CITY OF INDIAN HARBOUR BEACH
POLICE OFFICERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2024

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2026

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 25, 2025

David Butler, Chairman
Police Officers' Pension Board
Indian Harbour Beach Police Department
40 Cheyenne Court
Indian Harbour Beach, FL 32937

Re: City of Indian Harbour Beach Police Officers' Retirement System

Dear Board:

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

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

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

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

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

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

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

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

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

Respectfully submitted,

Foster & Foster, Inc.

By: Patrick T. Donlan

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

By: Chih Hung (Kevin) Peng

Kevin H. Peng, ASA, EA, MAAA
Enrolled Actuary #23-7783

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Enclosures

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## SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Indian Harbour Beach Police Officers' Retirement System, performed as of October 1, 2024, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2026.

The contribution requirements, compared with those set forth in the October 1, 2023 actuarial valuation report, are as follows:

| Valuation Date<br>Applicable to Fiscal Year Ending | 10/1/2024<br>9/30/2026 | 10/1/2023<br>9/30/2025 |
|---|---|---|
| Minimum Required Contribution | | |
| % of Projected Annual Payroll | 53.4% | 46.4% |
| Member Contributions (Est.) | | |
| % of Projected Annual Payroll | 6.5% | 6.5% |
| **City And State Required Contribution** | | |
| **% of Projected Annual Payroll** | **46.9%** | **39.9%** |
| State Contribution (Est.) [1] | $118,363 | $118,363 |
| % of Projected Annual Payroll (Est.) | 10.0% | 10.0% |
| City Required Contribution (Est.) [2] | | |
| % of Projected Annual Payroll (Est.) | 36.9% | 29.9% |

[1] Represents the amount received in calendar 2024. The prior agreement was that the City could use all State Monies received each year to offset their required contributions. We have not been notified of a change to that agreement.

[2] The required contribution from the combination of City and State sources for the year ending September 30, 2026, is 46.9% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 36.9% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has access to a prepaid contribution of $133,375.40 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2025.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2023 actuarial valuation report.  The increase is attributable to the completion of amortizing the actuarial gain from 2014 (which was net credit in the prior valuation) and net unfavorable actuarial experience as described in the next paragraph.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions.  The primary source of actuarial loss was inactive mortality experience.  This loss was offset in part by gains associated with favorable turnover experience and favorable salary increase experience.

## CHANGES SINCE PRIOR VALUATION

### Plan Changes

Ordinance 2024-07 was adopted on October 22, 2024. This ordinance extends the maximum DROP period from 3 to 5 years. In our August 30, 2024 no impact letter, we have determined that the change does not result in a change in the valuation results.

### Actuarial Assumption/Method Changes

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

## CONTRIBUTION IMPACT OF ANNUAL CHANGES

| | | |
|---|---|---|
| (1) | Contribution Determined as of October 1, 2023 | 31.4% |
| (2) | Summary of Contribution Impact by component: | |
| | Change in State Contribution Percentage | -1.5% |
| | Change in Normal Cost Rate | 0.4% |
| | Change in Administrative Expense Percentage | 0.7% |
| | Payroll Change Effect on UAAL Amortization | 0.7% |
| | Investment Return (Actuarial Asset Basis) | 0.1% |
| | Salary Increases | -0.4% |
| | Active Decrements | -0.7% |
| | Inactive Mortality | 1.1% |
| | UAAL Amortization Impact from Contribution Policy | 1.0% |
| | Assumption Change | 0.0% |
| | Completed Amortizations of prior Unfunded Actuarial Accrued Liabilities | 3.9% |
| | Other | 0.2% |
| | Total Change in Contribution | 5.5% |
| (3) | Contribution Determined as of October 1, 2024 | 36.9% |

## COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

| | 10/1/2024 | 10/1/2023 |
|---|---|---|
| **A. Participant Data** | | |
| Actives | 17 | 18 |
| Service Retirees | 17 | 17 |
| DROP Retirees | 2 | 2 |
| Beneficiaries | 1 | 1 |
| Disability Retirees | 2 | 2 |
| Terminated Vested | 9 | 5 |
| Total | 48 | 45 |
| Projected Annual Payroll | 1,185,286 | 1,222,569 |
| Annual Rate of Payments to: | | |
| Service Retirees | 744,021 | 723,275 |
| DROP Retirees | 110,898 | 107,668 |
| Beneficiaries | 1,278 | 1,278 |
| Disability Retirees | 50,556 | 49,763 |
| Terminated Vested | 29,778 | 29,778 |
| **B. Assets** | | |
| Actuarial Value (AVA) [1] | 13,843,496 | 13,294,768 |
| Market Value (MVA) [1] | 14,594,701 | 12,109,446 |
| **C. Liabilities** | | |
| Present Value of Benefits | | |
| Actives | | |
| Retirement Benefits | 4,381,843 | 4,209,932 |
| Disability Benefits | 309,050 | 317,096 |
| Death Benefits | 67,679 | 72,466 |
| Vested Benefits | 412,631 | 437,240 |
| Refund of Contributions | 56,550 | 66,299 |
| Service Retirees | 9,845,610 | 9,782,891 |
| DROP Retirees [1] | 1,934,734 | 1,781,517 |
| Beneficiaries | 1,682 | 1,565 |
| Disability Retirees | 615,665 | 612,626 |
| Terminated Vested | 297,896 | 263,766 |
| Share Plan Balances [1] | 0 | 0 |
| Total | 17,923,340 | 17,545,398 |

C. Liabilities - (Continued)

| | 10/1/2024 | 10/1/2023 |
|---|---|---|
| Present Value of Future Salaries | 9,897,157 | 11,010,647 |
| Present Value of Future Member Contributions | 643,315 | 715,692 |
| Normal Cost (Retirement) | 207,354 | 209,134 |
| Normal Cost (Disability) | 27,655 | 27,014 |
| Normal Cost (Death) | 7,646 | 7,554 |
| Normal Cost (Vesting) | 24,275 | 25,863 |
| Normal Cost (Refunds) | 11,609 | 13,154 |
| Total Normal Cost | 278,539 | 282,719 |
| Present Value of Future Normal Costs | 2,162,023 | 2,369,065 |
| Accrued Liability (Retirement) | 2,748,092 | 2,426,155 |
| Accrued Liability (Disability) | 112,237 | 108,613 |
| Accrued Liability (Death) | 11,805 | 12,354 |
| Accrued Liability (Vesting) | 186,943 | 180,638 |
| Accrued Liability (Refunds) | 6,653 | 6,208 |
| Accrued Liability (Inactives) [1] | 12,695,587 | 12,442,365 |
| Share Plan Balances [1] | 0 | 0 |
| Total Actuarial Accrued Liability (EAN AL) | 15,761,317 | 15,176,333 |
| Unfunded Actuarial Accrued Liability (UAAL) | 1,917,821 | 1,881,565 |
| Funded Ratio (AVA / EAN AL) | 87.8% | 87.6% |

D. Actuarial Present Value of Accrued Benefits

| | 10/1/2024 | 10/1/2023 |
| --- | --- | --- |
| Vested Accrued Benefits | | |
| Inactives + Share Plan Balances [1] | 12,695,587 | 12,442,365 |
| Actives | 1,087,645 | 890,045 |
| Member Contributions | 421,553 | 392,657 |
| Total | 14,204,785 | 13,725,067 |
| Non-vested Accrued Benefits | 758,763 | 649,878 |
| Total Present Value Accrued Benefits (PVAB) | 14,963,548 | 14,374,945 |
| Funded Ratio (MVA / PVAB) | 97.5% | 84.2% |
| Increase (Decrease) in Present Value of Accrued Benefits Attributable to: | | |
| Plan Amendments | 0 | |
| Assumption Changes | 0 | |
| Plan Experience | 386,208 | |
| Benefits Paid | (810,411) | |
| Interest | 1,012,806 | |
| Other | 0 | |
| Total | 588,603 | |

| Valuation Date<br>Applicable to Fiscal Year Ending | 10/1/2024<br>9/30/2026 | 10/1/2023<br>9/30/2025 |
|---|---|---|
| E. Pension Cost | | |
| Normal Cost (with interest) | | |
| % of Projected Annual Payroll [2] | 24.4 | 24.0 |
| Administrative Expenses (with interest) | | |
| % of Projected Annual Payroll [2] | 5.1 | 4.4 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2024, with interest) | | |
| % of Projected Annual Payroll [2] | 23.9 | 18.0 |
| Minimum Required Contribution | | |
| % of Projected Annual Payroll [2] | 53.4 | 46.4 |
| Expected Member Contributions | | |
| % of Projected Annual Payroll [2] | 6.5 | 6.5 |
| Expected City and State Contribution | | |
| % of Projected Annual Payroll [2] | 46.9 | 39.9 |
| F. Past Contributions | | |
| Plan Years Ending: | 9/30/2024 | |
| Total Required Contribution | 477,250 | |
| City and State Requirement | 400,274 | |
| Actual Contributions Made: | | |
| Members (excluding buyback) | 76,976 | |
| City | 282,413 | |
| State | 118,363 | |
| Total | 477,752 | |
| G. Net Actuarial (Gain)/Loss | 44,318 | |

[1] The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2024 and 9/30/2023.

[2] Contributions developed as of 10/1/2024 are expressed as a percentage of Projected Annual Payroll at 10/1/2024 of $1,185,286.

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

| Year | Projected Unfunded Actuarial Accrued Liability |
|---|---|
| 2024 | 1,917,821 |
| 2025 | 1,763,504 |
| 2026 | 1,572,119 |
| 2031 | 895,504 |
| 2035 | 316,895 |
| 2037 | 88,054 |
| 2044 | 0 |

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

| | | Actual | Assumed |
|---|---|---|---|
| Year Ended | 9/30/2024 | 6.05% | 5.27% |
| Year Ended | 9/30/2023 | 15.01% | 6.25% |
| Year Ended | 9/30/2022 | 10.83% | 4.75% |
| Year Ended | 9/30/2021 | 2.64% | 4.95% |
| Year Ended | 9/30/2020 | 2.71% | 6.00% |

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

| | | Market Value | Actuarial Value | Assumed |
|---|---|---|---|---|
| Year Ended | 9/30/2024 | 23.96% | 7.14% | 7.25% |
| Year Ended | 9/30/2023 | 12.04% | 3.59% | 7.25% |
| Year Ended | 9/30/2022 | -19.07% | 4.52% | 7.25% |
| Year Ended | 9/30/2021 | 19.87% | 9.77% | 7.25% |
| Year Ended | 9/30/2020 | 7.99% | 8.12% | 7.75% |

(iii) Average Annual Payroll Growth

| | | |
|---|---|---|
| (a) Payroll as of: | 10/1/2024 | $1,185,286 |
| | 10/1/2014 | 1,038,632 |
| (b) Total Increase | | 14.12% |
| (c) Number of Years | | 10.00 |
| (d) Average Annual Rate | | 1.33% |

STATEMENT BY ENROLLED ACTUARY

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

Patrick T. Donlan

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

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

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

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

## RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

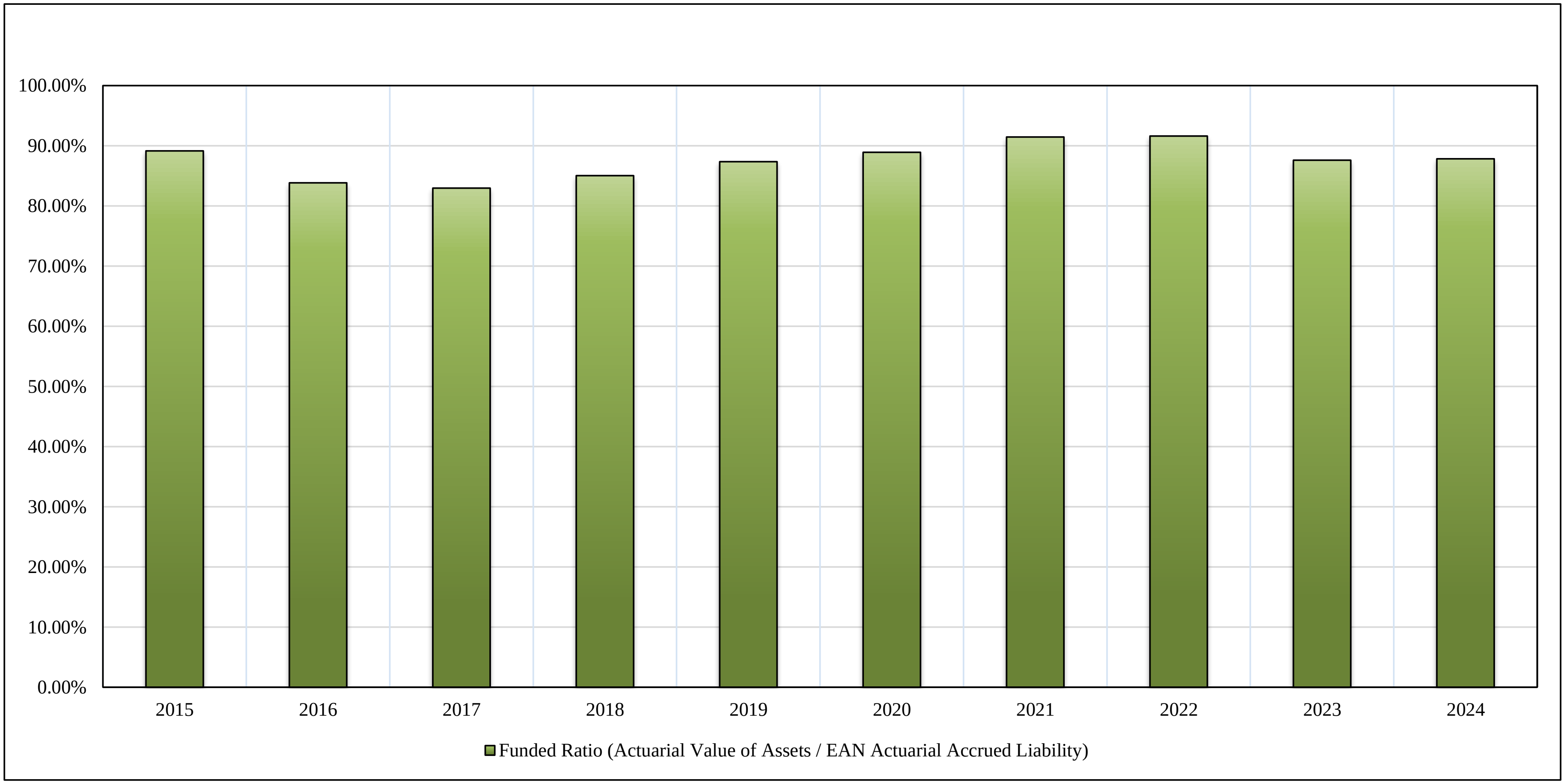
| | | |
|---|---|---|
| (1) | Unfunded Actuarial Accrued Liability as of October 1, 2023 | $1,881,565 |
| (2) | Sponsor Normal Cost developed as of October 1, 2023 | 203,252 |
| (3) | Expected administrative expenses for the year ended September 30, 2024 | 51,803 |
| (4) | Expected interest on (1), (2) and (3) | 153,027 |
| (5) | Sponsor contributions to the System during the year ended September 30, 2024 | 400,776 |
| (6) | Expected interest on (5) | 15,368 |
| (7) | Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6) | 1,873,503 |
| (8) | Change to UAAL due to Assumption Change | 0 |
| (9) | Change to UAAL due to Actuarial (Gain)/Loss | 44,318 |
| (10) | Unfunded Actuarial Accrued Liability as of October 1, 2024 | 1,917,821 |

| Type of Base | Date Established | Years Remaining | 10/1/2024 Amount | Amortization Amount |
|---|---|---|---|---|
| Benefit | 10/1/2000 | 6 | 141,001 | 27,795 |
| Method | 10/1/2005 | 11 | 245,768 | 30,941 |
| Prior Losses | 10/1/2005 | 4 | 123,975 | 34,320 |
| Loss | 10/1/2006 | 4 | 4,131 | 1,144 |
| Gain | 10/1/2007 | 4 | (18,955) | (5,247) |
| Benefit | 10/1/2007 | 13 | 39,164 | 4,431 |
| Method | 10/1/2008 | 4 | (47,766) | (13,223) |
| Assum Change | 10/1/2010 | 6 | 57,213 | 11,278 |
| Software Change | 10/1/2013 | 9 | (89,184) | (12,899) |
| Benefit | 10/1/2013 | 19 | 304 | 28 |
| Assum Change | 10/1/2014 | 10 | 121,835 | 16,361 |
| Benefit | 10/1/2014 | 20 | (18,932) | (1,699) |
| Gain | 10/1/2015 | 1 | (24,128) | (24,128) |
| Assum Change | 10/1/2016 | 12 | 405,739 | 48,267 |
| Loss | 10/1/2016 | 2 | 92,592 | 47,916 |
| Loss | 10/1/2017 | 3 | 105,691 | 37,723 |
| Gain | 10/1/2018 | 4 | (48,189) | (13,340) |
| Actuarial Gain | 10/1/2019 | 5 | (43,582) | (9,977) |
| Actuarial Gain | 10/1/2020 | 11 | (14,042) | (1,768) |
| Asmp/Mthd Change | 10/1/2020 | 11 | 52,366 | 6,593 |
| Actuarial Gain | 10/1/2021 | 12 | (132,823) | (15,801) |
| Actuarial Loss | 10/1/2022 | 13 | 38,195 | 4,322 |
| Benefits Change | 10/1/2022 | 13 | 63,129 | 7,143 |
| Actuarial Loss | 10/1/2023 | 14 | 820,001 | 88,740 |
| Actuarial Loss | 10/1/2024 | 15 | 44,318 | 4,609 |
| | | | 1,917,821 | 273,529 |

## DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

| | | |
|---|---|---|
| (1) | Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2023 | $1,881,565 |
| (2) | Expected UAAL as of October 1, 2024 | 1,873,503 |
| (3) | Summary of Actuarial (Gain)/Loss, by component: | |
| | Investment Return (Actuarial Asset Basis) | 15,075 |
| | Salary Increases | (48,898) |
| | Active Decrements | (74,544) |
| | Inactive Mortality | 118,670 |
| | Other | 34,015 |
| | Increase in UAAL due to (Gain)/Loss | 44,318 |
| | Assumption Changes | 0 |
| (4) | Actual UAAL as of October 1, 2024 | $1,917,821 |

# HISTORY OF FUNDING PROGRESS



## ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>

*Healthy Active Lives:*

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

*Healthy Retiree Lives:*

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

*Beneficiary Lives:*

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

*Disabled Lives:*

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

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

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2023 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

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

<u>Interest Rate</u>

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

Salary Increases

Salary Scale

| Service | Rate |
|---|---|
| 0 | 10.00% |
| 1 + | 4.75% |

Projected salary in the year of retirement is increased 15% to account for non-regular compensation for members hired before October 1, 2011. This assumption was adopted based on the January 15, 2021 experience study.

Payroll Growth

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

Administrative Expenses

$58,628 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 15 years.

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

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

Funding Method

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

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

Salary - None.

Asset Valuation Method

All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market investment return against expected market value investment return) over a five-year period.

Normal Retirement

| Year After First Eligible | % Retiring During the Year |
|---|---|
| <1 | 50% |
| 1-4 | 20% |
| 5 | 100% |

This assumption was reviewed in the January 15, 2021 experience study. According to the Actuarial Impact Statement dated March 12, 2024, it was assumed that 100% retirement upon first eligibility for the 25 and out normal retirement.

Early Retirement

Commencing with the earliest Early Retirement Age (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption was supported by the January 15, 2021 experience study.

Termination Rate

| Credited Service | % Terminating During the Year |
|---|---|
| Less than 5 Years | 9.00% |
| 5 or More Years | 3.00% |

This assumption was adopted based on the January 15, 2021 experience study.

Disability Rate

Sample rates in table below. This assumption was reviewed and remained unchanged as part of the January 15, 2021 experience study. 75% are assumed to be In-Line-Of-Duty and 25% Not-In-Line-Of-Duty.

| % Becoming Disabled During the Year | |
|---|---|
| Age | Rate |
| 20 | 0.14% |
| 25 | 0.15% |
| 30 | 0.18% |
| 35 | 0.23% |
| 40 | 0.30% |
| 45 | 0.51% |
| 50 | 1.00% |
| 55 | 1.55% |
| 60+ | 2.09% |

| | |
|---|---|
| Cost of Living Adjustment | 3.0% per year for Members retiring before January 1, 2016 who were hired before January 1, 2016. 2.9% per year for Members retiring on or after January 1, 2016 who were hired before January 1, 2016. No cost-of-living adjustment for Members who were hired on or after January 1, 2016. |
| Low-Default-Risk Obligation Measure | Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.06% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2024. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted. |

# GLOSSARY

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

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

(a) The normal cost accrual rate equals:

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

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

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

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

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

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

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

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

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

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

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

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

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

## DISCUSSION OF RISK

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

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

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

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Salary Increases</u>: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- <u>Demographic Assumptions:</u> Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 150.0% on October 1, 2014 to 73.9% on October 1, 2024, indicating that the plan has been maturing during the period.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 80.5%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 84.3% on October 1, 2014 to 87.8% on October 1, 2024.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 0.3% on October 1, 2014 to -2.7% on October 1, 2024. The current Net Cash Flow Ratio of -2.7% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 11 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.06%, resulting in an LDROM of $23,702,149. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

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

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

## PLAN MATURITY MEASURES AND OTHER RISK METRICS

| | 10/1/2024 | 10/1/2023 | 10/1/2019 | 10/1/2014 |
|---|---|---|---|---|
| Support Ratio | | | | |
| Total Actives | 17 | 18 | 20 | 18 |
| Total Inactives [1] | 23 | 23 | 17 | 12 |
| Actives / Inactives [1] | 73.9% | 78.3% | 117.6% | 150.0% |
| Asset Volatility Ratio | | | | |
| Market Value of Assets (MVA) | 14,594,701 | 12,109,446 | 11,091,185 | 7,881,363 |
| Total Annual Payroll | 1,298,386 | 1,328,796 | 1,326,157 | 1,038,632 |
| MVA / Total Annual Payroll | 1,124.1% | 911.3% | 836.3% | 758.8% |
| Accrued Liability (AL) Ratio | | | | |
| Inactive Accrued Liability | 12,695,587 | 12,442,365 | 8,451,110 | 4,469,962 |
| Total Accrued Liability (EAN) | 15,761,317 | 15,176,333 | 12,774,206 | 8,827,094 |
| Inactive AL / Total AL | 80.5% | 82.0% | 66.2% | 50.6% |
| Funded Ratio | | | | |
| Actuarial Value of Assets (AVA) | 13,843,496 | 13,294,768 | 11,159,250 | 7,439,020 |
| Total Accrued Liability (EAN) | 15,761,317 | 15,176,333 | 12,774,206 | 8,827,094 |
| AVA / Total Accrued Liability (EAN) | 87.8% | 87.6% | 87.4% | 84.3% |
| Net Cash Flow Ratio | | | | |
| Net Cash Flow [2] | (394,785) | (259,995) | 14,998 | 20,363 |
| Market Value of Assets (MVA) | 14,594,701 | 12,109,446 | 11,091,185 | 7,881,363 |
| Ratio | -2.7% | -2.1% | 0.1% | 0.3% |

[1] Excludes terminated participants awaiting a refund of member contributions.

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

| Received During Fiscal Year | Amount | Increase from Previous Year |
|---|---|---|
| 1998 | 34,162.00 | _____% |
| 1999 | 34,452.00 | 0.8% |
| 2000 | 33,777.00 | -2.0% |
| 2001 | 34,703.00 | 2.7% |
| 2002 | 41,179.00 | 18.7% |
| 2003 | 45,153.00 | 9.7% |
| 2004 | 55,715.30 | 23.4% |
| 2005 | 51,529.33 | -7.5% |
| 2006 | 52,754.20 | 2.4% |
| 2007 | 54,400.77 | 3.1% |
| 2008 | 56,834.57 | 4.5% |
| 2009 | 63,494.34 | 11.7% |
| 2010 | 57,359.30 | -9.7% |
| 2011 | 55,676.37 | -2.9% |
| 2012 | 59,310.80 | 6.5% |
| 2013 | 59,752.74 | 0.7% |
| 2014 | 63,747.87 | 6.7% |
| 2015 | 61,494.36 | -3.5% |
| 2016 | 69,593.43 | 13.2% |
| 2017 | 67,453.64 | -3.1% |
| 2018 | 73,848.64 | 9.5% |
| 2019 | 77,929.37 | 5.5% |
| 2020 | 80,916.54 | 3.8% |
| 2021 | 81,719.14 | 1.0% |
| 2022 | 89,162.10 | 9.1% |
| 2023 | 103,976.80 | 16.6% |
| 2024 | 118,363.40 | 13.8% |

## STATEMENT OF FIDUCIARY NET POSITION
## SEPTEMBER 30, 2024

| ASSETS | COST VALUE | MARKET VALUE |
|---|---|---|
| Cash and Cash Equivalents: | | |
| Short Term Investments | 143,820.54 | 143,820.54 |
| Total Cash and Equivalents | 143,820.54 | 143,820.54 |
| Receivables: | | |
| City Contributions in Transit | 501.79 | 501.79 |
| Total Receivable | 501.79 | 501.79 |
| Investments: | | |
| Mutual Funds: | | |
| Fixed Income | 5,858,241.69 | 5,960,067.82 |
| Equity | 6,610,486.57 | 8,623,685.75 |
| Total Investments | 12,468,728.26 | 14,583,753.57 |
| Total Assets | 12,613,050.59 | 14,728,075.90 |
| LIABILITIES | | |
| Prepaid City Contribution | 133,375.40 | 133,375.40 |
| Total Liabilities | 133,375.40 | 133,375.40 |
| NET POSITION RESTRICTED FOR PENSIONS | 12,479,675.19 | 14,594,700.50 |

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Market Value Basis

| | | | |
|---|---|---|---|
| ADDITIONS | | | |
| Contributions: | | | |
| Member | | 76,975.82 | |
| City | | 282,412.65 | |
| State | | 118,363.40 | |
| Total Contributions | | | 477,751.87 |
| Investment Income: | | | |
| Net Realized Gain (Loss) | 325,246.00 | | |
| Unrealized Gain (Loss) | 2,021,140.35 | | |
| Net Increase in Fair Value of Investments | | 2,346,386.35 | |
| Interest & Dividends | | 559,903.02 | |
| Less Investment Expense[1] | | (26,250.00) | |
| Net Investment Income | | | 2,880,039.37 |
| Total Additions | | | 3,357,791.24 |
| DEDUCTIONS | | | |
| Distributions to Members: | | | |
| Benefit Payments | | 778,422.18 | |
| Lump Sum DROP Distributions | | 0.00 | |
| Refunds of Member Contributions | | 31,988.49 | |
| Total Distributions | | | 810,410.67 |
| Administrative Expense | | | 62,126.26 |
| Total Deductions | | | 872,536.93 |
| Net Increase in Net Position | | | 2,485,254.31 |
| NET POSITION RESTRICTED FOR PENSIONS | | | |
| Beginning of the Year | | | 12,109,446.19 |
| End of the Year | | | 14,594,700.50 |

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

# ACTUARIAL ASSET VALUATION
September 30, 2024

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Gains/Losses Not Yet Recognized

| Plan Year Ending | Gain/(Loss) | Amounts Not Yet Recognized by Valuation Year 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|
| 09/30/2021 | 1,493,219 | 298,643 | 0 | 0 | 0 | 0 |
| 09/30/2022 | (3,672,176) | (1,468,871) | (734,436) | 0 | 0 | 0 |
| 09/30/2023 | 525,871 | 315,523 | 210,349 | 105,175 | 0 | 0 |
| 09/30/2024 | 2,007,387 | 1,605,910 | 1,204,433 | 802,956 | 401,479 | 0 |
| Total | | 751,205 | 680,346 | 908,131 | 401,479 | 0 |

Development of Investment Gain/Loss

| | |
|---|---|
| Market Value of Assets, including Prepaid Contributions, 09/30/2023 | 12,225,119 |
| Contributions Less Benefit Payments & Admin Expenses | (377,083) |
| Expected Investment Earnings* | 872,652 |
| Actual Net Investment Earnings | 2,880,039 |
| 2024 Actuarial Investment Gain/(Loss) | 2,007,387 |

*Expected Investment Earnings = 0.0725 * (12,225,119 - 0.5 * 377,083)

Development of Actuarial Value of Assets

| | |
|---|---|
| (1) Market Value of Assets, 09/30/2024 | 14,594,701 |
| (2) Gains/(Losses) Not Yet Recognized | 751,205 |
| (3) Actuarial Value of Assets, 09/30/2024, (1) - (2) | 13,843,496 |
| (4) Limited Actuarial Value of Assets, 09/30/2024 | 13,843,496 |
| | |
| (A) 09/30/2023 Actuarial Assets, including Prepaid Contributions: | 13,410,441 |
| | |
| (I) Net Investment Income: | |
| 1. Interest and Dividends | 559,903 |
| 2. Realized Gain (Loss) | 325,246 |
| 3. Unrealized Gain (Loss) | 2,021,140 |
| 4. Change in Actuarial Value | (1,936,527) |
| 5. Investment Expenses | (26,250) |
| Total | 943,512 |
| | |
| (B) 09/30/2024 Actuarial Assets, including Prepaid Contributions: | 13,976,871 |
| | |
| Actuarial Assets Rate of Return = 2I/(A+B-I): | 7.14% |
| Market Value of Assets Rate of Return: | 23.96% |
| | |
| Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) | (15,075) |

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2024
Actuarial Asset Basis

| | | |
|---|---|---|
| **REVENUES** | | |
| Contributions: | | |
| Member | 76,975.82 | |
| City | 282,412.65 | |
| State | 118,363.40 | |
| Total Contributions | | 477,751.87 |
| Earnings from Investments: | | |
| Interest & Dividends | 559,903.02 | |
| Net Realized Gain (Loss) | 325,246.00 | |
| Unrealized Gain (Loss) | 2,021,140.35 | |
| Change in Actuarial Value | (1,936,527.00) | |
| Total Earnings and Investment Gains | | 969,762.37 |
| **EXPENDITURES** | | |
| Distributions to Members: | | |
| Benefit Payments | 778,422.18 | |
| Lump Sum DROP Distributions | 0.00 | |
| Refunds of Member Contributions | 31,988.49 | |
| Total Distributions | | 810,410.67 |
| Expenses: | | |
| Investment related[1] | 26,250.00 | |
| Administrative | 62,126.26 | |
| Total Expenses | | 88,376.26 |
| Change in Net Assets for the Year | | 548,727.31 |
| Net Assets Beginning of the Year | | 13,294,768.19 |
| Net Assets End of the Year[2] | | 13,843,495.50 |

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

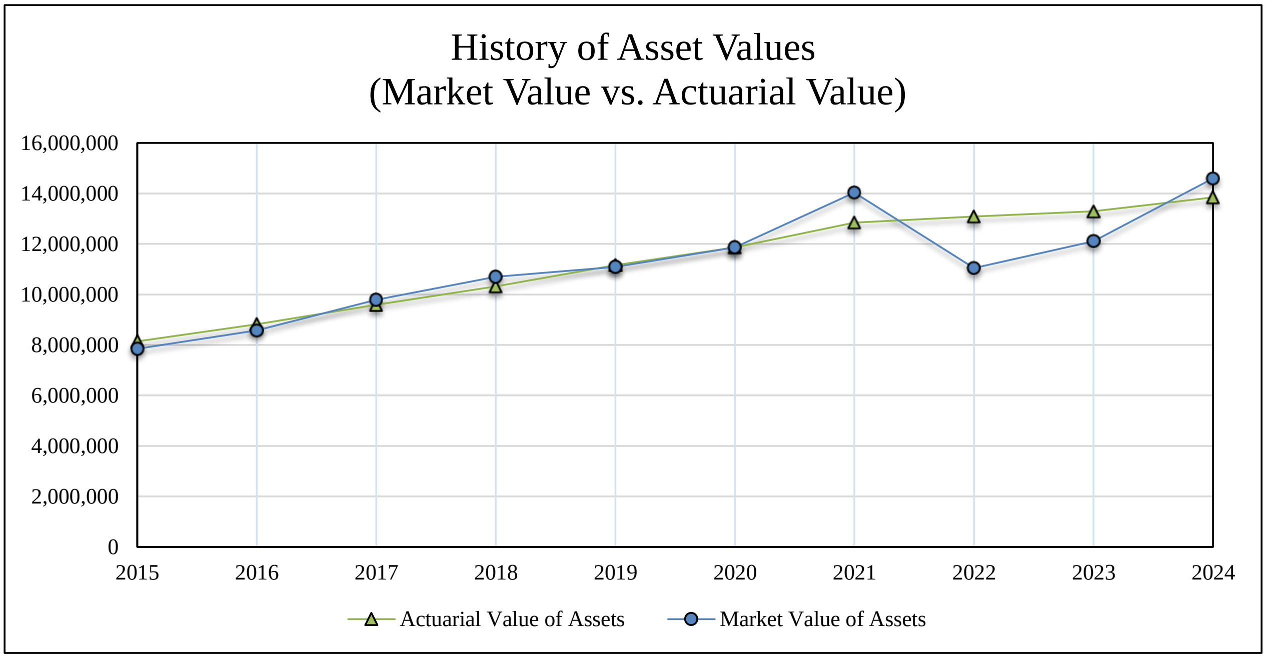
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2023 to September 30, 2024

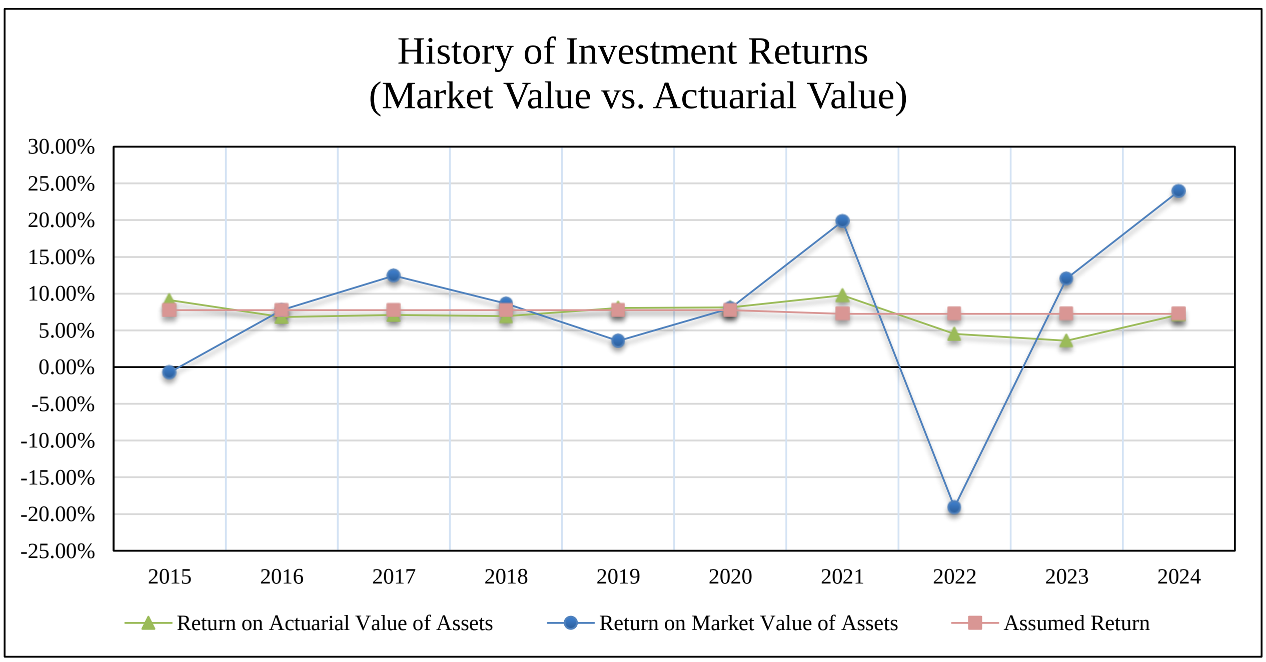
| | |
|---|---|
| Beginning of the Year Balance | 35,645.77 |
| Plus Additions | 108,475.86 |
| Investment Return Earned | 19,896.82 |
| Less Distributions | 0.00 |
| End of the Year Balance | 164,018.45 |

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2024

| | | |
|---|---|---|
| (1) | City and State Required Contribution Rate | 33.8% |
| (2) | Pensionable Payroll Derived from Member Contributions | $1,184,243.38 |
| (3) | City and State Required Contribution (1) x (2) | 400,274.26 |
| (4) | Less Allowable State Contribution | (118,363.40) |
| (5) | Equals Required City Contribution for Fiscal 2024 | 281,910.86 |
| (6) | Less 2023 Prepaid Contribution | (115,673.27) |
| (7) | Less Actual City Contributions | (299,612.99) |
| (8) | Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2024 | ($133,375.40) |

# HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



## STATISTICAL DATA

| | 10/1/2024 | 10/1/2023 | 10/1/2022 | 10/1/2021 |
|---|---|---|---|---|
| Actives | | | | |
| Number | 17 | 18 | 19 | 20 |
| Average Current Age | 39.3 | 37.4 | 38.2 | 38.8 |
| Average Age at Employment | 33.4 | 32.0 | 31.8 | 31.0 |
| Average Past Service | 5.9 | 5.4 | 6.4 | 7.8 |
| Average Annual Salary | $76,376 | $73,822 | $68,141 | $66,033 |
| Service Retirees | | | | |
| Number | 17 | 17 | 17 | 16 |
| Average Current Age | 63.2 | 62.2 | 61.2 | 63.3 |
| Average Annual Benefit | $43,766 | $42,546 | $41,349 | $45,142 |
| DROP Retirees | | | | |
| Number | 2 | 2 | 0 | 0 |
| Average Current Age | 53.9 | 52.9 | N/A | N/A |
| Average Annual Benefit | $55,449 | $53,834 | N/A | N/A |
| Beneficiaries | | | | |
| Number | 1 | 1 | 1 | 0 |
| Average Current Age | 27.4 | 26.4 | 25.4 | N/A |
| Average Annual Benefit | $1,278 | $1,278 | $1,278 | N/A |
| Disability Retirees | | | | |
| Number | 2 | 2 | 2 | 2 |
| Average Current Age | 68.4 | 67.4 | 66.4 | 65.4 |
| Average Annual Benefit | $25,278 | $24,882 | $24,496 | $24,212 |
| Terminated Vested | | | | |
| Number | 9 | 5 | 4 | 2 |
| Average Current Age [1] | 42.9 | 41.9 | 40.9 | 51.5 |
| Average Annual Benefit [1] | $29,778 | $29,778 | $29,778 | $29,752 |

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

| AGE | 0 | 1 | 2 | 3 | 4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 - 19 | | | | | | | | | | | | 0 |
| 20 - 24 | 1 | | | | | | | | | | | 1 |
| 25 - 29 | 1 | | 1 | | | | | | | | | 2 |
| 30 - 34 | | 2 | | | | 1 | | | | | | 3 |
| 35 - 39 | 1 | | 1 | | | | 1 | 1 | | | | 4 |
| 40 - 44 | | | 1 | | | 1 | | | | | | 2 |
| 45 - 49 | | | 1 | | | 1 | | | | | | 2 |
| 50 - 54 | | | | | | 1 | | | | | | 1 |
| 55 - 59 | | | | | | 1 | | | | | | 1 |
| 60 - 64 | | | | | | | | 1 | | | | 1 |
| 65+ | | | | | | | | | | | | 0 |
| Total | 3 | 2 | 4 | 0 | 0 | 5 | 1 | 2 | 0 | 0 | 0 | 17 |

## VALUATION PARTICIPANT RECONCILIATION

1. Active lives

| | |
|---|---|
| a. Number in prior valuation 10/1/2023 | 18 |
| | |
| b. Terminations | |
| i. Vested (partial or full) with deferred annuity | 0 |
| ii. Vested in refund of member contributions only | (2) |
| iii. Refund of member contributions or full lump sum distribution | (2) |
| c. Deaths | |
| i. Beneficiary receiving benefits | 0 |
| ii. No future benefits payable | 0 |
| d. Disabled | 0 |
| e. Retired | 0 |
| f. DROP | 0 |
| g. Continuing participants | 14 |
| h. New entrants / Rehires | 3 |
| i. Total active life participants in valuation | 17 |

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

| | Service Retirees, Vested Receiving Benefits | DROP Benefits | Receiving Death Benefits | Receiving Disability Benefits | Vested (Deferred Annuity) | Vested (Due Refund) | Total |
|---|---|---|---|---|---|---|---|
| a. Number prior valuation | 17 | 2 | 1 | 2 | 1 | 4 | 27 |
| | | | | | | | |
| Retired | | | | | | | 0 |
| DROP | | | | | | | 0 |
| Vested (Deferred Annuity) | | | | | | | 0 |
| Vested (Due Refund) | | | | | | 2 | 2 |
| Hired/Terminated in Same Year | | | | | | 3 | 3 |
| Death, With Survivor | | | | | | | 0 |
| Death, No Survivor | | | | | | | 0 |
| Disabled | | | | | | | 0 |
| Refund of Contributions | | | | | | (1) | (1) |
| Rehires | | | | | | | 0 |
| Expired Annuities | | | | | | | 0 |
| Data Corrections | | | | | | | 0 |
| | | | | | | | |
| b. Number current valuation | 17 | 2 | 1 | 2 | 1 | 8 | 31 |

## SUMMARY OF CURRENT PLAN
(Through Ordinance 2024-07)

| | |
|---|---|
| Effective Date | February 28, 1967 |
| Latest Amendment | October 22, 2024 |
| Credited Service | a. Total aggregate period of service, including military leave, if reemployed within one year (Maximum 5 years credit).<br><br>b. Upon termination, prior Credited Service will be forfeited if refund of contribution elected or if not reemployed within 5 years. |
| Salary | Total cash remuneration, plus tax deferred compensation contributed by the City on behalf of the member pursuant to IRC Section 414(h), including paid overtime up to 300 hours per fiscal year, but payment for accrued unused annual leave shall not be included except as provided below. Payment at retirement for a member's accumulated balance of accrued unused sick leave and annual leave on September 30, 2011 may still be included and will be paid at the actual hourly in effect at retirement. Earnings will include the lesser of the amount of unused sick and annual leave time accrued on September 30, 2011, or actual amount of sick and annual leave time remaining at the time of retirement. |
| Average Final Compensation | Average annual salary during the final 5 years of employment. |
| Normal Retirement | |
| Eligibility | Earlier of (1) Age 52 and 10 years of Service, or (2) Completion of 25 years of Service, regardless of age. |
| Benefit Amount | 3.0% of Average Final Compensation times Years of Credited Service. |
| Form of Benefit | Ten Year Certain and Life Annuity (options available). |

Early Retirement

| | |
|---|---|
| Eligibility | Age 50 and 10 years of Service. |
| Benefit Amount | Computed as for Normal Retirement, reduced 3% for each year that Early Retirement precedes Normal Retirement. |

| | |
|---|---|
| Cost-of-Living Adjustment | Members who retire on or after October 1, 2001, receive a 3% benefit increase on every July 1 for the accrued benefit earned prior to January 1, 2016. For service on and after this date the COLA shall equal the amount of the Social Security COLA for the year immediately prior to the COLA, provided that the minimum shall be 1.0% and the maximum shall be 3.0%<br><br>Members hired on or after January 1, 2016 will not receive a COLA. |

Vesting (Termination)

| | |
|---|---|
| Less than 10 years of Contributing Service | Refund of Member Contributions without interest. |
| 10 years or more | Accrued benefit payable at Normal Retirement Date if Member contributions left in Fund, or a refund of Member Contributions, without interest |

Disability In Service

| | |
|---|---|
| Eligibility | 1. Date of Employment.<br><br>2. Service connected injury, disease or disability which permanently incapacitates him from performing police officer's duties. |
| Benefit Amount | The greater of 50% of regular base salary or the accrued benefit or 42% of Average Final Compensation for life and the life of the surviving beneficiary in the event of death with the first 120 payments guaranteed. |

Disability Non-Service

| | |
|---|---|
| Benefit Amount | Refund of Member Contributions with less than 10 years of Credited Service.<br><br>With 10 or more years of Credited Service, the accrued benefit payable upon being granted a disability benefit. |

Death - Service Incurred

| | |
|---|---|
| Benefit | 50% of base rate of pay in effect on date of death. Payable to spouse until death or remarriage. If no spouse, or upon death or remarriage, 15% payable to each unmarried child until age 18 (or to age 22, if in school); total maximum for all such children of 50%. |

Death - Non-Service Incurred

| | |
|---|---|
| Benefit | 50% of base rate of pay in effect on date of death payable monthly to beneficiary for a period of one year. |
| Optional Death Benefit | Accrued benefit paid to Beneficiary for 10 years at otherwise Normal or Early Retirement Date. |

Contributions

| | |
|---|---|
| Employee | 6.5% of Salary. |
| Premium Tax | 0.85% tax on premiums for casualty insurance |
| City | Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over 30 years. |

| | |
|---|---|
| Board of Trustees | Two City Council appointees who are City residents, two elected Members of the Police Department, and a fifth member elected by the other four. |

Deferred Retirement Option Plan

| | |
|---|---|
| Eligibility | Eligibility for Normal Retirement. |
| Participation | Not to exceed 60 months. |
| Rate of Return | Actual net rate of investment return of the fund. |
| Form of Distribution | Lump sum at termination of employment. |