\$ 183,977,283</b> | <b>\$ 175,952,523</b> | <b>\$ 164,643,286</b> | <b>\$ 152,388,557</b> | <b>\$ 137,342,028</b> |
| <b>Plan Fiduciary Net Position</b>  |                       |                       |                       |                       |                       |                       |                       |
| Contributions - Employer  | \$ 7,882,933          | \$ 8,119,171          | \$ 8,033,015          | \$ 6,917,364          | \$ 6,247,516          | \$ 5,113,912          | \$ 5,162,290          |
| Contributions - Employer (from State)   | 1,036,799             | 896,146               | 834,187               | 868,062               | 835,929               | 786,320               | 742,419               |
| Contributions - Non-Employer Contributing Entity                                  | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Contributions - Member  | 1,252,569             | 1,159,973             | 1,063,696             | 1,196,828             | 1,160,807             | 1,126,780             | 924,337               |
| Net Investment Income   | 15,108,173            | (24,517,373)          | 25,529,508            | 9,377,158             | 4,535,475             | 7,424,945             | 9,538,904             |
| Benefit Payments  | (9,597,997)           | (8,843,308)           | (9,114,763)           | (8,056,133)           | (8,196,161)           | (8,361,173)           | (7,528,330)           |
| Refunds   | (32,969)              | (176,790)             | (22,953)              | (33,258)              | (103,178)             | (117,462)             | -                     |
| Administrative Expense  | (182,489)             | (171,447)             | (151,623)             | (143,795)             | (181,670)             | (108,929)             | (156,400)             |
| Other   | -                     | -                     | -                     | -                     | -                     | (160,328) *           | -                     |
| <b>Net Change in Plan Fiduciary Net Position</b>                                  | <b>15,467,019</b>     | <b>(23,533,628)</b>   | <b>26,171,067</b>     | <b>10,126,226</b>     | <b>4,298,718</b>      | <b>5,704,065</b>      | <b>8,683,220</b>      |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <b>119,625,435</b>    | <b>143,159,063</b>    | <b>116,987,996</b>    | <b>106,861,770</b>    | <b>102,563,052</b>    | <b>96,858,987</b>     | <b>88,175,767</b>     |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <b>\$ 135,092,454</b> | <b>\$ 119,625,435</b> | <b>\$ 143,159,063</b> | <b>\$ 116,987,996</b> | <b>\$ 106,861,770</b> | <b>\$ 102,563,052</b> | <b>\$ 96,858,987</b>  |
| <b>Net Pension Liability - Ending (a) - (b)</b>                                   | <b>61,472,089</b>     | <b>72,245,694</b>     | <b>40,818,220</b>     | <b>58,964,527</b>     | <b>57,781,516</b>     | <b>49,825,505</b>     | <b>40,483,041</b>     |
| <b>Plan Fiduciary Net Position as a Percentage<br/>of Total Pension Liability</b> | <b>68.73 %</b>        | <b>62.35 %</b>        | <b>77.81 %</b>        | <b>66.49 %</b>        | <b>64.91 %</b>        | <b>67.30 %</b>        | <b>70.52 %</b>        |
| <b>Covered Payroll</b>  | <b>\$ 12,962,713</b>  | <b>\$ 12,245,085</b>  | <b>\$ 11,523,962</b>  | <b>\$ 12,084,406</b>  | <b>\$ 12,078,834</b>  | <b>\$ 11,125,424</b>  | <b>\$ 10,738,126</b>  |
| <b>Net Pension Liability as a Percentage<br/>of Covered Payroll</b>               | <b>474.22 %</b>       | <b>590.00 %</b>       | <b>354.20 %</b>       | <b>487.94 %</b>       | <b>478.37 %</b>       | <b>447.85 %</b>       | <b>377.00 %</b>       |

\* Due to Fire Pension fund for final settlement of the Legacy Fund split.



**SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY**  
**GASB Statement No. 67**

| <u>FY Ending<br/>September 30,</u> | <u>Total<br/>Pension<br/>Liability</u> | <u>Plan Net<br/>Position</u> | <u>Net Pension<br/>Liability</u> | <u>Plan Net Position<br/>as a % of Total<br/>Pension Liability</u> | <u>Covered<br/>Payroll</u> | <u>Net Pension Liability<br/>as a % of<br/>Covered Payroll</u> |
|------------------------------------|--|------------------------------|----------------------------------|--|----------------------------|--|
| 2017                               | \$ 137,342,028                         | \$ 96,858,987                | \$ 40,483,041                    | 70.52%   | \$ 10,738,126              | 377.00%  |
| 2018                               | 152,388,557                            | 102,563,052                  | 49,825,505                       | 67.30%   | 11,125,424                 | 447.85%  |
| 2019                               | 164,643,286                            | 106,861,770                  | 57,781,516                       | 64.91%   | 12,078,834                 | 478.37%  |
| 2020                               | 175,952,523                            | 116,987,996                  | 58,964,527                       | 66.49%   | 12,084,406                 | 487.94%  |
| 2021                               | 183,977,283                            | 143,159,063                  | 40,818,220                       | 77.81%   | 11,523,962                 | 354.20%  |
| 2022                               | 191,871,129                            | 119,625,435                  | 72,245,694                       | 62.35%   | 12,245,085                 | 590.00%  |
| 2023                               | 196,564,543                            | 135,092,454                  | 61,472,089                       | 68.73%   | 12,962,713                 | 474.22%  |

## NOTES TO SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY

### GASB Statement No. 67

|                          |   |
|--------------------------|---|
| Valuation Date:          | October 1, 2022   |
| Measurement Date:        | September 30, 2023  |
| Roll Forward Procedures: | The Total Pension Liability was developed by using standard actuarial techniques to roll forward amounts from the October 1, 2022 actuarial valuation one year to the measurement date. |

#### **Methods and Assumptions Used to Determine Net Pension Liability:**

|                           |  |
|---------------------------|--|
| Actuarial Cost Method     | Entry Age Normal   |
| Inflation                 | 2.5%   |
| Salary Increases          | 5.25% to 6.75% depending on service  |
| Investment Rate of Return | 6.75%  |
| Retirement Age            | Experience-based table of rates that are specific to the type of eligibility condition.  |
| Mortality                 | PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2022 Actuarial Valuation of the Florida Retirement System (FRS). |

#### **Other Information:**

|       |  |
|-------|--|
| Notes | See Section A in the October 1, 2022 Actuarial Valuation Report. |
|-------|--|

Per Ordinance No. 24-22, for members hired after July 7, 2015, the benefit accrual rate will increase from 2.75% of final average monthly earnings to 3.00% of final average monthly earnings, prospectively, for each year of continuous service, commencing on and after October 25, 2022. In addition, the member contribution rate, for members hired after July 7, 2015, will increase from 9% to 10% of annual earnings.



## SCHEDULE OF CONTRIBUTIONS

### GASB Statement No. 67

| <u>FY Ending<br/>September 30,</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Actual<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered<br/>Payroll</u> | <u>Actual Contribution<br/>as a % of<br/>Covered Payroll</u> |
|------------------------------------|--|--------------------------------|---|----------------------------|--|
| 2017                               | \$ 5,503,513                                       | \$ 5,904,709                   | \$ (401,196)                                    | \$ 10,738,126              | 54.99%   |
| 2018                               | 5,985,879  | 5,720,507                      | 265,372   | 11,125,424                 | 51.42%   |
| 2019                               | 6,854,111  | 6,854,111                      | -   | 12,078,834                 | 56.74%   |
| 2020                               | 7,523,959  | 7,523,959                      | -   | 12,084,406                 | 62.26%   |
| 2021                               | 8,639,610  | 8,639,610                      | -   | 11,523,962                 | 74.97%   |
| 2022                               | 8,725,766  | 8,725,766                      | -   | 12,245,085                 | 71.26%   |
| 2023                               | 8,489,528  | 8,489,528                      | -   | 12,962,713                 | 65.49%   |

## NOTES TO SCHEDULE OF CONTRIBUTIONS

### GASB Statement No. 67

**Valuation Date:** October 1, 2021  
**Notes** Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Entry Age Normal   |
| Amortization Method           | Level Percentage of Pay, Closed  |
| Remaining Amortization Period | 20 years   |
| Asset Valuation Method        | 5-year smoothed market   |
| Inflation                     | 2.5%   |
| Salary Increases              | 5.25% to 6.75% based on service  |
| Investment Rate of Return     | 6.75%  |
| Retirement Age                | Experience-based table of rates that are specific to the type of eligibility condition.  |
| Mortality                     | PUB-2010 Headcount Weighted Safety Below Median Employee Male Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Employee Female Table (pre-retirement), the PUB-2010 Headcount Weighted Safety Below Median Healthy Retiree Male Table (post-retirement) and the PUB-2010 Safety Healthy Retiree Female Table (post-retirement). These tables use ages set forward one year and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Special Risk Class members in the July 1, 2021 Actuarial Valuation of the Florida Retirement System (FRS). |

**Other Information:**  
**Notes** See Section A in the October 1, 2021 Actuarial Valuation Report.

## **SINGLE DISCOUNT RATE**

### **GASB Statement No. 67**

A single discount rate of 6.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher.

#### **Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption**

| <b>1% Decrease</b> | <b>Current Single Discount<br/>Rate Assumption</b> | <b>1% Increase</b> |
|--------------------|--|--------------------|
| <b>5.75%</b>       | <b>6.75%</b>                                       | <b>7.75%</b>       |
| \$85,287,104       | \$61,472,089                                       | \$41,918,035       |

## SECTION E

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### MISCELLANEOUS INFORMATION

| RECONCILIATION OF MEMBERSHIP DATA                                 |                            |                            |
|---|----------------------------|----------------------------|
|   | From 10/1/22<br>To 10/1/23 | From 10/1/21<br>To 10/1/22 |
| <b>A. Active Members</b>  |                            |                            |
| 1. Number Included in Last Valuation                              | 135                        | 136                        |
| 2. New Members Included in Current Valuation                      | 21                         | 11                         |
| 3. Non-Vested Employment Terminations                             | (2)                        | (7)                        |
| 4. Vested Employment Terminations                                 | (1)                        | (2)                        |
| 5. DROP Retirement  | (3)                        | (3)                        |
| 6. Service Retirements  | (1)                        | 0                          |
| 7. Disability Retirements   | 0                          | 0                          |
| 8. Deaths   | 0                          | 0                          |
| 9. Other - Transfer/Rehire  | <u>(1)</u>                 | <u>0</u>                   |
| 10. Number Included in This Valuation                             | 148                        | 135                        |
| <b>B. Terminated Vested Members</b>                               |                            |                            |
| 1. Number Included in Last Valuation                              | 10                         | 9                          |
| 2. Additions from Active Members                                  | 1                          | 2                          |
| 3. Lump Sum Payments/Refund of Contributions                      | 0                          | 0                          |
| 4. Payments Commenced   | 0                          | (1)                        |
| 5. Deaths   | 0                          | 0                          |
| 6. Other  | <u>0</u>                   | <u>0</u>                   |
| 7. Number Included in This Valuation                              | 11                         | 10                         |
| <b>C. DROP Plan Members</b>                                       |                            |                            |
| 1. Number Included in Last Valuation                              | 16                         | 20                         |
| 2. Addition from Active Members                                   | 3                          | 3                          |
| 3. Retirements  | (4)                        | (7)                        |
| 4. Deaths Resulting in No Further Payments                        | 0                          | 0                          |
| 5. Other  | <u>0</u>                   | <u>0</u>                   |
| 6. Number Included in This Valuation                              | 15                         | 16                         |
| <b>D. Service Retirees, Disability Retirees and Beneficiaries</b> |                            |                            |
| 1. Number Included in Last Valuation                              | 146                        | 141                        |
| 2. Additions from Active Members                                  | 1                          | 0                          |
| 3. Additions from DROP  | 4                          | 7                          |
| 4. Additions from Terminated Vested Members                       | 0                          | 1                          |
| 5. Deaths Resulting in No Further Payments                        | (3)                        | (3)                        |
| 6. Deaths Resulting in New Survivor Benefits                      | 0                          | 0                          |
| 7. End of Certain Period - No Further Payments                    | (1)                        | 0                          |
| 8. Other  | <u>0</u>                   | <u>0</u>                   |
| 9. Number Included in This Valuation                              | 147                        | 146                        |

## ACTIVE MEMBERS AS OF OCTOBER 1, 2023

| Age Group  | Years of Service to Valuation Date |         |         |         |         |           |           |           |           |         | Totals     |
|------------|------------------------------------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|---------|------------|
|            | 0-1                                | 1-2     | 2-3     | 3-4     | 4-5     | 5-9       | 10-14     | 15-19     | 20-24     | 25 & Up |            |
| 20-24 NO   | 5                                  | 1       | 1       | -       | -       | -         | -         | -         | -         | -       | 7          |
| TOT PAY    | 247,144                            | 60,350  | 64,815  | -       | -       | -         | -         | -         | -         | -       | 372,309    |
| AVG PAY    | 49,429                             | 60,350  | 64,815  | -       | -       | -         | -         | -         | -         | -       | 53,187     |
| 25-29 NO   | 11                                 | 5       | -       | 2       | 1       | 5         | -         | -         | -         | -       | 24         |
| TOT PAY    | 587,909                            | 310,282 | -       | 134,942 | 72,262  | 388,083   | -         | -         | -         | -       | 1,493,478  |
| AVG PAY    | 53,446                             | 62,056  | -       | 67,471  | 72,262  | 77,617    | -         | -         | -         | -       | 62,228     |
| 30-34 NO   | 4                                  | 3       | 1       | 1       | 3       | 26        | -         | -         | -         | -       | 38         |
| TOT PAY    | 250,494                            | 188,063 | 70,762  | 48,807  | 204,352 | 2,168,552 | -         | -         | -         | -       | 2,931,030  |
| AVG PAY    | 62,624                             | 62,688  | 70,762  | 48,807  | 68,117  | 83,406    | -         | -         | -         | -       | 77,132     |
| 35-39 NO   | -                                  | -       | 1       | 1       | 3       | 9         | 13        | 5         | -         | -       | 32         |
| TOT PAY    | -                                  | -       | 67,083  | 72,062  | 219,955 | 776,235   | 1,305,122 | 608,528   | -         | -       | 3,048,985  |
| AVG PAY    | -                                  | -       | 67,083  | 72,062  | 73,318  | 86,248    | 100,394   | 121,706   | -         | -       | 95,281     |
| 40-44 NO   | -                                  | -       | -       | 1       | -       | 3         | 5         | 11        | 2         | -       | 22         |
| TOT PAY    | -                                  | -       | -       | 68,778  | -       | 275,208   | 537,356   | 1,333,268 | 286,354   | -       | 2,500,964  |
| AVG PAY    | -                                  | -       | -       | 68,778  | -       | 91,736    | 107,471   | 121,206   | 143,177   | -       | 113,680    |
| 45-49 NO   | -                                  | -       | -       | -       | -       | 1         | 3         | 7         | 3         | -       | 14         |
| TOT PAY    | -                                  | -       | -       | -       | -       | 89,327    | 302,628   | 815,019   | 378,934   | -       | 1,585,908  |
| AVG PAY    | -                                  | -       | -       | -       | -       | 89,327    | 100,876   | 116,431   | 126,311   | -       | 113,279    |
| 50-54 NO   | -                                  | -       | -       | -       | -       | -         | 1         | 4         | 5         | -       | 10         |
| TOT PAY    | -                                  | -       | -       | -       | -       | -         | 94,070    | 542,545   | 670,589   | -       | 1,307,204  |
| AVG PAY    | -                                  | -       | -       | -       | -       | -         | 94,070    | 135,636   | 134,118   | -       | 130,720    |
| 55-59 NO   | -                                  | -       | -       | -       | -       | -         | -         | -         | -         | -       | -          |
| TOT PAY    | -                                  | -       | -       | -       | -       | -         | -         | -         | -         | -       | -          |
| AVG PAY    | -                                  | -       | -       | -       | -       | -         | -         | -         | -         | -       | -          |
| 60-64 NO   | -                                  | -       | -       | -       | -       | -         | -         | -         | -         | -       | -          |
| TOT PAY    | -                                  | -       | -       | -       | -       | -         | -         | -         | -         | -       | -          |
| AVG PAY    | -                                  | -       | -       | -       | -       | -         | -         | -         | -         | -       | -          |
| 65 & Up NO | -                                  | -       | -       | -       | -       | -         | -         | 1         | -         | -       | 1          |
| TOT PAY    | -                                  | -       | -       | -       | -       | -         | -         | 89,983    | -         | -       | 89,983     |
| AVG PAY    | -                                  | -       | -       | -       | -       | -         | -         | 89,983    | -         | -       | 89,983     |
| TOT NO     | 20                                 | 9       | 3       | 5       | 7       | 44        | 22        | 28        | 10        | -       | 148        |
| TOT AMT    | 1,085,547                          | 558,695 | 202,660 | 324,589 | 496,569 | 3,697,405 | 2,239,176 | 3,389,343 | 1,335,877 | -       | 13,329,861 |
| AVG AMT    | 54,277                             | 62,077  | 67,553  | 64,918  | 70,938  | 84,032    | 101,781   | 121,048   | 133,588   | -       | 90,067     |



## INACTIVE MEMBERS AS OF OCTOBER 1, 2023

| Age         | <u>Terminated Vested</u> |                | <u>Disabled</u> |                | <u>Retired</u> |                | <u>Beneficiaries</u> |                | <u>Grand Total</u> |                |
|-------------|--------------------------|----------------|-----------------|----------------|----------------|----------------|----------------------|----------------|--------------------|----------------|
|             | Number                   | Total Benefits | Number          | Total Benefits | Number         | Total Benefits | Number               | Total Benefits | Number             | Total Benefits |
| Under 20    | -                        | -              | -               | -              | -              | -              | 2                    | 4,588          | 2                  | 4,588          |
| 20 - 24     | -                        | -              | -               | -              | -              | -              | -                    | -              | -                  | -              |
| 25 - 29     | -                        | -              | -               | -              | -              | -              | -                    | -              | -                  | -              |
| 30 - 34     | 1                        | 25,080         | -               | -              | -              | -              | 1                    | 6,680          | 2                  | 31,760         |
| 35 - 39     | 3                        | 50,688         | -               | -              | -              | -              | -                    | -              | 3                  | 50,688         |
|             | -                        | -              | -               | -              | -              | -              | -                    | -              | -                  | -              |
| 40 - 44     | 2                        | 67,308         | 1               | 54,663         | 1              | 70,825         | -                    | -              | 4                  | 192,796        |
| 45 - 49     | 2                        | 81,600         | 2               | 105,202        | 7              | 526,463        | 1                    | 45,883         | 12                 | 759,148        |
| 50 - 54     | 3                        | 59,220         | 2               | 71,635         | 21             | 1,776,349      | 1                    | 24,417         | 27                 | 1,931,621      |
| 55 - 59     | -                        | -              | -               | -              | 26             | 1,858,939      | 1                    | 6,000          | 27                 | 1,864,939      |
|             | -                        | -              | -               | -              | -              | -              | -                    | -              | -                  | -              |
| 60 - 64     | -                        | -              | 2               | 76,774         | 32             | 2,157,908      | 2                    | 32,663         | 36                 | 2,267,345      |
| 65 - 69     | -                        | -              | 4               | 161,980        | 27             | 1,934,025      | 2                    | 59,214         | 33                 | 2,155,219      |
| 70 - 74     | -                        | -              | 1               | 40,193         | 10             | 547,223        | -                    | -              | 11                 | 587,416        |
| 75 - 79     | -                        | -              | 1               | 10,569         | 1              | 60,149         | 4                    | 108,068        | 6                  | 178,786        |
|             | -                        | -              | -               | -              | -              | -              | -                    | -              | -                  | -              |
| 80 - 84     | -                        | -              | 1               | 35,012         | 5              | 153,377        | 2                    | 14,340         | 8                  | 202,729        |
| 85 - 89     | -                        | -              | -               | -              | -              | -              | -                    | -              | -                  | -              |
| 90 - 94     | -                        | -              | 1               | 24,901         | -              | -              | 1                    | 14,178         | 2                  | 39,079         |
| 95 - 99     | -                        | -              | -               | -              | -              | -              | -                    | -              | -                  | -              |
| 100 & Over  | -                        | -              | -               | -              | -              | -              | -                    | -              | -                  | -              |
| Total       | 11                       | 283,896        | 15              | 580,929        | 130            | 9,085,258      | 17                   | 316,031        | 173                | 10,266,114     |
| Average Age |                          | 44             |                 | 65             |                | 62             |                      | 62             |                    | 61             |



## SECTION F

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### SUMMARY OF PLAN PROVISIONS



## SUMMARY OF PLAN PROVISIONS

### A. Ordinances

The Plan was established under the Code of Ordinances for the City of Delray Beach, Florida, Chapter 33, and was most recently amended under Ordinance No. 24-22 passed and adopted on its second reading on October 25, 2022. The Plan is also governed by certain provisions of Chapter 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

### B. Effective Date

April 22, 1974

### C. Plan Year

October 1 through September 30

### D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

### E. Eligibility Requirements

All full-time police officers participate as a condition of employment. The police chief may elect not to participate.

### F. Credited Service

Years and completed months of full-time service with the City during which time prescribed employee contributions are made. No service is credited for any periods of employment for which the member received a refund of their contributions.

### G. Compensation

#### **For Members hired prior to July 7, 2015 with 10 or more years of service as of that date:**

Compensation is the total actual fixed cash compensation, excluding commissions, overtime and bonuses. Lump sum payment of unused leave is also excluded. Effective October 1, 2006, base earnings include up to 25 hours of overtime per fiscal year.

#### **For Members hired prior to July 7, 2015 with less than 10 years of service as of that date:**

Compensation is the total actual fixed cash compensation including state education compensation, police basic education, police career education compensation and up to 25 hours of overtime per fiscal year earned through July 7, 2015 but excluding overtime earned after July 7, 2015, bonuses and other payments.



**For Members hired after July 7, 2015:**

Compensation is the total actual fixed cash compensation including state education compensation, police basic education, police career education compensation, but excluding overtime compensation, bonuses and other payments.

**H. Final Average Compensation (FAC)**

**For Members hired prior to July 7, 2015:**

The average of Compensation over the highest 3 years of Credited Service.

**For Members hired on or after July 7, 2015:**

The average of Compensation over the highest 5 years out of the last 10 years of Credited Service.

**I. Normal Retirement**

**For Members hired prior to July 7, 2015 with 20 or more years of service as of that date:**

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 55 and 10 years of Credited Service, or
- (2) 20 years of Credited Service regardless of age.

Benefit: 3.00% (or 3.50% of FAC for those electing the enhanced multiplier) for each year of Credited Service; subject to a maximum benefit equal to 87.50% of FAC.

Normal Form of Benefit: 10 Years Certain and Life thereafter. For married participants, a monthly income payable for life of member; upon death of member, 100% of member's benefit payable to spouse for one year and 60% thereafter until death or remarriage of spouse.

COLA: Cost of living increases of 1.00% apply for those retiring after October 1, 1993, commencing on the 25<sup>th</sup> anniversary of the retiree's hire date.

**For Members hired prior to July 7, 2015 with less than 20 years of service as of that date:**

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 55 and 10 years of Credited Service, or
- (2) 20 years of Credited Service regardless of age.

**Benefit:** **For those retiring with more than 20 years of service:** 3.00% of FAC (or 3.50% of FAC for those electing the enhanced multiplier) for each year of Credited Service prior to July 7, 2015. For Credited Service earned after July 7, 2015, 3.00% of FAC for each year of Credited Service after July 7, 2015. Members hired after April 9, 2013 are not eligible to elect the enhanced multiplier.

**For those retiring with less than 20 years of service:** 2.50% of FAC for each year of Credited Service prior to July 7, 2015. For Credited Service earned after July 7, 2015, 3.00% of FAC for each year of Credited Service after July 7, 2015.

The maximum annual starting benefit is \$108,000, but not less than 2.00% of FAC for each year of continuous service.

**Normal Form of Benefit:** 10 Years Certain and Life thereafter. For married participants, a monthly income payable for life of member; upon death of member, 100% of member's benefit payable to spouse for one year and 60% thereafter until death or remarriage of spouse.

**COLA:** Cost of living increases of 1.00% apply for those retiring after October 1, 1993, commencing on the 25<sup>th</sup> anniversary of the retiree's hire date.

**For Members hired after July 7, 2015:**

**Eligibility:** A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 55 and 10 years of Credited Service, or
- (2) 25 years of Credited Service regardless of age.

**Benefit:** 2.75% of FAC for each year of Credited Service prior to October 25, 2022. For Credited Service earned on and after October 25, 2022, 3.00% of FAC for each year of Credited Service on and after October 25, 2022. The total benefit is subject to a maximum annual starting benefit of \$108,000 (but not less than 2.00% of FAC for each year of continuous service). The maximum benefit is equal to 75.00% of FAC.

**Normal Form of Benefit:** 10 Years Certain and Life thereafter. For married participants, a monthly income payable for life of member; upon death of member, 100% of member's benefit payable to spouse for one year and 60% thereafter until death or remarriage of spouse.

**COLA:** Cost of living increases of 1.00% apply for those retiring after October 1, 1993, commencing on the 25<sup>th</sup> anniversary of the retiree's hire date.

## **J. Early Retirement**

### **For Members hired prior to July 7, 2015:**

- Eligibility:** A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 and 10 years of Credited Service.
- Benefit:** The Normal Retirement Benefit is reduced by 3.0% for each year by which the Early Retirement date precedes the Normal Retirement date.
- Normal Form of Benefit:** 10 Years Certain and Life thereafter. For married participants, a monthly income payable for life of member; upon death of member, 100% of member's benefit payable to spouse for one year and 60% thereafter until death or remarriage of spouse.
- COLA:** Cost of living increases of 1.00% apply for those retiring after October 1, 1993, commencing on the 25<sup>th</sup> anniversary of the retiree's hire date.

### **For Members hired on or after July 7, 2015:**

Early retirement is not available.

## **K. Delayed Retirement**

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

## **L. Service Connected Disability**

- Eligibility:** Any member who becomes totally and permanently disabled as a result of an act occurring in the performance of service for the City is immediately eligible for a disability benefit.
- Benefit:** The disability benefit is equal to the accrued benefit, but not less than 60% of FAC.
- Normal Form of Benefit:** Payable until death or recovery from disability. 10 Years Certain and Life thereafter. For married participants, a monthly income payable for life of member; upon death of member, 100% of member's benefit payable to spouse for one year and 60% thereafter until death or remarriage of spouse.
- COLA:** None

#### **M. Non-Service Connected Disability**

**Eligibility:** Any member with at least 10 years of Credited Service who becomes totally and permanently disabled is immediately eligible for a disability benefit.

**Benefit:** 2.00% of FAC for each year of Credited Service, with a minimum of 25% of FAC.

**Normal Form of Benefit:** Payable until death or recovery from disability. 10 Years Certain and Life thereafter. For married participants, a monthly income payable for life of member; upon death of member, 100% of member's benefit payable to spouse for one year and 60% thereafter until death or remarriage of spouse.

**COLA:** None

#### **N. Death in the Line of Duty**

**Eligibility:** Any member whose death is determined to be the result of a service incurred injury is eligible for survivor benefits regardless of Credited Service.

**Benefit:** Spouse will receive 50% of FAC, plus 5% to each unmarried child under 18 (age 22 if full-time student), subjected to an overall maximum of 60% of FAC.

**Normal Form of Benefit:** Payable for the life of spouse, or until age 18 (age 22 if full-time student) for children.

**COLA:** Cost of living increases of 1.00% apply for those retiring after October 1, 1993, commencing on the 25<sup>th</sup> anniversary of the retiree's hire date.

#### **O. Other Pre-Retirement Death**

**Eligibility:** All members are eligible for survivor benefits.

**Benefit:** \$2,500 lump sum is payable if the member has less than one year of service. A \$5,000 lump sum is payable if the member has more than one year of service but less than five.

If the member has five or more years of service, a \$5,000 lump sum is payable, plus a month benefit of 65% of the accrued benefit to the spouse (as of the date of death), subject to a minimum of 20% of AFC. In addition, to eligible children, a monthly benefit is determined in the same manner. The total monthly benefit is subject to a maximum of 50% of AFC and 35% after death or remarriage of spouse.

Normal Form  
of Benefit: Payable for the life of spouse, or until age 18 (age 22 if full-time student) for children.

COLA: Cost of living increases of 1.00% apply for those retiring after October 1, 1993, commencing on the 25<sup>th</sup> anniversary of the retiree's hire date.

#### **P. Post Retirement Death**

Benefit determined by the form of benefit elected upon retirement.

#### **Q. Optional Forms**

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are the life annuity and the 50%, 66 2/3%, 75% and 100% Joint and Survivor options with or without the pop-up feature.

#### **R. Vested Termination**

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service.

Benefit: The benefit is the member's accrued Normal Retirement Benefit. Benefit begins on the date that would have been the member's Normal Retirement date based on Credited Service at termination. Members can also elect a reduced Early Retirement Benefit any time after age 50 (for members hired prior to July 7, 2015).

Normal Form  
of Benefit: 10 Years Certain and Life thereafter. For married participants, a monthly income payable for life of member; upon death of member, 100% of member's benefit payable to spouse for one year and 60% thereafter until death or remarriage of spouse.

COLA: Cost of living increases of 1.00% apply for those retiring after October 1, 1993, commencing on the 25<sup>th</sup> anniversary of the retiree's hire date.

#### **S. Refunds**

Eligibility: All members terminating employment with less than 10 years of Credited Service are eligible.

Benefit: Refund of the member's contributions with simple interest of 3%.

#### **T. Member Contributions**

9.00% of Compensation until the member has earned the maximum normal retirement benefit;  
10.00% of Compensation for members hired after July 7, 2015.



#### **U. State Contributions**

Chapter 185 Premium Tax Refunds.

#### **V. Employer Contributions**

Any additional amount determined by the actuary needed to fund the plan properly according to State laws.

#### **W. Cost of Living Increases**

Members who retire after October 1, 1993 receive a 1.00% COLA commencing on the 25<sup>th</sup> anniversary of the retiree's hire date.

#### **X. Deferred Retirement Option Plan**

Eligibility: Plan members who have met the eligibility requirements for Normal Retirement.

Benefit: The member's Credited Service and FAC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and FAC.

Maximum  
DROP Period: 60 months

Interest  
Credited: For members who enter the DROP, the member's DROP account is credited at the net rate of return on retirement fund assets during the period the employee participates in the DROP.

Normal Form  
of Benefit: Lump Sum, Direct Rollover, or Partial Lump Sum with a Direct Rollover of remaining balance.

#### **Y. Other Ancillary Benefits**

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Delray Beach Police Officers' Retirement System liability if continued beyond the availability of funding by the current funding source.

#### **Z. Changes from Previous Valuation**

None.