



April 26, 2024

Board of Trustees  
Okeechobee Utility Authority Employees' Retirement System  
c/o Mr. Scott Baur  
Resource Centers, LLC  
4360 Northlake Blvd  
Suite 206  
Palm Beach Gardens, FL 33410

**Re: Okeechobee Utility Authority Employees' Retirement System  
October 1, 2023 Actuarial Valuation Report**

Dear Scott:

As requested, we are pleased to enclose nine (9) copies of the October 1, 2023 Actuarial Valuation Report for the Okeechobee Utility Authority Employees' Retirement System.

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

We appreciate the opportunity to have performed this important assignment on behalf of the Board and look forward to presenting the key results at the May 6<sup>th</sup> Board Meeting.

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

Sincerest regards,  
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Michelle Jones".

Shelly L. Jones, ASA, MAAA, EA  
Consultant and Actuary

A handwritten signature in black ink that reads "Jennifer Borregard".

Jennifer M. Borregard, MAAA, EA  
Consultant and Actuary

Enclosures

# OKEECHOBEE UTILITY AUTHORITY EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION AS OF OCTOBER 1, 2023

This Valuation Determines the Annual Contribution for the System Year October 1, 2023 through September 30, 2024 with Okeechobee Utility Authority contribution to be Paid in Fiscal Year October 1, 2024 through September 30, 2025

April 26, 2024





Okeechobee Utility Authority  
Employees' Retirement System

**TABLE OF CONTENTS**

	<u>Page</u>
Transmittal Letter	1
Executive Summary	4
Risk Associated with Measuring the Accrued Liability and Actuarially Determined Contribution	6
Low-Default-Risk Obligation	9
I. Summary of Retirement System Costs .....	10
II. Comparison of Cost Data of Current and Prior Valuations .....	12
III. Characteristics of Participants in Actuarial Valuation.....	13
IV. Statement of Assets.....	14
V. Reconciliation of System Assets .....	15
VI. Development of Smoothed Value of Assets .....	16
VII. Actuarial Gain / (Loss) for System Year.....	17
VIII. Accounting Disclosure Exhibit.....	18
IX. Outline of Principal Provisions of the Retirement System.....	27
X. Actuarial Assumptions and Actuarial Cost Methods Used .....	30
XI. Distribution of System Participants by Attained Age Groups and Service Groups.....	34
XII. Statistics for Participants Entitled to Deferred Benefits and Participants Receiving Benefits .....	35
XIII. Reconciliation of Participant Data .....	36
XIV. Projected Retirement Benefits .....	37
XV. Summary of Transaction Information.....	38
XVI. Recent Compensation, Termination and Investment Return Experience .....	39
XVII. Employer Contribution Information .....	40
XVIII. State Required Exhibit .....	41
XIX. Glossary .....	45





April 26, 2024

Board of Trustees  
Okeechobee Utility Authority Employees' Retirement System  
c/o Mr. Scott Baur  
Resource Centers, LLC  
4360 Northlake Blvd., Suite 206  
Palm Beach Gardens, FL 33410

Dear Board Members:

We are pleased to present our October 1, 2023 Actuarial Valuation report for the Okeechobee Utility Authority Employees' Retirement System (System). The purpose of our report is to indicate appropriate contribution levels, comment on the actuarial stability of the System and to satisfy State requirements. The Pension Board has retained Gabriel, Roeder, Smith & Company (GRS) to prepare an annual actuarial valuation under Section 4-4 of the System.

Our Report consists of this cover letter, executive summary, risk assessment and low-default-risk obligation measure followed by detailed Tables I through XVII, the State Required Exhibit on Table XVIII and definitions of technical terms on Table XIX. The Tables contain basic System cost figures plus significant details on the benefits, liabilities and experience of the System. We suggest you thoroughly review the report at your convenience and contact us with any questions that may arise.

The findings in this report are based on data or asset information through September 30, 2023. The valuation was based upon information furnished by the Board concerning System benefit, plan provision and active members, terminated members, retirees and beneficiaries. We received financial information concerning System assets as of September 30, 2023 from the Board.

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

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

The actuarial assumptions used in this actuarial valuation are as adopted by the Board of Trustees. The

demographic actuarial assumptions are based on the results of an actuarial Experience Study for the six years ending September 30, 2020. The mortality assumptions are prescribed by statute. Each assumption represents an estimate of future System experience. All actuarial assumptions used in this report are reasonable for the purposes of this valuation. The combined effect of the assumptions is expected to have no significant bias (i.e. not significantly optimistic or pessimistic). All actuarial assumptions and methods used in the valuation follow the guidance in the applicable Actuarial Standards of Practice. Additional information about the actuarial assumptions is included in section X of this report.

If all actuarial assumptions are met and if all future minimum required contributions are paid, System assets will be sufficient to pay all System benefits and future contributions are expected to remain relatively stable as a percent of payroll. System minimum required contributions are determined in compliance with the requirements of the Florida Protection of Public Employee Retirement Benefits Act with normal cost determined as a level percent of covered payroll.

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

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

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

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

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



Board of Trustees  
April 26, 2024  
Page Three

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

The signing actuaries are independent of the System sponsor.

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

Sincerely,  
Gabriel, Roeder, Smith & Company

*Michelle Jones*

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

*Jennifer Borregard*

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



# EXECUTIVE SUMMARY

## Retirement System Costs

The minimum payment consists of payment of annual normal costs including expenses. The minimum payment for **System Year ending September 30, 2024** is **15.4% of covered payroll (\$380,322)**. The figure in parentheses is the System cost expressed as a dollar amount based upon projected covered annual payroll for fiscal year beginning October 1, 2023 (\$2,465,834). This total cost is to be met by Member and Okeechobee Utility Authority contributions. We anticipate Members will contribute **6.0% of covered payroll (\$147,950)**. The resulting minimum required Okeechobee Utility Authority contribution **to be paid in fiscal year ending September 30, 2025** is **9.4% of covered payroll (\$232,372)**.

## Changes in Actuarial Assumptions, Methods and System Benefits

System provisions remain unchanged from our October 1, 2022 Actuarial Valuation. System benefits are summarized on Table IX.

The actuarial assumptions and methods remain unchanged from the October 1, 2022 Actuarial Valuation. The actuarial assumptions and methods are outlined on Table X.

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

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

Comparing the left and right columns of Table II shows the effect of System experience during the year. The number of active participants and covered payroll increased by approximately 2% and 16%, respectively. Total System membership increased by approximately 2%. Total normal cost under the aggregate actuarial cost method (funding) and the net Okeechobee Utility Authority minimum funding requirement increased both as a percentage of covered payroll and as a dollar amount. Total normal cost under the entry age normal actuarial cost method (accounting) increased as a dollar amount, while remaining level as a percentage of covered payroll.

System assets exceed the value of vested accrued benefits, resulting in a Vested Benefit Security Ratio (VBSR) of 107.8%. This is an increase from 106.4% as of the October 1, 2022 Actuarial Valuation. The VBSR is measured on a market value of assets basis.

## System Experience

Table VII indicates the System experienced an actuarial loss of \$890,802. This suggests actual overall System experience was less favorable than expected.

Table XVI (salary, turnover and investment yield) provides figures on recent System experience. The salary experience indicates actual salary increases averaged approximately 18.9% for fiscal year ended September 30, 2023. The assumed salary increase was 4.6%. Salary experience was generally a source of





actuarial loss. Three, five and ten-year average annual salary increases are 10.2%, 8.1% and 5.6%, respectively. Three, five and ten-year assumed average annual salary increases are all 5.1%, 5.5% and 5.7%, respectively.

Employee turnover this year was approximately 250% of the assumed turnover and was generally an offsetting source of actuarial gain. Three and five-year turnover has averaged 230% and 210%, respectively, of assumed turnover.

Smoothed investment return of 4.77% was less than the assumed 6.75% investment return. Smoothed investment return was an additional source of actuarial loss. Three, five and ten-year average smoothed investment returns are 6.3%, 7.1% and 7.3%, respectively. One, three, five and ten-year average annual investment returns are 12.58%, 2.9%, 4.8% and 6.2%, respectively on a market value basis.

## **Conclusion**

The Market Value of Assets is less than the Actuarial Value of Assets by \$864,294 as of the valuation date. This difference will be gradually recognized in the absence of future offsetting gains. In turn, the actuarially determined contribution rate will increase.

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

## RISKS ASSOCIATED WITH MEASURING THE ACCRUED LIABILITY AND ACTUARIALLY DETERMINED CONTRIBUTION

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

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

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

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

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

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

### System Maturity Measures

Risks facing a pension 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>2022</u>	<u>2023</u>
Ratio of market value of assets to payroll	4.51	4.22
Ratio of actuarial accrued liability to payroll (Accounting)	4.96	4.65
Ratio of actives to retirees and beneficiaries	1.79	1.76
Ratio of net cash flow to market value of assets	-1.7%	-4.2%
Duration of actuarial accrued liability (Accounting)	13.01	12.68

### Ratio of Market Value of Assets to Payroll

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

### Ratio of Actuarial Accrued Liability to Payroll (Accounting)

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of the actuarially determined contributions for a fully funded 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 payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also the actuarially determined contributions) as a percentage of payroll.

## **Ratio of Actives to Retirees and Beneficiaries**

A young 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.

## **Duration of Actuarial Accrued Liability (Accounting)**

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

## **Additional Risk Assessment**

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

## LOW-DEFAULT-RISK OBLIGATION MEASURE

Actuarial Standards of Practice No. 4 (ASOP No. 4) was revised and reissued in December 2021 by the Actuarial Standards Board (ASB). It includes a new calculation called a low-default-risk obligation measure (LDRM) 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: \$14,912,438

B. Discount rate used to calculate the LDRM: 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 LDRM: Entry Age Normal

E. Valuation procedures to value any significant plan provisions that are difficult to measure using traditional valuation procedures, and that differ from the procedures used in the funding valuation: none

F. Commentary to help the intended user understand the significance of the LDRM with respect to the funded status of the plan, plan contributions, and the security of participant benefits: The LDRM 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 LDRM) is one illustration of the savings the sponsor anticipates by taking on the risk in a diversified portfolio.



Summary of Retirement System Costs as of October 1, 2023

	<u>Cost Data</u>	<u>% of Payroll</u>
A. Participant Data Summary (Table III)		
1. Active employees	51	N/A
2. Terminated vested	3	N/A
3. Receiving benefits (including DROPs)	29	N/A
4. Annual payroll of active employees	\$ 2,465,834	100.0%
B. Total Actuarial Present Value of Future Benefits		
1. Age retirement benefits active employees	\$ 6,341,459	257.2%
2. Termination benefits active employees	656,669	26.6%
3. Death benefits active employees	49,987	2.0%
4. Disability benefits active employees	110,690	4.5%
5. Retired or terminated vested participants receiving benefits including DROPs	5,712,857	231.7%
6. Terminated vested participants entitled to future benefits	98,271	4.0%
7. Deceased participants whose beneficiaries are receiving benefits	375,729	15.2%
8. Disabled participants receiving benefits	46,992	1.9%
9. Miscellaneous liability (refunds in process)	32,714	1.3%
10. Total Actuarial Present Value of Future Benefits	<u>\$ 13,425,368</u>	544.5%
C. Net Smoothed Value of Assets (Table VI)	\$ 11,273,062	457.2%
D. Present Value of Future Normal Costs (B. - C.)	\$ 2,152,306	87.3%
E. Present Value of Future Salaries	\$ 18,061,672	732.5%
F. Normal Cost Accrual Rate (D. / E.)	11.916%	N/A
G. Normal Cost (A.4. x F.)	\$ 293,829	11.9%

Summary of Retirement System Costs as of October 1, 2023

	<u>Cost Data</u>	<u>% of Payroll</u>
H. Minimum Required Contribution		
1. Normal cost	\$ 293,829	11.9%
2. Estimated administrative expenses	60,595	2.5%
3. Interest adjustment	25,898	1.1%
4. Total minimum required contribution	<u>\$ 380,322</u>	15.4%
I. Contribution Sources		
1. Expected Okeechobee Utility Authority	\$ 232,372	9.4%
2. Expected Member	147,950	6.0%
3. Total required contribution	<u>\$ 380,322</u>	15.4%
J. Actuarial Gain / (Loss) (Table VII)	\$ (890,802)	(36.1%)
K. Actuarial Present Value of Vested Accrued Benefits		
1. Retired, terminated vested, beneficiaries and disabled receiving benefits including DROPs	\$ 6,135,578	248.8%
2. Terminated vested participants entitled to future benefits and miscellaneous	130,985	5.3%
3. Active participants entitled to future benefits	<u>3,392,911</u>	137.6%
4. Total actuarial present value of vested accrued benefits	\$ 9,659,474	391.7%
L. Net Market Value of Assets (Table IV)	\$ 10,408,768	422.1%
M. Unfunded Actuarial Present Value of Vested Accrued Benefits (K. - L., not less than zero)	\$ 0	0.0%
N. Vested Benefit Security Ratio (L. ÷ K.)	107.8%	N/A

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

	October 1, 2022		October 1, 2023	
	Cost Data	% of Annual Compensation	Cost Data	% of Annual Compensation
A. Participants				
1. Active employees	50	N/A	51	N/A
2. Terminated vested	3	N/A	3	N/A
3. Receiving benefits (including DROPs)	28	N/A	29	N/A
4. Annual payroll of active employees	\$ 2,133,865	100.0%	\$ 2,465,834	100.0%
B. Present Value of Future Benefits	\$ 12,272,401	575.1%	\$ 13,425,368	544.5%
C. Total Normal Costs (including expenses)				
1. Aggregate Cost Method	\$ 208,827	9.8%	\$ 354,424	14.4%
2. Entry Age Normal (EAN) <sup>1</sup>	\$ 282,600	13.2%	\$ 324,972	13.2%
D. Total Actuarial Accrued Liability (EAN) <sup>1</sup>	\$ 10,586,773	496.1%	\$ 11,466,937	465.0%
E. Smoothed Value of Assets	\$ 11,154,553	522.7%	\$ 11,273,062	457.2%
F. Unfunded Actuarial Accrued Liability <sup>1</sup>	\$ (567,780)	(26.6%)	\$ 193,875	7.9%
G. Net Okeechobee Utility Authority Cost	\$ 93,297	4.4%	\$ 232,372	9.4%
H. Actuarial Gain / (Loss)	\$ (632,739)	(29.7%)	\$ (890,802)	(36.1%)
I. Funded Ratio (E. / D.)	105.4%	N/A	98.3%	N/A
J. Unfunded Actuarial Present Value of Vested Accrued Benefits	\$ 0	0.0%	\$ 0	0.0%
K. Vested Benefit Security Ratio	106.4%	N/A	107.8%	N/A

<sup>1</sup> For purposes of GASB Statement Numbers 67 and 68 only



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

A. Active System Participants Summary

1. Active participants fully vested	26
2. Active participants partially vested	0
3. Active participants non-vested	25
4. Total active participants	51
5. Annual rate of pay of active participants	\$ 2,465,834

B. Retired and Terminated Vested Participant Summary

1. Retired or terminated vested participants receiving benefits including DROP participants	25
2. Terminated vested participants entitled to future benefits	3
3. Deceased participants whose beneficiaries are receiving benefits	3
4. Disabled participants receiving benefits	1

C. Projected Annual Retirement Benefits

1. Retired or terminated vested receiving benefits including DROP participants	\$ 475,263
2. Terminated vested entitled to future benefits	19,227
3. Beneficiaries of deceased participants receiving benefits	35,494
4. Disabled participants receiving benefits	8,349

Statement of System Assets as of October 1, 2023

	<u>Market Value</u>
A. <u>Cash and cash equivalents</u>	\$ 137,196
B. <u>General Investments</u>	
1. U.S. Government obligations	0
2. Corporate bonds	0
3. Mutual Funds - Fixed Income	3,940,108
4. Mutual Funds - Equity	6,321,722
5. Common stock	0
6. Other	0
C. <u>Receivables</u>	
1. Employee contribution	17,757
2. Okeechobee Utility Authority Contribution	0
3. Accrued Income and other Receivables	0
4. Prepaid Expenses	1,800
D. <u>Payables</u>	
1. Investment expense	5,813
2. Administrative expense	4,002
E. <u>Total System Assets</u> (A + B + C - D)	10,408,768

Table V

Reconciliation of System Assets

A. <u>Market Value of Assets as of October 1, 2022</u>		\$	9,626,810
B. <u>Receipts During Period</u>			
1. Contributions			
a. Employee	\$	140,788	
b. Okeechobee Utility Authority		0	
c. Total	\$	140,788	
2. Investment Income			
a. Interest, dividends and other	\$	310,962	
b. Investment expenses		(22,000)	
c. Net investment income	\$	288,962	
3. Realized gains / (losses)		47,874	
4. Unrealized gains / (losses)		849,184	
5. Total receipts during period		\$	1,326,808
C. <u>Disbursements During Period</u>			
1. Pension payments	\$	430,060	
2. DROP distributions		0	
3. Contribution refunds		54,195	
4. Administrative expenses		60,595	
5. Total disbursements during period		\$	544,850
D. <u>Market Value of Assets as of September 30, 2023</u>		\$	10,408,768
E. <u>Reconciliation of DROP Account Balances</u>			
1. DROP account balances as of October 1, 2022		\$	81,378
2. Benefit credits			86,399
3. Investment gains / (losses)			8,302
4. Administrative expenses			0
5. DROP account distributions			0
6. DROP account balances as of September 30, 2023		\$	176,079

Development of Smoothed Value of Assets as of September 30

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
A. Preliminary total smoothed value from prior year	\$ 11,016,919	\$ 11,154,553	\$ 11,273,062		
B. Market value beginning of year	12,148,221	9,626,810	10,408,768		
C. Market value end of year	9,626,810	10,408,768			
D. Net non-investment cash flow	(206,921)	(404,062)			
E. Investment return					
1. Total market value return: C. - B. - D.	(2,314,490)	1,186,020			
2. Amount for immediate recognition (6.75%)	736,658	739,295			
3. Amount for phased-in recognition: E.1. - E.2.	(3,051,148)	446,725			
F. Phased-in recognition of investment return:					
1. Current year: 25% of E.3.	(762,787)	111,681			
2. First prior year	326,238	(762,787)	111,681		
3. Second prior year	108,144	326,238	(762,787)	111,681	
4. Third prior year	(63,698)	108,144	326,236	(762,787)	111,682
5. Total phased-in recognition of investment return	(392,103)	(216,724)	(324,870)	(651,106)	111,682
G. Total smoothed value end of year					
1. Preliminary total smoothed value end of year:					
A. + D. + E.2. + F.5.	11,154,553	11,273,062			
2. Upper corridor limit: 120% of C.	11,552,172	12,490,522			
3. Lower corridor limit: 80% of C.	7,701,448	8,327,014			
4. Total smoothed value end of year:					
G.1., not more than G.2., nor less than G.3.	11,154,553	11,273,062			
H. Difference between total market value and total smoothed value	(1,527,743)	(864,294)			
I. Smoothed value rate of return	3.16%	4.77%			
J. Market value rate of return	(19.22%)	12.58%			
K. Credit balance	0	0			
L. Net smoothed value of assets	11,154,553	11,273,062			
M. Net market value of assets	9,626,810	10,408,768			

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

A. Derivation of Actuarial Gain / (Loss)

1. Present value of future payroll	\$ 18,061,672
2. Normal cost for benefits as a percentage of payroll	
(a) Prior valuation	6.984%
(b) Current valuation	11.916%
(c) Difference (a) - (b)	<u>-4.932%</u>
3. Actuarial gain / (loss): (1. x 2.c)	\$ (890,802)

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

1. Smoothed value of net assets previous year	\$ 11,154,553
2. Net contributions during period	140,788
3. Benefits and administrative expenses during period	544,850
4. Expected net appreciation during period	<u>739,295</u>
5. Expected net smoothed value of assets current year: (1. + 2. - 3. + 4.)	\$ 11,489,786
6. Actual smoothed value of net assets current year	\$ 11,273,062
7. Approximate gain / (loss) due to investments: (6. - 5.)	\$ (216,724)

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

\$ (674,078)

Accounting Disclosure Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
I. <u>Number of System Members</u>		
a. Receiving benefits including DROPs	28	29
b. Terminated due deferred benefits	3	3
c. Active System members	50	51
d. Total	<u>81</u>	<u>83</u>
II. <u>Financial Accounting Standards Board Allocation</u> <u>As of October 1, 2023</u>		
A. <u>Statement of Accumulated System Benefits</u>		
1. Actuarial present value of accumulated vested System benefits		
a. Participants currently receiving benefits including DROP participants	\$ 6,010,957	\$ 6,135,578
b. Other participants	3,037,368	3,523,896
c. Total	<u>\$ 9,048,325</u>	<u>\$ 9,659,474</u>
2. Actuarial present value of accumulated non-vested System benefits	<u>\$ 247,239</u>	<u>\$ 264,059</u>
3. Total actuarial present value of accumulated System benefits	\$ 9,295,564	\$ 9,923,533
B. <u>Statement of Change in Accumulated System Benefits</u>		
1. Actuarial present value of accumulated System benefits as of October 1, 2022		\$ 9,295,564
2. Increase (decrease) during year attributable to:		
a. System amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds and DROP distributions		(484,255)
d. Other, including benefits accumulated, increase for interest due to decrease in the discount period		<u>1,112,224</u>
e. Net increase		<u>\$ 627,969</u>
3. Actuarial present value of accumulated System benefits as of October 1, 2023		\$ 9,923,533
C. <u>Significant Matters Affecting Calculations</u>		
1. Assumed rate of return used in determining actuarial present values		6.75%
2. Change in System provisions		None.
3. Change in actuarial assumptions		None.

Accounting Disclosure Exhibit

III. Net Pension Liability and Related Ratios (GASB Statement Numbers 67 & 68)

Measurement date	9/30/2016 *	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	Projected 9/30/2024 **
<b>A. Total Pension Liability (TPL)</b>									
Service Cost		\$ 285,610	\$ 282,926	\$ 269,093	\$ 285,901	\$ 296,197	\$ 208,256	\$ 222,802	\$ 264,377
Interest		723,860	595,025	616,927	655,548	682,179	678,774	713,303	776,908
Benefit Changes		0	0	0	0	0	0	0	0
Difference Between Actual and Expected Experience		0	181,813	(383,010)	(36,680)	(51,853)	139,219	84,097	428,421
Assumption Changes		109,828	0	0	0	(171,663)	(303,559)	0	0
Benefit Payments, including Refunds of Member Contributions		(206,413)	(319,132)	(300,238)	(328,601)	(366,966)	(464,235)	(484,255)	(443,129)
Other ***		(2,877,492)	0	0	0	0	0	0	0
<b>Net Change in Total Pension Liability</b>		\$ (1,964,607)	\$ 740,632	\$ 202,772	\$ 576,168	\$ 387,894	\$ 258,455	\$ 535,947	\$ 1,026,577
<b>Total Pension Liability (TPL) - (beginning of year)</b>		10,027,831	10,301,255	8,336,648	9,077,280	9,280,052	10,244,114	10,502,569	11,038,516
<b>Total Pension Liability (TPL) - (end of year)</b>		\$ 10,301,255	\$ 8,336,648	\$ 9,077,280	\$ 9,280,052	\$ 9,856,220	\$ 10,244,114	\$ 10,502,569	\$ 12,065,093
<b>B. System Fiduciary Net Position</b>									
Contributions - OUA		\$ 287,362	\$ 325,097	\$ 336,605	\$ 317,039	\$ 286,486	\$ 191,107	\$ 0	\$ 108,497
Contributions - Member		130,765	129,178	128,067	133,961	138,622	126,005	140,788	147,950
Net Investment Income		831,485	703,480	327,727	1,067,073	1,998,482	(2,314,490)	1,186,020	694,246
Benefit Payments, including Refunds of Member Contributions		(206,413)	(319,132)	(300,238)	(328,601)	(366,966)	(464,235)	(484,255)	(443,129)
Administrative Expenses		(52,151)	(72,819)	(59,018)	(52,827)	(50,818)	(59,798)	(60,595)	(60,595)
Other ***		(3,111,135)	0	0	0	0	0	0	0
<b>Net Change in System Fiduciary Net Position</b>		\$ (2,120,087)	\$ 765,804	\$ 433,143	\$ 1,136,645	\$ 2,005,806	\$ (2,521,411)	\$ 781,958	\$ 446,969
<b>System Fiduciary Net Position - (beginning of year)</b>		9,006,480	9,926,910	7,806,823	8,572,627	9,005,770	10,142,415	12,148,221	9,626,810
<b>System Fiduciary Net Position - (end of year)</b>		\$ 9,926,910	\$ 7,806,823	\$ 8,572,627	\$ 9,005,770	\$ 10,142,415	\$ 12,148,221	\$ 9,626,810	\$ 10,855,737
<b>C. Net Pension Liability (NPL) - (end of year): (A) - (B)</b>		\$ 374,345	\$ 529,825	\$ 504,653	\$ 274,282	\$ (286,195)	\$ (1,904,107)	\$ 875,759	\$ 1,209,356
<b>D. System Fiduciary Net Position as a Percentage of TPL: (B) / (A)</b>		96.37 %	93.64 %	94.44 %	97.04 %	102.90 %	118.59 %	91.66 %	89.98 %
<b>E. Covered Employee Payroll ****</b>		\$ 2,141,184	\$ 2,179,417	\$ 2,152,963	\$ 2,134,469	\$ 2,232,670	\$ 2,310,371	\$ 2,100,081	\$ 2,465,834
<b>F. NPL as a Percentage of Covered Employee Payroll: (C) / (E)</b>		17.48 %	24.31 %	23.44 %	12.85 %	(12.82)%	(82.42)%	41.70 %	49.04 %
<b>G. Notes to Schedule:</b>									
Valuation Date	10/1/2015	10/1/2016	10/1/2017	10/1/2018	10/1/2019	10/1/2020	10/1/2021	10/1/2022	10/1/2023
Reporting Date (GASB Statement Number 68)	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024

Update procedures used to roll forward TPL excluding DROP account balances, if any, to the measurement dates - actual DROP account balances, if any, as of measurement dates included in TPL. See Table VIII, Item V. for benefit and assumption changes during the years through measurement date September 30, 2023.

\* The Total Pension Liability, the System Fiduciary Net Position and the Net Pension Liability as of September 30, 2016 were allocated based on the portion of the Employer's Total Required Contribution (from October 1, 2015 Actuarial Valuation dated April 25, 2016 and April 26, 2016 for the City and OUA, respectively). The October 1, 2015 Valuation determined the required employer contribution for the system year end September 30, 2017.

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

\*\*\* Due to change in nature of System, from a cost sharing to a single employer plan (effective October 1, 2016). Also, reflects \$54,027 post-valuation adjustment to match audited financial statements.

\*\*\*\* Reported payroll used to determine contribution as provided under GASB Statement Number 82.



Accounting Disclosure Exhibit

IV. Schedule of Employer Contributions (GASB Statement Numbers 67 & 68)

<u>Fiscal Year End 9/30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll<sup>1</sup></u>	<u>Actual Contribution as a % of Covered Payroll</u>
2016	\$ 335,736	\$ 335,736	\$ 0	\$ 2,141,184	15.68%
2017	303,157	287,362	15,795	2,179,417	13.19%
2018	302,922	325,097	(22,175)	2,152,963	15.10%
2019	335,965	336,605	(640)	2,134,469	15.77%
2020	317,039	317,039	0	2,232,670	14.20%
2021	286,486	286,486	0	2,310,371	12.40%
2022	191,107	191,107	0	2,100,081	9.10%
2023	0	0	0	2,346,467	0.00%
2024 <sup>2</sup>	108,497	108,497	0	2,465,834	4.40%

<sup>1</sup> Reported payroll used to determine contribution as provided under GASB Statement Number 82.

<sup>2</sup> Projected - actual amounts will be available after fiscal year end



Accounting Disclosure Exhibit

V. Notes to Schedule of Contributions (GASB Statement Numbers 67 & 68)

**Valuation Date:** Actuarially determined contributions are calculated as of October 1st - two years prior the fiscal year end in which contributions are paid.

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

Actuarial Cost Method	Aggregate
Amortization Method	N/A
Amortization Period	N/A
Asset Valuation Method	4-year smoothed market value
Inflation	2.5%
Salary Increases	4.25% to 7.50% depending on age
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition

**Mortality** For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

**Cost of Living Adjustment** None.

**Other Information:**

**Benefit Changes** None

**Assumption Changes** 2021 - Investment return was lowered to 6.75%; Salary increase, withdrawal, and retirement assumptions were updated; 2020 - Mortality assumptions were updated; 2016 - Mortality assumptions were updated.

Accounting Disclosure Exhibit

VI. Discount Rate (GASB Statement Numbers 67 & 68)

A discount rate of 6.75% was used to measure the TPL effective for measurement date September 30, 2022. This discount rate was based on the expected rate of return on System investments of 6.75%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future expected benefit payments of current System members. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the TPL.

VII. Sensitivity of the NPL to the Discount Rate Assumption (GASB Statement Numbers 67 & 68)

Measurement date: September 30, 2023

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5.75%	6.75%	7.75%
NPL	\$2,039,067	\$629,748	(\$533,413)

Measurement date: September 30, 2024 \*

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5.75%	6.75%	7.75%
NPL	\$2,698,448	\$1,209,356	(\$26,376)

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

Accounting Disclosure Exhibit

VIII. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Reporting Date (GASB Statement Number 68)

Pension Expense for Fiscal Year Ending September 30, 2023 \$ 382,034

Summary of Outstanding Deferred Inflows and Outflows of Resources as of September 30, 2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience on liabilities	\$ 176,597	\$ 145,323
Changes of assumptions or other inputs	1,545	281,442
Net difference between projected and actual earnings on pension System investments	<u>834,479</u>	<u>0</u>
Total	<u>\$ 1,012,621</u>	<u>\$ 426,765</u>

Summary of Deferred Outflows and Inflows of Resources that will be Recognized in Pension Expense in Future Years.

<u>Year Ending 30-Sep</u>	<u>Amount</u>
2024	\$ 82,661
2025	157,834
2026	460,548
2027	(121,414)
2028	6,227
Thereafter	0

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

IX. Components of Pension Expense (GASB Statement Number 68)

Measurement Date	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	Projected <u>9/30/2024 **</u>
Service Cost	\$ 285,610	\$ 282,926	\$ 269,093	\$ 285,901	\$ 296,197	\$ 208,256	\$ 222,802	\$ 264,377
Interest on Total Pension Liability	723,860	595,025	616,927	655,548	682,179	678,774	713,303	776,908
Current-Period Benefit Changes	0	0	0	0	0	0	0	0
Contributions - Member	(130,765)	(129,178)	(128,067)	(133,961)	(138,622)	(126,005)	(140,788)	(147,950)
Projected Earnings on System Investments	(700,468)	(548,659)	(603,773)	(632,839)	(710,225)	(813,021)	(636,173)	(694,246)
Administrative Expenses	52,151	72,819	59,018	52,827	50,818	59,798	60,595	60,595
Other Changes in System Fiduciary Net Position	3,111,135	0	0	0	0	0	0	0
Other Changes in Total Pension Liability	(2,877,492)	0	0	0	0	0	0	0
Recognition of Beginning Deferred Outflows / (Inflows) due to Liabilities	41,220	67,957	11,632	6,466	(27,921)	(58,914)	(63,950)	(7,541)
Recognition of Beginning Deferred Outflows / (Inflows) due to Assets	54,646	23,682	78,892	44,707	(346,458)	305,248	226,245	171,036
Total Pension Expense	<u>\$ 559,897</u>	<u>\$ 364,572</u>	<u>\$ 303,722</u>	<u>\$ 278,649</u>	<u>\$ (194,032)</u>	<u>\$ 254,136</u>	<u>\$ 382,034</u>	<u>\$ 423,179</u>

\* Due to change in nature of System, from a cost sharing to a single employer plan (effective October 1, 2016). Also reflects \$54,027 post-valuation adjustment to match audited financial statements.

\*\* Projected - actual amounts will be available after measurement date

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

X. Recognition of Deferred Outflows and (Inflows) due to Liabilities - Measurement Date (GASB Statement Number 68)

Recognition of Deferred Outflows due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2015 / 2016	\$ 28,790	7.2	0.0	\$ 797	\$ 0
2016 / 2017	0	7.1	0.1	0	0
2017 / 2018	181,813	6.8	0.8	26,737	21,391
2018 / 2019	0	6.8	1.8	0	0
2019 / 2020	0	7.1	3.1	0	0
2020 / 2021	0	6.5	3.5	0	0
2021 / 2022	139,219	5.3	3.3	26,268	86,683
2022 / 2023	84,097	5.4	4.4	15,574	68,523
TOTAL				\$ 69,376	\$ 176,597

Recognition of Deferred (Inflows) due to Differences Between Actual and Expected Experience on Liabilities

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2015 / 2016	\$ 0	7.2	0.0	\$ 0	\$ 0
2016 / 2017	0	7.1	0.1	0	0
2017 / 2018	0	6.8	0.8	0	0
2018 / 2019	(383,010)	6.8	1.8	(56,325)	(101,385)
2019 / 2020	(36,680)	7.1	3.1	(5,166)	(16,016)
2020 / 2021	(51,853)	6.5	3.5	(7,977)	(27,922)
2021 / 2022	0	5.3	3.3	0	0
2022 / 2023	0	5.4	4.4	0	0
TOTAL				\$ (69,468)	\$ (145,323)

Recognition of Deferred Outflows due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2015 / 2016	\$ 156,818	7.2	0.0	\$ 4,358	\$ 0
2016 / 2017	109,828	7.1	0.1	15,469	1,545
2017 / 2018	0	6.8	0.8	0	0
2018 / 2019	0	6.8	1.8	0	0
2019 / 2020	0	7.1	3.1	0	0
2020 / 2021	0	6.5	3.5	0	0
2021 / 2022	0	5.3	3.3	0	0
2022 / 2023	0	5.4	4.4	0	0
TOTAL				\$ 19,827	\$ 1,545

Accounting Disclosure Exhibit

The following information is not required to be disclosed but is provided for informational purposes.

X. Recognition of Deferred Outflows and (Inflows) Due to Liabilities - Measurement Date (GASB Statement Number 68)  
(cont'd)

Recognition of Deferred (Inflows) due to Changes of Assumptions or Other Inputs

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2015 / 2016	\$ 0	7.2	0.0	\$ 0	\$ 0
2016 / 2017	0	7.1	0.1	0	0
2017 / 2018	0	6.8	0.8	0	0
2018 / 2019	0	6.8	1.8	0	0
2019 / 2020	0	7.1	3.1	0	0
2020 / 2021	(171,663)	6.5	3.5	(26,410)	(92,433)
2021 / 2022	(303,559)	5.3	3.3	(57,275)	(189,009)
2022 / 2023	0	5.4	4.4	0	0
TOTAL				\$ (83,685)	\$ (281,442)

XI. Recognition of Deferred Outflows and (Inflows) due to Assets - Measurement Date (GASB Statement Number 68)

Recognition of Deferred Outflows / (Inflows) due to Difference Between Projected and Actual Earnings on Pension System Investments

Established	Initial Balance	Initial Recognition Period	Remaining Recognition Period as of 9/30/2023	Recognition Amount for FYE 2023	Balance as of 9/30/2023
2018 / 2019	\$ 276,046	5	0	\$ 55,210	\$ 0
2019 / 2020	(434,234)	5	1	(86,847)	(86,846)
2020 / 2021	(1,288,257)	5	2	(257,651)	(515,304)
2021 / 2022	3,127,511	5	3	625,502	1,876,507
2022 / 2023	(549,847)	5	4	(109,969)	(439,878)
TOTAL				\$ 226,245	\$ 834,479

### Outline of Principal Provisions of the Retirement System

A. Effective Date:

October 1, 2016, with Ordinance No. 1141, following separation from the City of Okeechobee General Employee's Retirement System. Most recently amended by Resolution 2019-01 dated March 11, 2019.

B. Eligibility:

All regular full time employees of the Okeechobee Utility Authority (OUA) are eligible on date of employment; participation is mandatory. All employees who vested under or retired from the City / OUA System on or before September 30, 2016, and the beneficiaries and joint annuitants of such members became members of the OUA System on October 1, 2016.

C. Contributions:

Employee:	6.0% of Salary.
OUA:	Balance required to maintain System on sound actuarial basis.

D. Credited Service:

Service is measured as the total number of years and fractional part of years of continuous service as a Member. No service is credited for any periods of employment for which the Member received a refund of Employee Contributions.

E. Salary:

Basic compensation including tax deferred, tax sheltered and tax exempt income which would otherwise be included in base income, derived from elective employee payroll deductions or salary reductions, but excluding overtime, bonuses and any other non-regular payment.

F. Average Final Compensation:

Average Final Compensation (AFC) is the average Salary over the highest 5 years of the last 10.

G. Normal Retirement:

1. Eligibility:

Earlier of:

- (a) Attainment of age 65 with completion of 5 years of Credited Service.
- (b) Completion of 30 years of Credited Service.

2. Benefit:

2.1% times AFC times Credited Service.

Outline of Principal Provisions of the Retirement System

H. Early Retirement:

1. Eligibility:

Attainment of age 55 with completion of 10 years of Credited Service.

2. Benefit:

Benefit accrued to date of retirement, reduced by 2% for each year early retirement date precedes age 65.

I. Delayed Retirement:

Computed the same as set forth under Normal Retirement, based upon AFC and Credited Service as of delayed retirement date.

J. Disability Retirement:

1. Eligibility:

Disabled so as to be incapable of further service with the OUA.

2. Benefit:

Computed the same as set forth under Early Retirement, actuarially reduced for period prior to age 55.

K. Pre-Retirement Death Benefit:

- a. Not Vested: Refund of accumulated contributions.
- b. Vested but Not Eligible for Early or Normal Retirement: Greater of (a) 50% of the present value of vested accrued benefit or (b) refund of accumulated contributions.
- c. Eligible for Early or Normal Retirement: Greater of (a) accrued benefit, determined as though the deceased had retired immediately preceding date of death and elected the 10 year certain and life form of payment or (b) 50% of present value of vested accrued benefit.

L. Termination Benefits:

1. Eligibility:

100% vesting upon the completion of 5 years of credited service. Employees who have not completed 5 years of credited service at date of termination of employment shall only be entitled to the return of their accumulated contributions with 3.0% interest.

2. Benefit:

Accrued benefit based upon credited service and AFC as of date of termination, payable at age 65. Alternatively, Members with 10 or more years of Credited Service may elect to receive an actuarially reduced Early Retirement Benefit beginning anytime between age 55 and 65.



Outline of Principal Provisions of the Retirement System

M. Normal Form of Retirement Income:

Monthly benefit payable for ten (10) years certain and life thereafter.

N. Optional Forms of Retirement Income:

In lieu of electing the normal form of payment, the optional forms of payment available are the Single Life Annuity option, the 50%, 66 2/3%, 75% and 100% Joint and Contingent options, and the 50%, 66 2/3%, 75% and 100% Joint and Contingent with Pop-Up options. A Social Security option is available for Members retiring prior to being eligible for Social Security retirement benefits. A 20% Partial Lump Sum is available for Members who do not participate in the DROP.

O. Deferred Retirement Option Program (DROP)

1. Eligibility:

Member must be eligible for Normal Retirement.

2. Benefit:

Retirement benefits are transferred to a hypothetical DROP account within the pension fund. Interest is credited or debited based upon either the quarterly rate of return earned by the Fund or a monthly 6.5% fixed rate of return, as elected by the Member. Members may elect to change their interest crediting election once during the DROP period. The period of participation in the DROP is limited to no more than 60 months. The benefit is paid as a lump sum upon actual termination of employment.

P. Cost of Living Adjustment (COLA)

None.

Q. Changes Since Previous Valuation

None.

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

A. **Mortality**

For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years, without projected mortality improvements.

Sample Ages (2023)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
	55	32.83	35.24	28.93
60	27.97	30.21	24.82	28.08
62	26.07	28.23	23.19	26.25

Sample Ages (2043)	Pre-retirement Future Life Expectancy (Years)		Post-retirement Future Life Expectancy (Years)	
	Men	Women	Men	Women
	55	34.46	36.72	30.95
60	29.53	31.65	26.68	29.76
62	27.60	29.64	24.99	27.88

B. **Interest to be Earned by Fund**

6.75% (net of investment expenses), compounded annually - includes inflation at 2.5%.

C. **Allowances for Expenses or Contingencies**

Actual administrative expenses incurred during the prior System year.

Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation

D. Salary Increase Factors

Salary rates for males and females were used in accordance with the following illustrative example - includes wage inflation of 3.5%.

<u>Age</u>	<u>Salary Rates</u>
Under 25	7.50%
25-29	6.50%
30-39	5.00%
40 & Over	4.25%

E. Disability Rates

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

<u>Age</u>	<u>Disability Rates Per 100 Employees</u>
20	0.07
30	0.11
40	0.19
50	0.51
60	1.66

F. Employee Withdrawal Rates

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

<u>Age</u>	<u>Withdrawal Rate</u>
Under 30	20.0%
30-39	10.0%
40 & Over	5.0%

Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation

G. Rates of Retirement

Participants eligible for normal retirement are assumed to retire at the following rates:

Eligible for Normal Retirement	
<u>Year of Eligibility</u>	<u>Retirement Rate</u>
1	80%
2	60%
3 & Over	100%

Retirement rate is 100% at 30 years of service. All active members on the valuation date are assumed to have a minimum of one year of future service.

In addition, participants eligible for early retirement are assumed to retire at the rate of 5% per year.

H. Cost Method

Normal Retirement, Termination, Disability, and Death Benefits: Aggregate

Under this method the excess of the Actuarial Present Value of Projected Benefits of the group included in the valuation, over the sum of the Smoothed Value of Assets is allocated as a level percentage of earnings of the group between the valuation date and the assumed retirement age. This allocation is performed for the group as a whole, not as a sum of individual allocations. The portion of this Actuarial Present Value allocated to a specific year is called the Normal Cost. Under this method, actuarial gains (losses) reduce (increase) future Normal Costs.

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

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

I. Asset Valuation Method

The method used for determining the smoothed value of assets phases in the deviation between the expected and actual return on assets at the rate of 25% per year. The smoothed value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the fair market value of System assets and whose upper limit is 120% of the fair market value of System assets.

Actuarial Assumptions and Actuarial Cost Methods  
Used in the Valuation

J. Disclosure of Assumptions

The investment return, salary increases, withdrawal and retirement rates were updated based on the most recent experience study performed for the six years ending September 30, 2020. The mortality rates are based upon the July 1, 2023 FRS Actuarial Valuation, as required under F.S., Chapter 2015-157.

K. Changes Since Previous Valuation

None.

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

Attained Age Group	-----COMPLETED YEARS OF SERVICE-----							Total
	<u>0 - 4</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 &amp; Over</u>	
Under 25	2	-	-	-	-	-	-	2
25 - 29	1	1	-	-	-	-	-	2
30 - 34	4	2	-	-	-	-	-	6
35 - 39	3	1	-	-	-	-	-	4
40 - 44	2	1	1	1	1	-	-	6
45 - 49	2	-	-	2	2	1	-	7
50 - 54	6	2	-	1	1	2	-	12
55 - 59	5	-	-	-	2	1	-	8
60 - 64	-	2	-	-	-	1	-	3
65 & Over	-	1	-	-	-	-	-	1
<b>TOTAL</b>	<b>25</b>	<b>10</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>0</b>	<b>51</b>

	<u>10/01/2022</u>	<u>10/01/2023</u>
Average Attained Age	45.0 years	46.0 years
Average Hire Age	36.0 years	37.0 years
Average Pay	\$ 42,677	\$ 48,350
Percent Female	20.0%	17.6%

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

A. Entitled to Deferred Benefits

Current Age <u>Group</u>	<u>Count</u>	Total <u>Annual Benefit</u>	Average <u>Annual Benefit</u>
Less than 40	-	\$ -	\$ -
40 - 44	1	11,523	11,523
45 - 49	-	-	-
50 - 54	-	-	-
55 - 59	-	-	-
60 - 64	2	7,704	3,852
65 & Over	-	-	-
TOTAL	<u>3</u>	<u>\$ 19,227</u>	<u>\$ 6,409</u>

B. Receiving Benefits (including DROPs)

Current Age <u>Group</u>	<u>Count</u>	Total <u>Annual Benefit</u>	Average <u>Annual Benefit</u>
Less than 50	1	\$ 2,925	\$ 2,925
50 - 54	-	-	-
55 - 59	4	143,841	35,960
60 - 64	4	64,801	16,200
65 - 69	7	169,012	24,145
70 - 74	6	74,779	12,463
75 - 79	3	41,247	13,749
80 - 84	2	13,952	6,976
85 - 89	1	3,279	3,279
90 & Over	1	5,270	5,270
TOTAL	<u>29</u>	<u>\$ 519,106</u>	<u>\$ 17,900</u>

Reconciliation of Member Data

<b>A. <u>Active Participants</u></b>	
1. Active participants previous year	50
2. Retired during year	(1)
3. Entered DROP	0
4. Died during year	0
5. Disabled during year	0
6. Non-vested terminated during year	(8)
7. Vested terminated during year	(1)
8. New active participants	11
9. Re-hired during year	0
10. Active participants current year	<u>51</u>
<b>B. <u>Participants Receiving Benefits</u></b>	
1. Participants receiving benefits previous year	25
2. New retired participants	1
3. Former DROPs now receiving benefits	0
4. New terminated vested receiving benefits	0
5. New disabled receiving benefits	0
6. New beneficiaries receiving benefits	0
7. Died or ceased payment during year	0
8. Retired or terminated vested receiving benefits current year	<u>26</u>
<b>C. <u>DROP Participants</u></b>	
1. DROP participants previous year	3
2. Died during year	0
3. Became disabled during year	0
4. Employment terminated and retired during year	0
5. Entered DROP during year	0
6. DROP participants current year	<u>3</u>
<b>D. <u>Terminated Vested Participants Entitled to Future Benefits</u></b>	
1. Terminated vested entitled previous year	3
2. Died during year	0
3. Commenced receiving benefits during year	0
4. New terminated vested	1
5. Terminated vested paid lump sum	(1)
6. Rehired	0
7. Terminated vested entitled current year	<u>3</u>



Projected Retirement Benefits

<u>Fiscal Year</u>	<u>Projected Total Annual Payout</u>
2024	\$ 529,528
2025	\$ 536,692
2026	\$ 637,566
2027	\$ 692,745
2028	\$ 724,730
2029	\$ 754,458
2030	\$ 771,824
2031	\$ 796,765
2032	\$ 875,068
2033	\$ 971,784

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

Table XV

Summary of Transaction Information<sup>1</sup>

Valuation Date	Benefits Paid <sup>2</sup>	Administrative Expenses	Employee Contributions	Net OUA Contributions	Smoothed Value <sup>3</sup>
10/01/2023	\$ 484,255	\$ 60,595	\$ 140,788	\$ 0	\$ 11,273,062
10/01/2022	464,235	59,798	126,005	191,107	11,154,553
10/01/2021	366,966	50,818	138,622	286,486	11,016,919
10/01/2020	328,601	52,827	133,961	317,039	9,903,933
10/01/2019	300,238	59,018	128,067	336,605	9,029,456
10/01/2018	319,132	72,819	129,178	325,097	8,268,952
10/01/2017	206,413	52,151	130,765	287,362	7,650,224
10/01/2016	198,017	34,019	128,471	335,736	7,007,417
10/01/2015	176,231	20,008	126,867	272,975	6,360,854
10/01/2014	324,375	16,816	176,743	379,379	9,635,573
10/01/2013	404,054	22,212	169,160	361,171	8,682,432
10/01/2012	308,708	19,886	170,565	412,813	7,951,461
10/01/2011	299,542	14,707	179,973	426,256	7,247,383
10/01/2010	226,542	16,321	189,422	392,775	6,964,794
10/01/2009	226,461	17,911	188,170	350,431	6,431,001
10/01/2008	231,496	18,306	184,174	306,469	5,998,631
10/01/2007	235,729	17,406	170,580	264,625	5,546,642
10/01/2006	200,488	19,272	155,671	263,275	4,924,260
10/01/2005	198,956	18,347	140,699	228,788	4,370,291
10/01/2004	201,910	16,693	140,964	215,688	4,025,555

<sup>1</sup> Results for the combined System are shown for all years prior to October 1, 2015 Actuarial Valuation.

<sup>2</sup> Includes DROP distributions and refunds.

<sup>3</sup> Net of Credit Balance, if any, effective with the October 1, 2012 Actuarial Valuation.

Recent Compensation, Termination and Investment Return Experience<sup>1</sup>

Valuation Date	Compensation		Termination Ratio of Actual to Expected	Investment Return <sup>2</sup>		
	% Increase (Decrease)	Assumed Increase		Market Value	Smoothed Value	Assumed
10/01/2023	18.9%	4.6%	2.5	12.58%	4.77%	6.75%
10/01/2022	6.4%	4.7%	1.6	(19.22%)	3.16%	6.75%
10/01/2021	5.9%	6.0%	3.1	19.7%	11.2%	7.0%
10/01/2020	4.7%	6.0%	1.6	11.8%	8.9%	7.0%
10/01/2019	5.0%	6.0%	2.2	3.8%	7.9%	7.0%
10/01/2018	2.6%	6.0%	3.2	9.0%	7.2%	7.0%
10/01/2017	7.9%	6.0%	N/A	12.1%	7.4%	7.0%
10/01/2016	2.8%	6.0%	N/A	7.9%	6.4%	7.0%
10/01/2015	(2.5%)	6.0%	N/A	(1.0%)	7.9%	7.0%
10/01/2014	5.3%	6.0%	N/A	10.6%	8.5%	7.0%
Last 3 Years	10.2%	5.1%	2.3	2.9%	6.3%	6.8%
Last 5 Years	8.1%	5.5%	2.1	4.8%	7.1%	6.9%
Last 10 Years	5.6%	5.7%	N/A	6.2%	7.3%	6.9%

<sup>1</sup> Results for the combined System are shown for all years prior to October 1, 2015 Actuarial Valuation.

<sup>2</sup> Computed as  $2I/(A+B-I)$ , where A is beginning value, B is ending value and I is investment return.

Employer Contribution Information<sup>1</sup>

<u>Valuation Date</u>	<u>Contribution Fiscal Year End</u>	<u>Minimum Required Employer Contribution</u>	<u>Actual Employer Contributions Made</u>
10/01/2023	09/30/2025	\$232,372	TBD
10/01/2022	09/30/2024	\$108,497	TBD
10/01/2021	09/30/2023	\$0	\$0
10/01/2020	09/30/2022	\$191,107	\$191,107
10/01/2019	09/30/2021	\$286,486	\$286,486
10/01/2018	09/30/2020	\$317,039	\$317,039
10/01/2017	09/30/2019	\$335,965	\$336,605
10/01/2016	09/30/2018	\$302,922	\$325,097
10/01/2015	09/30/2017	\$303,157	\$287,362
10/01/2014	09/30/2016	\$335,736	\$335,736
10/01/2013	09/30/2015	\$272,975	\$272,975
10/01/2012	09/30/2014	\$379,379	\$379,379
10/01/2011	09/30/2013	\$361,171	\$361,171
10/01/2010	09/30/2012	\$412,813	\$412,813
10/01/2009	09/30/2011	\$426,256	\$426,256
10/01/2008	09/30/2010	\$392,775	\$392,775
10/01/2007	09/30/2009	\$350,431	\$350,431
10/01/2006	09/30/2008	\$306,469	\$306,469
10/01/2005	09/30/2007	\$264,625	\$264,625
10/01/2004	09/30/2006	\$263,275	\$263,275

<sup>1</sup> Results for the combined System are shown for all years prior to October 1, 2015 Actuarial Valuation.

Actuarial Valuation as of October 1, 2023State Required Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
<b>A. <u>Participant Data</u></b>		
1. Active participants	50	51
2. Retired participants and beneficiaries receiving benefits (including DROPs)	27	28
3. Disabled participants receiving benefits	1	1
4. Terminated vested participants	3	3
5. Annual payroll of active participants	\$ 2,133,865	\$ 2,465,834
6. Annual benefits payable to those currently receiving benefits including DROPs	\$ 508,521	\$ 519,106
<b>B. <u>Value of Assets</u></b>		
1. Net Smoothed Value of Assets	\$ 11,154,553	\$ 11,273,062
2. Net Market Value of Assets	\$ 9,626,810	\$ 10,408,768
<b>C. <u>Liabilities</u></b>		
1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$ 5,391,720	\$ 6,341,459
b. Vesting benefits	619,654	656,669
c. Death benefits	44,019	49,987
d. Disability benefits	96,343	110,690
e. Total	<u>\$ 6,151,736</u>	<u>\$ 7,158,805</u>
2. Actuarial present value of future expected benefit payments for terminated vested members	\$ 91,464	\$ 98,271
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired including DROP participants	\$ 5,579,223	\$ 5,712,857
b. Disability retired	48,804	46,992
c. Beneficiaries	382,930	375,729
d. Miscellaneous (refunds in process)	18,244	32,714
e. Total	<u>\$ 6,029,201</u>	<u>\$ 6,168,292</u>

Actuarial Valuation as of October 1, 2023

State Required Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
4. Total actuarial present value of future expected benefit payments	\$ 12,272,401	\$ 13,425,368
5. Actuarial accrued liabilities (Entry Age Normal)	\$ 10,586,773	\$ 11,466,937
6. Unfunded actuarial accrued liabilities (Entry Age Normal)	\$ (567,780)	\$ 193,875
<b>D. <u>Statement of Accumulated System Benefits</u></b>		
1. Actuarial present value of accumulated vested benefits		
a. Participants currently receiving benefits including DROP participants	\$ 6,010,957	\$ 6,135,578
b. Other participants	3,037,368	3,523,896
c. Total	<u>\$ 9,048,325</u>	<u>\$ 9,659,474</u>
2. Actuarial present value of accumulated non-vested System benefits	<u>\$ 247,239</u>	<u>\$ 264,059</u>
3. Total actuarial present value of accumulated System benefits	\$ 9,295,564	\$ 9,923,533
<b>E. <u>Statement of Change in Accumulated System Benefits</u></b>		
1. Actuarial present value of accumulated System benefits as of October 1, 2022		\$ 9,295,564
2. Increase (decrease) during year attributable to:		
a. System amendment		\$ 0
b. Change in actuarial assumptions		0
c. Benefits paid including refunds and DROP benefits		(484,255)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period		1,112,224
e. Net increase		<u>\$ 627,969</u>
3. Actuarial present value of accumulated System benefits as of October 1, 2023		\$ 9,923,533

Actuarial Valuation as of October 1, 2023

State Required Exhibit

	<u>10/01/2022</u>	<u>10/01/2023</u>
<b>F. <u>Pension Cost</u></b>		
1. Total normal cost	\$ 149,029	\$ 293,829
2. Estimated expenses	59,798	60,595
3. Interest adjustment	12,502	25,898
4. Total required contribution	<u>\$ 221,329</u>	<u>\$ 380,322</u>
5. Item 4 as a percentage of payroll	10.4%	15.4%
6. Estimated employee contributions	\$ 128,032	\$ 147,950
7. Item 6 as a percentage of payroll	6.0%	6.0%
8. Net amount payable by Okeechobee Utility Authority	\$ 93,297	\$ 232,372
9. Item 8 as a percentage of payroll	4.4%	9.4%
<b>G. <u>Past Contributions</u></b>		
1. Total contribution required (previous valuation)	\$ 140,788	\$ 221,329
2. Actual contributions made:		
a. Employees	\$ 140,788	N/A
b. Okeechobee Utility Authority	<u>0</u>	N/A
c. Total	\$ 140,788	N/A
<b>H. <u>Net Actuarial Gain (Loss)</u></b>	\$ (632,739)	\$ (890,802)
<b>I. <u>Disclosure of Following Items:</u></b>		
1. Actuarial present value of future salaries - attained age	\$ 16,006,550	\$ 18,061,672
2. Actuarial present value of future employee contributions - attained age	\$ 960,393	\$ 1,083,700
3. Actuarial present value of future contributions from other sources	N/A	N/A
4. Amount of active members' accumulated contributions	\$ 1,334,943	\$ 1,413,439
5. Actuarial present value of future salaries and future benefits at entry age	N/A	N/A
6. Actuarial present value of future employee contributions at entry age	N/A	N/A

State Required Exhibit

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

*Michelle Jones*

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Shelly L. Jones, A.S.A., M.A.A.A., E.A.  
Enrollment Number: 23-08684

*Jennifer Borregard*

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

Dated: April 26, 2024



### Glossary

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

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

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

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

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

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

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

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

### Glossary

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

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

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

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

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

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

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

**Funded Ratio.** The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

**GASB.** Governmental Accounting Standards Board.

### Glossary

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

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

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

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

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

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