

**Retirement Plan for the Firefighters
And Police Officers Of the City of Dunnellon**

**Actuarial Valuation
As of October 1, 2021**

**Determines the Contribution
For the 2021/22 Fiscal Year**



	<u>Page</u>
Discussion	1
 <u>Funding Results</u>	
Table I-A	Minimum Required Contribution I-1
Table I-B	Sensitivity Analysis I-2
Table I-C	Gain and Loss Analysis I-3
Table I-D	Present Value of Future Benefits I-4
Table I-E	Present Value of Accrued Benefits I-5
Table I-F	Present Value of Vested Benefits I-6
Table I-G	Entry Age Normal Accrued Liability I-7
 <u>Accounting Results</u>	
GASB 67/68 Supplement as of September 30, 2021	
 <u>Assets</u>	
Table II-A	Actuarial Value of Assets II-1
Table II-B	Market Value of Assets II-2
Table II-C	Investment Return II-3
Table II-D	Asset Reconciliation II-4
Table II-E	Historical Trust Fund Detail II-5
Table II-F	Other Reconciliations II-6
Table II-G	Historical Chapter 175/185 Contributions II-7
 <u>Data</u>	
Table III-A	Summary of Participant Data III-1
Table III-B	Data Reconciliation III-2
Table III-C	Active Participant Data III-3
Table III-D	Active Age-Service Distribution III-4
Table III-E	Active Age-Service-Salary Table III-5
Table III-F	Inactive Participant Data III-6
Table III-G	Projected Benefit Payments III-7
 <u>Methods & Assumptions</u>	
Table IV-A	Summary of Actuarial Methods and Assumptions IV-1
Table IV-B	Changes in Actuarial Methods and Assumptions IV-3
 <u>Plan Provisions</u>	
Table V-A	Summary of Plan Provisions V-1
Table V-B	Summary of Plan Amendments V-5



February 14, 2022

Introduction

This report presents the results of the October 1, 2021 actuarial valuation for the Retirement Plan for the Firefighters and Police Officers of the City of Dunnellon. The report is based on the participant data and asset information provided by the pension plan administrator and, except for a cursory review for reasonableness including a comparison to the data provided for the previous valuation, we have not attempted to verify the accuracy of this information.

The primary purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2021 and to determine the minimum required contribution under Chapter 112, Florida Statutes, for the 2021/22 plan year. In addition, this report provides a projection of the long-term funding requirements of the plan, statistical information concerning the assets held in the trust, statistical information concerning the participant population, and a summary of any recent plan changes.

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, if any of the assumptions is not completely realized, then the cost shown in this report will change in the future.

Certain assumptions play a bigger role than others in determining the cost of the post-employment pension benefits. In some cases, relatively small changes in a particular assumption can have a dramatic impact on the anticipated cost of benefits. Although a thorough analysis of the impact of such changes is beyond the scope of this report, Table I-B illustrates the impact that alternative long-term investment returns would have on the normal cost rate.

Minimum Required Contribution

Table I-A shows the development of the minimum required contribution for the 2021/22 plan year. The minimum required contribution rate is zero, as it was in the prior valuation.

Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. Essentially, the City must contribute an amount equal to the annual normal cost of the plan plus an adjustment as necessary to reflect interest on any delayed payment of the contribution beyond the valuation date. On this basis, the City's 2021/22 minimum required contribution will be equal to zero. If an actuarial valuation is not prepared as of October 1, 2022, then the 0.00% contribution rate will also apply to the 2022/23 plan year.



Based on the current assets, participant data, and actuarial assumptions and methods that are used to value the plan, the present-day value of the total long-term funding requirement is \$2,385,190. As illustrated in Table I-A, current assets and future employee contributions are sufficient to cover all of this amount. Again, demographic and investment experience that differs from that assumed could increase the future funding requirement.

Advance Employer Contribution

The City has made contributions to the plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112. In this report, the excess contributions are referred to as an “advance employer contribution.” As of October 1, 2021, the advance employer contribution is \$483,633, which reflects the advance employer contribution of \$424,005 as of October 1, 2020 plus \$59,628 of allowable Chapter 175/185 contributions for the 2020/21 plan year as shown in Table II-F.

Excess Chapter 175/185 Contributions

As of October 1, 2021, the plan has accumulated excess Chapter 175/185 contributions of \$38,200 as shown in Table II-F. This amount is equal to the accumulated excess Chapter 175/185 contribution balance as of October 1, 2020 plus an investment earnings credit of \$1,119. The plan received \$59,628 in additional Chapter 175/185 contributions during the 2020/21 plan year, all of which is allowed to be recognized as an offset to the City's required contribution. It is our understanding that the balance of excess Chapter 175/185 contributions is to be transferred into a share plan for police officers.

Identification and Assessment of Risk

The liabilities and cost presented in this report are based on numerous assumptions concerning the cost of benefits to be provided in the future, long-term investment returns, and the future demographic experience of the current participants. Anyone referring to this report should remember that the cost developed herein is only an *estimate* of the true cost of providing post-employment pension benefits. No one can predict with certainty whether the true cost will be higher or lower than the cost presented in this report. The calculated cost is entirely dependent upon the assumptions that are described in Table IV-A. If any of the assumptions is changed, then the cost shown in this report will change accordingly. Likewise, there is always a risk that, should these assumptions not be realized, the liabilities of the plan, the contributions required to fund the plan, and the funded status of the plan may be significantly different than the amounts shown in this report.

Although a thorough analysis of the risk of not meeting the assumptions is beyond the scope of this report, this discussion is intended to identify the significant risks faced by the plan. In some cases, a more detailed review of the risks, including numerical analysis, may be appropriate to help the plan sponsor and other interested parties assess the specific impact of not realizing certain assumptions. For example, Table I-B illustrates the impact that alternative long-term investment returns would have on the contribution rate. Note that this report is not intended to provide advice on the management or reduction of the identified risks nor is this report intended to provide investment advice.



The most significant risk faced by most defined benefit pension plans is investment risk, i.e. the risk that long-term investment returns will be less than assumed. Other related risks include a risk that, if the investments of the plan decline dramatically over a short period of time (such as occurred with many pension plans in 2008), the plan's assets may not have sufficient time to recover before benefits become due. Even if the assets of the plan grow in accordance with the assumed investment return over time, if benefit payments are expected to be large in the short-term (for example, if the plan provides an actuarial equivalent lump sum payment option and a large number of participants are expected to become entitled to such a lump sum in the near future), the plan's assets may not be sufficient to support such a high level of benefit payments. We have provided a 10-year projection of the expected benefit payments in Table III-G to help the Trustees in formulating an investment policy that is expected to provide an investment return that meets both the short- and long-term cash flow needs of the pension plan.

Another source of risk is demographic experience. This is the risk that participants will receive salary increases that are different than the amount assumed, that participants will retire, become disabled, or terminate their employment at a rate that is different than assumed, and that participants will live longer than assumed, just to cite a few examples of the demographic risk faced by the plan. Although for most pension plans, the demographic risk is not as significant as the investment risk, particularly in light of the fact that the mortality assumption includes a component for future life expectancy increases, the demographic risk can nevertheless be a significant contributing factor to liabilities and contribution rates that become higher than anticipated.

A third source of risk is the risk that the plan sponsor (or other contributing entities) will not make, or will not have the ability to make, the contributions that are required to keep the plan funded at a sufficient level. Material changes in the number of covered employees, covered payroll, and, in some cases, hours worked by active participants can also significantly impact the plan's liabilities and the level of contributions received by the plan.

Finally, an actuarial funding method has been used to allocate the gap between projected liabilities and assets to each year in the future. The contribution rate under some funding methods is higher during the early years of the plan and then is lower during the later years of the plan. Other funding methods provide for lower contribution rates initially, with increasing contribution rates over time.

The Trustees have adopted the aggregate funding method for this plan, which is expected to result in a contribution rate that is level as a percentage of payroll over the working life of the plan's active participants. A brief description of the actuarial funding method is provided in Table IV-A.

Contents of the Report

Tables I-D through I-G provide a detailed breakdown of various liability amounts by type of benefit and by participant group. Tables II-A through II-F provide information concerning the assets of the trust fund. Tables III-A through III-G provide statistical information concerning the plan's participant population. In particular, Table III-G gives a 10-year projection of the cash that is expected to be required from the trust fund in order to pay benefits to the current group of participants. Finally, Tables IV-A through V-B provide a summary of the actuarial assumptions and methods that are



used to value the plan's benefits and of the relevant plan provisions as of October 1, 2021, as well as a summary of the changes that have occurred since the previous valuation report was prepared.

Refund of Participant Contributions

It is our understanding that there are four participants who are due a refund of their contributions. We have estimated the accumulated amount of their refunds to be \$1,053 as of October 1, 2021. The average amount owed to each individual is \$263. If possible, we recommend that the accumulated contributions be distributed to these individuals in order to simplify the administration of the plan and to reduce future administrative costs.

Certification

This actuarial valuation was prepared 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 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 change in plan costs or required contribution rates have been taken into account in the valuation.

For the firm,

Charles T. Carr

Charles T. Carr
Consulting Actuary
Southern Actuarial Services Company, Inc.

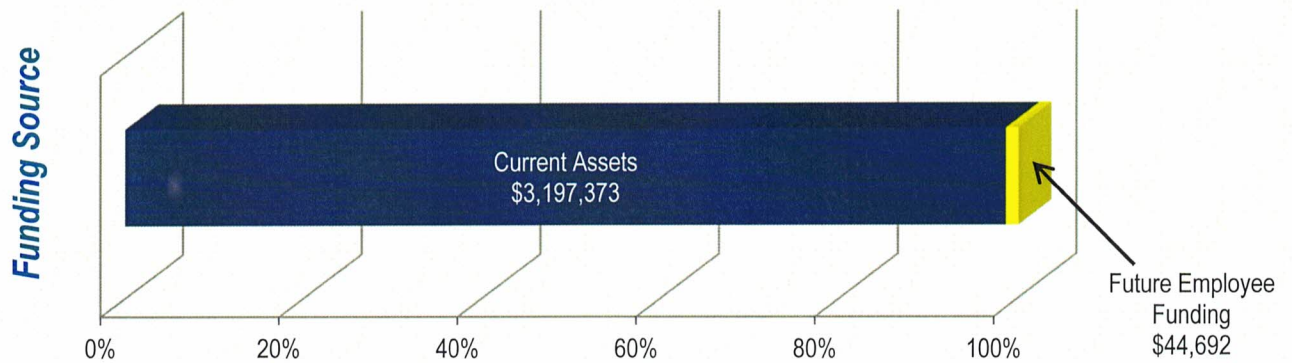
Enrolled Actuary No. 20-04927

The individual above is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Minimum Required Contribution

Table I-A



For the 2021/22 Plan Year

Present Value of Future Benefits	\$2,306,980
Present Value of Future Administrative Expenses	\$78,210
Actuarial Value of Assets	(\$3,197,373)
Present Value of Future Employee Contributions	(\$44,692)
Present Value of Future Normal Costs	\$0
Present Value of Future Payroll	÷ \$4,469,162
Normal Cost Rate	= 0%
Expected Payroll	x \$448,139
Normal Cost	\$0
Adjustment to Reflect Mid-Year Employer Contribution	\$0
Preliminary Employer Contribution for the 2021/22 Plan Year	\$0
Expected Payroll for the 2021/22 Plan Year	÷ \$448,139

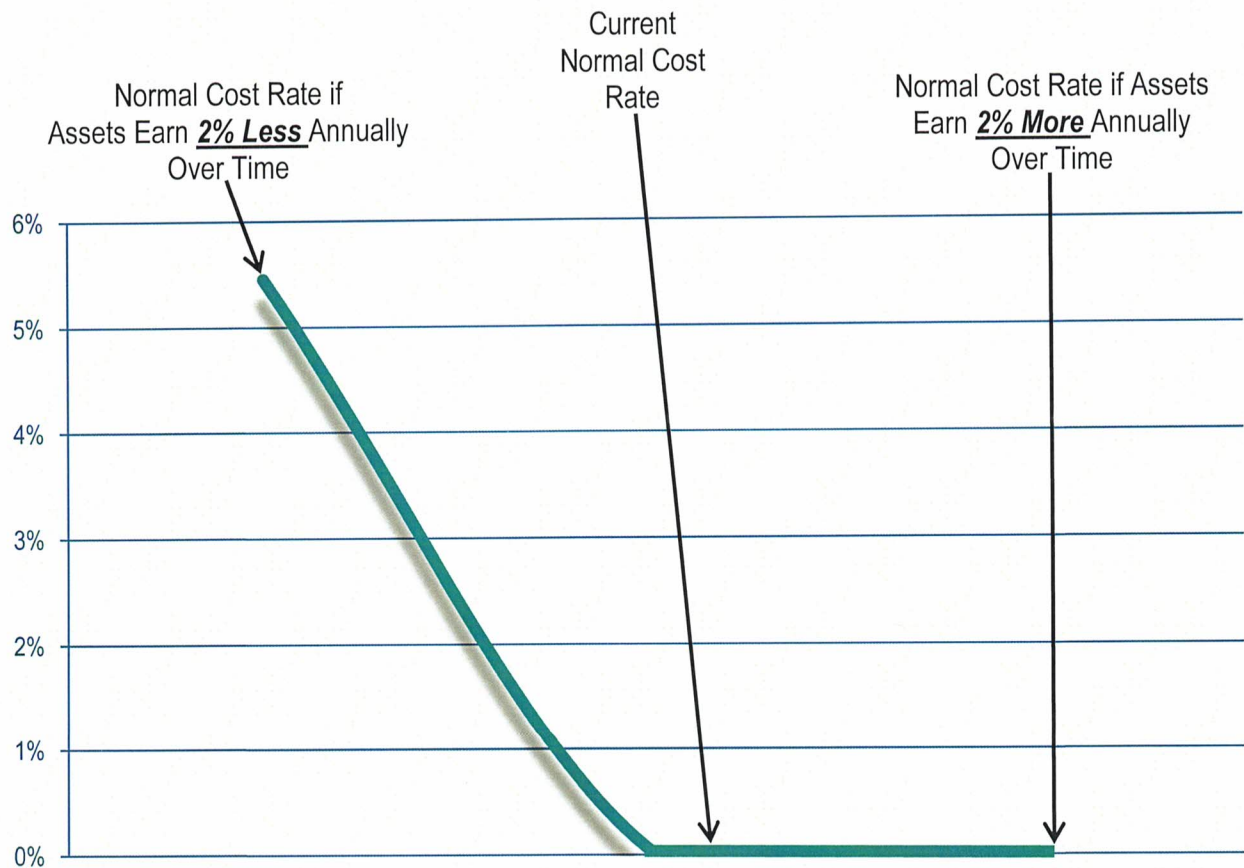
Minimum Required Contribution Rate **0.00%**

(The actual contribution should be based on the minimum required contribution rate multiplied by the actual payroll for the year.)



Sensitivity Analysis

Table I-B



The line above illustrates the sensitivity of the normal cost rate to changes in the long-term investment return.



Gain and Loss Analysis

Table I-C

Previous normal cost rate	0.00%
Increase (decrease) due to investment gains and losses	0.00%
Increase (decrease) due to demographic experience	0.00%
Increase (decrease) due to plan amendments	0.00%
Increase (decrease) due to actuarial assumption changes	0.00%
Increase (decrease) due to actuarial method changes	0.00%
Current normal cost rate	<u>0.00%</u>



Present Value of Future Benefits

Table I-D

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$1,368,371	\$1,368,371	\$1,368,371
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$1,368,371	\$1,368,371	\$1,368,371
<u>Deferred Vested Participants</u>			
Retirement benefits	\$279,280	\$279,280	\$279,280
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$279,280	\$279,280	\$279,280
<u>Due a Refund of Contributions</u>	\$1,053	\$1,053	\$1,053
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$453,648	\$453,648	\$453,648
Disability retirements	\$204,628	\$204,628	\$204,628
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$658,276	\$658,276	\$658,276
<u>Grand Total</u>	<u>\$2,306,980</u>	<u>\$2,306,980</u>	<u>\$2,306,980</u>
Present Value of Future Payroll	\$4,469,162	\$4,469,162	\$4,469,162
Present Value of Future Employee Contribs.	\$44,692	\$44,692	\$44,692
Present Value of Future Employer Contribs.	\$0	\$0	\$0



Present Value of Accrued Benefits

Table I-E

	Old Assumptions <u>w/o Amendment</u>	Old Assumptions <u>w/ Amendment</u>	New Assumptions <u>w/ Amendment</u>
<u>Actively Employed Participants</u>			
Retirement benefits	\$281,236	\$281,236	\$281,236
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$281,236	\$281,236	\$281,236
<u>Deferred Vested Participants</u>			
Retirement benefits	\$279,280	\$279,280	\$279,280
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$279,280	\$279,280	\$279,280
<u>Due a Refund of Contributions</u>	\$1,053	\$1,053	\$1,053
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$453,648	\$453,648	\$453,648
Disability retirements	\$204,628	\$204,628	\$204,628
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$658,276	\$658,276	\$658,276
<u>Grand Total</u>	<u>\$1,219,845</u>	<u>\$1,219,845</u>	<u>\$1,219,845</u>
<u>Funded Percentage</u>	301.76%	301.76%	301.76%

(Note: Funded percentage is equal to the ratio of the usable portion of the market value of assets divided by the present value of accrued benefits.)



Present Value of Vested Benefits

Table I-F

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$53,477	\$53,477	\$53,477
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$53,477	\$53,477	\$53,477
<u>Deferred Vested Participants</u>			
Retirement benefits	\$279,280	\$279,280	\$279,280
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$279,280	\$279,280	\$279,280
<u>Due a Refund of Contributions</u>	\$1,053	\$1,053	\$1,053
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$453,648	\$453,648	\$453,648
Disability retirements	\$204,628	\$204,628	\$204,628
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$658,276	\$658,276	\$658,276
<u>Grand Total</u>	<u>\$992,086</u>	<u>\$992,086</u>	<u>\$992,086</u>



Entry Age Normal Accrued Liability

Table I-G

	Old Assumptions w/o Amendment	Old Assumptions w/ Amendment	New Assumptions w/ Amendment
<u>Actively Employed Participants</u>			
Retirement benefits	\$497,802	\$497,802	\$497,802
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$497,802	\$497,802	\$497,802
<u>Deferred Vested Participants</u>			
Retirement benefits	\$279,280	\$279,280	\$279,280
Termination benefits	\$0	\$0	\$0
Disability benefits	\$0	\$0	\$0
Death benefits	\$0	\$0	\$0
Refund of employee contributions	\$0	\$0	\$0
Sub-total	\$279,280	\$279,280	\$279,280
<u>Due a Refund of Contributions</u>	\$1,053	\$1,053	\$1,053
<u>Deferred Beneficiaries</u>	\$0	\$0	\$0
<u>Retired Participants</u>			
Service retirements	\$453,648	\$453,648	\$453,648
Disability retirements	\$204,628	\$204,628	\$204,628
Beneficiaries receiving	\$0	\$0	\$0
DROP participants	\$0	\$0	\$0
Sub-total	\$658,276	\$658,276	\$658,276
<u>Grand Total</u>	<u>\$1,436,411</u>	<u>\$1,436,411</u>	<u>\$1,436,411</u>



Actuarial Value of Assets

Table II-A

Market Value of Assets as of October 1, 2021	\$3,719,206
Minus advance employer contributions	(\$483,633)
Minus excess Chapter 175/185 contributions	(\$38,200)
Actuarial Value of Assets as of October 1, 2021	<u>\$3,197,373</u>

Historical Actuarial Value of Assets

October 1, 2012	\$1,089,023
October 1, 2013	\$1,632,551
October 1, 2014	\$1,836,204
October 1, 2015	\$1,869,911
October 1, 2016	\$2,007,574
October 1, 2017	\$2,286,033
October 1, 2018	\$2,425,492
October 1, 2019	\$2,525,930
October 1, 2020	\$2,652,269
October 1, 2021	\$3,197,373

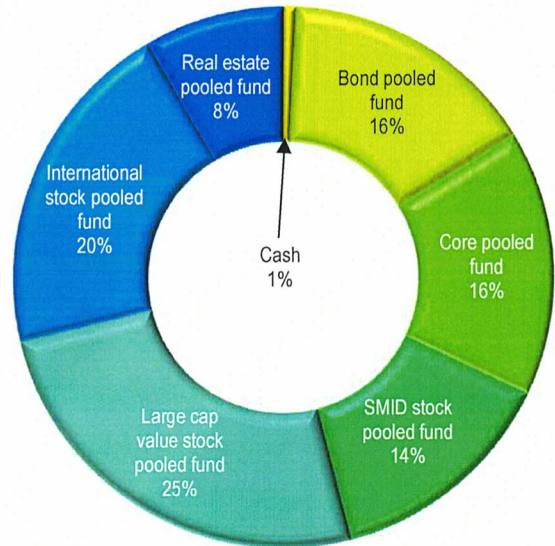


Market Value of Assets

Table II-B

As of October 1, 2021

Market Value of Assets	<u>\$3,719,206</u>
Cash	\$26,034
Bond pooled fund	\$576,477
Core pooled fund	\$587,635
SMID stock pooled fund	\$516,970
Large cap value stock pooled fund	\$940,959
International stock pooled fund	\$758,718
Real estate pooled fund	\$312,413

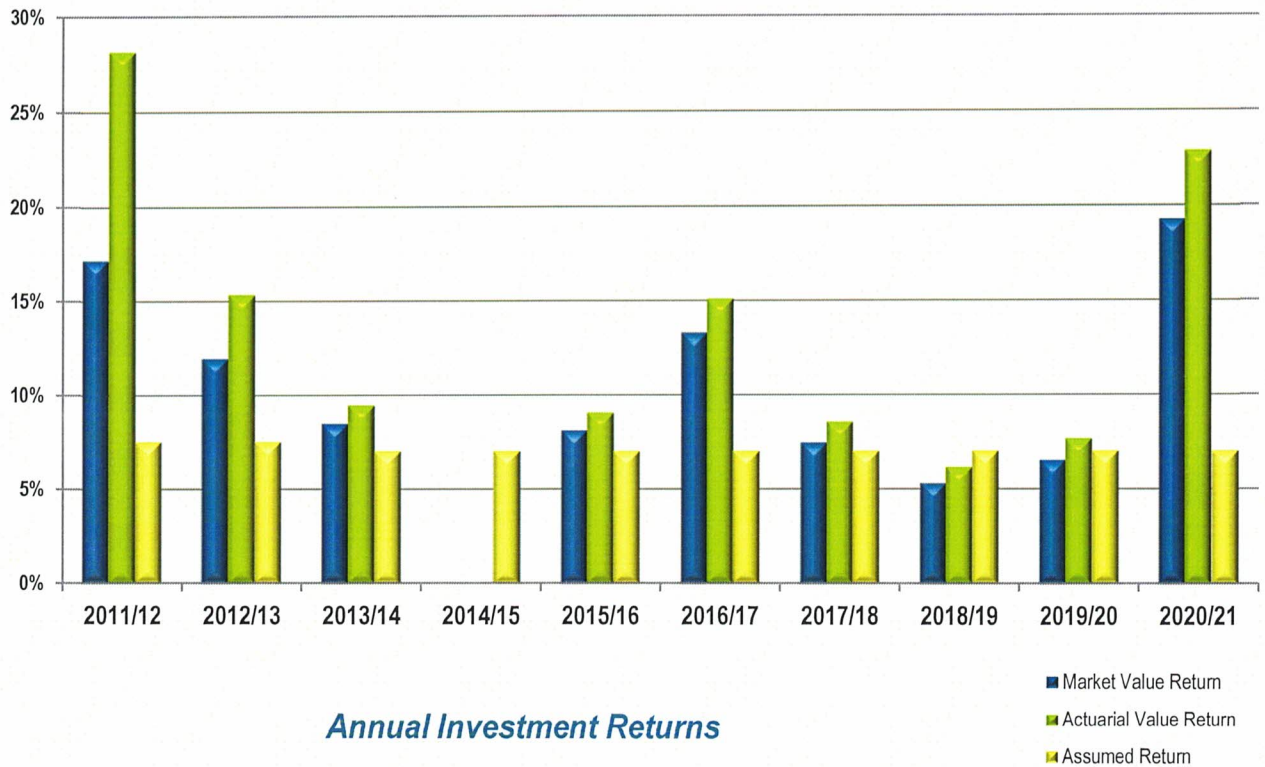
Historical Market Value of Assets

October 1, 2012	\$1,610,547
October 1, 2013	\$1,831,169
October 1, 2014	\$2,020,062
October 1, 2015	\$2,057,563
October 1, 2016	\$2,246,948
October 1, 2017	\$2,589,462
October 1, 2018	\$2,777,900
October 1, 2019	\$2,928,027
October 1, 2020	\$3,113,355
October 1, 2021	\$3,719,206



Investment Return

Table II-C



Plan Year	Market Value Return	Actuarial Value Return	Assumed Return
2011/12	17.16%	28.16%	7.50%
2012/13	11.93%	15.33%	7.50%
2013/14	8.47%	9.45%	7.00%
2014/15	0.00%	0.00%	7.00%
2015/16	8.11%	9.05%	7.00%
2016/17	13.29%	15.09%	7.00%
2017/18	7.46%	8.54%	7.00%
2018/19	5.32%	6.15%	7.00%
2019/20	6.53%	7.66%	7.00%
2020/21	19.25%	22.86%	7.00%
10yr. Avg.	9.62%	11.96%	7.10%



Asset Reconciliation

Table II-D

	<u>Market Value</u>	<u>Actuarial Value</u>
As of October 1, 2020	\$3,113,355	\$2,652,269
<i>Increases Due To:</i>		
Employer Contributions	\$0	\$0
Chapter 175/185 Contributions	\$59,628	\$59,628
Employee Contributions	\$4,290	\$4,290
Service Purchase Contributions	\$0	\$0
Total Contributions	<u>\$63,918</u>	<u>\$63,918</u>
Interest and Dividends	\$0	
Realized Gains (Losses)	\$0	
Unrealized Gains (Losses)	\$599,954	
Total Investment Income	<u>\$599,954</u>	\$599,954
Other Income	\$0	
Total Income	<u>\$663,872</u>	<u>\$663,872</u>
<i>Decreases Due To:</i>		
Monthly Benefit Payments	(\$38,600)	(\$38,600)
Refund of Employee Contributions	\$0	\$0
Total Benefit Payments	<u>(\$38,600)</u>	<u>(\$38,600)</u>
Investment Expenses	\$0	
Administrative Expenses	(\$19,421)	(\$19,421)
Advance Employer Contribution		(\$59,628)
Excess Chapter 175/185 Contribution		(\$1,119)
Total Expenses	<u>(\$58,021)</u>	<u>(\$118,768)</u>
As of October 1, 2021	<u>\$3,719,206</u>	<u>\$3,197,373</u>



Historical Trust Fund Detail

Table II-E

Income

Plan	Employer	Chapter	Employee	Service		Realized	Unrealized	
Year	Contribs.	Contribs.	Contribs.	Purchase	Interest /	Gains /	Gains /	Other
				Contribs.	Dividends	Losses	Losses	Income
2011/12	\$0	\$57,695	\$5,022	\$0	\$0	\$0	\$233,454	\$0
2012/13	\$0	\$51,072	\$5,839	\$0	\$0	\$0	\$193,777	\$0
2013/14	\$0	\$57,346	\$5,349	\$0	\$0	\$0	\$156,484	\$0
2014/15	\$21,302	\$45,626	\$4,684	\$0	\$0	\$0	\$69	\$0
2015/16	\$0	\$51,722	\$3,810	\$0	\$0	\$0	\$167,792	\$0
2016/17	\$0	\$64,055	\$4,183	\$0	\$0	\$0	\$301,280	\$0
2017/18	\$0	\$48,979	\$2,914	\$0	\$0	\$0	\$193,041	\$0
2018/19	\$0	\$49,689	\$3,301	\$0	\$0	\$0	\$147,815	\$0
2019/20	\$0	\$56,156	\$3,752	\$0	\$0	\$0	\$191,080	\$0
2020/21	\$0	\$59,628	\$4,290	\$0	\$0	\$0	\$599,954	\$0

Expenses

Plan	Monthly				<u>Other Actuarial Adjustments</u>	
Year	Benefit	Contrib.	Admin.	Invest.	Advance	Excess
	Payments	Refunds	Expenses	Expenses	Employer	Chapter
					Contribs.	Contribs.
2011/12	\$16,462	\$0	\$12,235	\$0	-\$26,602	\$7,267
2012/13	\$16,462	\$4,904	\$8,701	\$0	-\$44,288	-\$278,618
2013/14	\$16,462	\$0	\$13,824	\$0	-\$14,760	\$0
2014/15	\$16,462	\$7,437	\$10,281	\$0	\$3,794	\$0
2015/16	\$16,462	\$3,457	\$14,020	\$0	\$51,722	\$0
2016/17	\$16,462	\$502	\$10,040	\$0	\$64,055	\$0
2017/18	\$31,635	\$3,494	\$21,367	\$0	\$189,890	-\$140,911
2018/19	\$33,014	\$502	\$17,162	\$0	\$49,689	\$0
2019/20	\$33,014	\$396	\$32,250	\$0	\$56,156	\$2,833
2020/21	\$38,600	\$0	\$19,421	\$0	\$59,628	\$1,119

Note: Information was not available to separate the investment expenses from the investment income nor was information available to separate the investment income by source.



Other Reconciliations

Table II-F

Advance Employer Contribution

Advance Employer Contribution as of October 1, 2020	\$424,005
Additional Employer Contribution	\$59,628
Minimum Required Contribution	\$0
Net Increase in Advance Employer Contribution	\$59,628
Advance Employer Contribution as of October 1, 2021	<u>\$483,633</u>

Excess Chapter 175/185 Contribution

Excess Chapter 175/185 Contribution as of October 1, 2020	\$37,081
Additional Chapter 175/185 Contribution	\$59,628
Investment Earnings Credit for Share Plan	\$1,119
Allowable Chapter 175/185 Contribution	(\$59,628)
Net Increase in Excess Chapter 175/185 Contribution	\$1,119
Excess Chapter 175/185 Contribution as of October 1, 2021	<u>\$38,200</u> *

* This amount is payable to the share plan.



Historical Chapter 175/185 Contributions

Table II-G

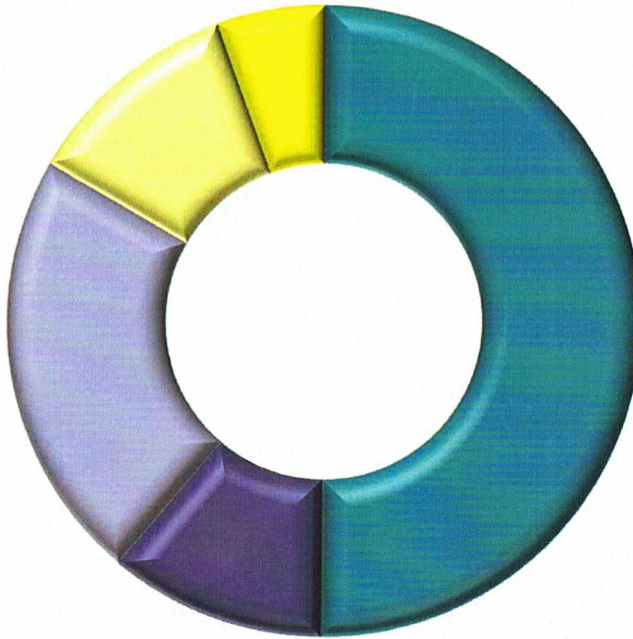
Total Accumulated Excess Chapter 175/185 Contribution **\$38,200**

	Chapter 175 Regular <u>Distribution</u>	Chapter 175 Supplemental <u>Distribution</u>	Chapter 185 <u>Distribution</u>	Allowable <u>Amount</u>
1998 Distribution	\$11,624	\$0	\$53,585	(\$46,206)
1999 Distribution	\$14,569	\$6,346	\$13,321	(\$26,961)
2000 Distribution	\$15,033	\$8,313	\$44,857	(\$50,428)
2001 Distribution	\$16,233	\$7,899	\$70,044	(\$50,428)
2002 Distribution	\$17,708	\$8,999	\$59,867	(\$50,428)
2003 Distribution	\$15,914	\$9,867	\$59,431	(\$50,428)
2004 Distribution	\$15,190	\$9,557	\$65,151	(\$50,428)
2005 Distribution	\$19,229	\$8,773	\$71,164	(\$50,428)
2006 Distribution	\$17,659	\$11,539	\$68,740	(\$50,428)
2007 Distribution	\$18,958	\$15,039	\$65,151	(\$50,428)
2008 Distribution	\$15,206	\$14,880	\$41,361	(\$50,428)
2009 Distribution	\$12,632	\$8,099	\$70,290	(\$50,428)
2010 Distribution	\$12,924	\$6,223	\$52,113	(\$50,428)
2011 Distribution	\$12,581	\$6,185	\$38,929	(\$50,428)
2012 Distribution	\$12,605	\$6,831	\$31,636	(\$329,690)
2013 Distribution	\$12,784	\$6,819	\$37,743	(\$57,346)
2014 Distribution	\$12,188	\$7,070	\$26,368	(\$45,626)
2015 Distribution	\$12,575	\$5,311	\$33,836	(\$51,722)
2016 Distribution	\$13,798	\$3,168	\$47,089	(\$64,055)
2017 Distribution	\$751	\$0	\$48,228	(\$48,979)
2018 Distribution	\$0	\$0	\$49,689	(\$49,689)
2019 Distribution	\$0	\$0	\$56,156	(\$56,156)
		\$0	\$59,628	(\$59,628)
Interest Adjustment				\$24,849
One-Time Use				(\$140,911)



Summary of Participant Data

Table III-A

As of October 1, 2021Actively Employed Participants

Active Participants	9
DROP Participants	0

Inactive Participants

Deferred Vested Participants	2
Due a Refund of Contributions	4
Deferred Beneficiaries	0

Participants Receiving a Benefit

Service Retirements	2
Disability Retirements	1
Beneficiaries Receiving	0

Total Participants 18Number of Participants Included in Prior Valuations

	<i>Active</i>	<i>DROP</i>	<i>Inactive</i>	<i>Retired</i>	<i>Total</i>
October 1, 2012	N/A	N/A	N/A	N/A	N/A
October 1, 2013	13	0	6	1	20
October 1, 2014	N/A	N/A	N/A	N/A	N/A
October 1, 2015	10	0	6	1	17
October 1, 2016	N/A	N/A	N/A	N/A	N/A
October 1, 2017	9	0	10	1	20
October 1, 2018	8	0	8	2	18
October 1, 2019	8	0	8	2	18
October 1, 2020	9	0	7	2	18
October 1, 2021	9	0	6	3	18



Data Reconciliation

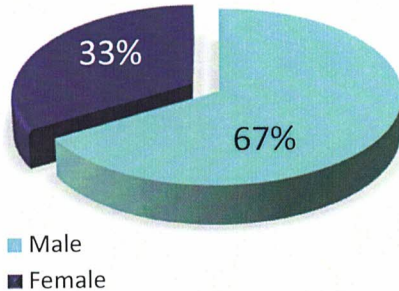
Table III-B

	<u>Active</u>	<u>DROP</u>	<u>Deferred Vested</u>	<u>Due a Refund</u>	<u>Def. Benef.</u>	<u>Service Retiree</u>	<u>Disabled Retiree</u>	<u>Benef. Rec'v.</u>	<u>Total</u>
<u>October 1, 2020</u>	9	0	3	4	0	1	1	0	18
<u>Change in Status</u>									
Re-employed									
Terminated									
Retired			(1)			1			
<u>Participation Ended</u>									
Transferred Out									
Cashed Out									
Died									
<u>Participation Began</u>									
Newly Hired									
Transferred In									
New Beneficiary									
<u>Other Adjustment</u>									
<u>October 1, 2021</u>	9	0	2	4	0	2	1	0	18

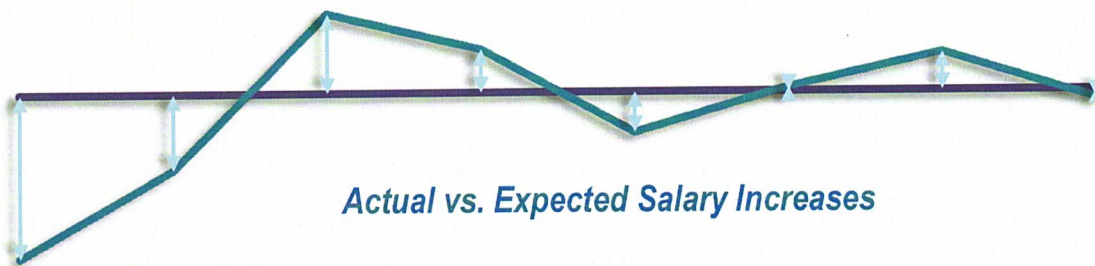


Active Participant Data

Table III-C

As of October 1, 2021**Gender Mix**

Average Age	45.4 years
Average Service	5.0 years
Total Annualized Compensation for the Prior Year	\$430,902
Total Expected Compensation for the Current Year	\$448,139
Average Increase in Compensation for the Prior Year	3.23%
Expected Increase in Compensation for the Current Year	4.00%

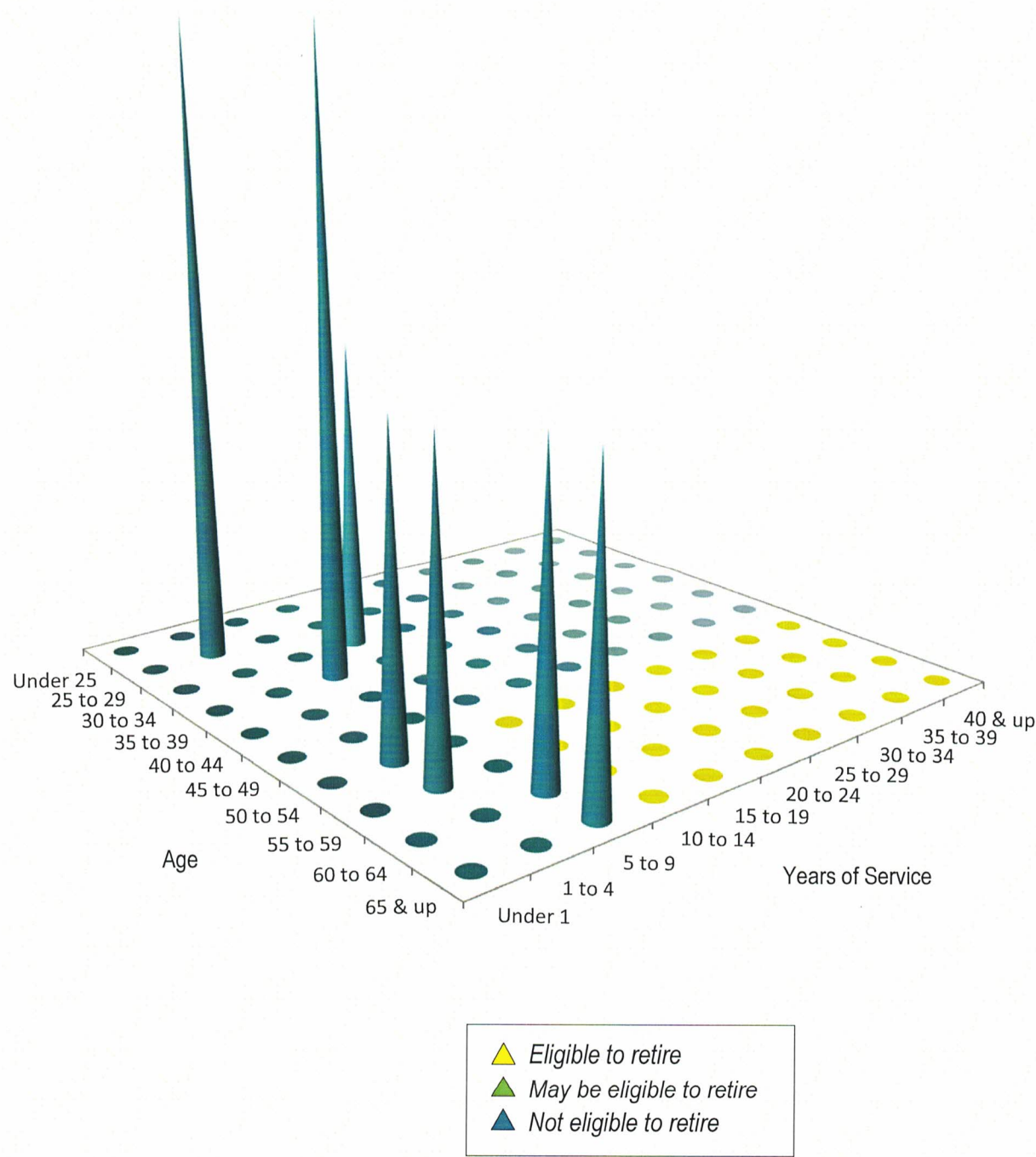
**Active Participant Statistics From Prior Valuations**

	Average Age	Average Service	Average Salary	Average Expected Salary Increase	Average Actual Salary Increase
October 1, 2012	N/A	N/A	N/A	6.20%	-3.24%
October 1, 2013	36.5	5.5	\$41,687	6.14%	12.49%
October 1, 2014	N/A	N/A	N/A	4.00%	-10.90%
October 1, 2015	41.1	7.9	\$41,264	4.00%	-2.90%
October 1, 2016	N/A	N/A	N/A	4.00%	11.16%
October 1, 2017	41.8	5.3	\$44,641	4.00%	7.93%
October 1, 2018	37.9	2.8	\$37,327	4.00%	0.33%
October 1, 2019	41.8	3.6	\$41,264	4.00%	4.39%
October 1, 2020	44.4	4.0	\$43,880	4.00%	7.43%
October 1, 2021	45.4	5.0	\$47,878	4.00%	3.23%



Active Age-Service Distribution

Table III-D



Active Age-Service-Salary Table

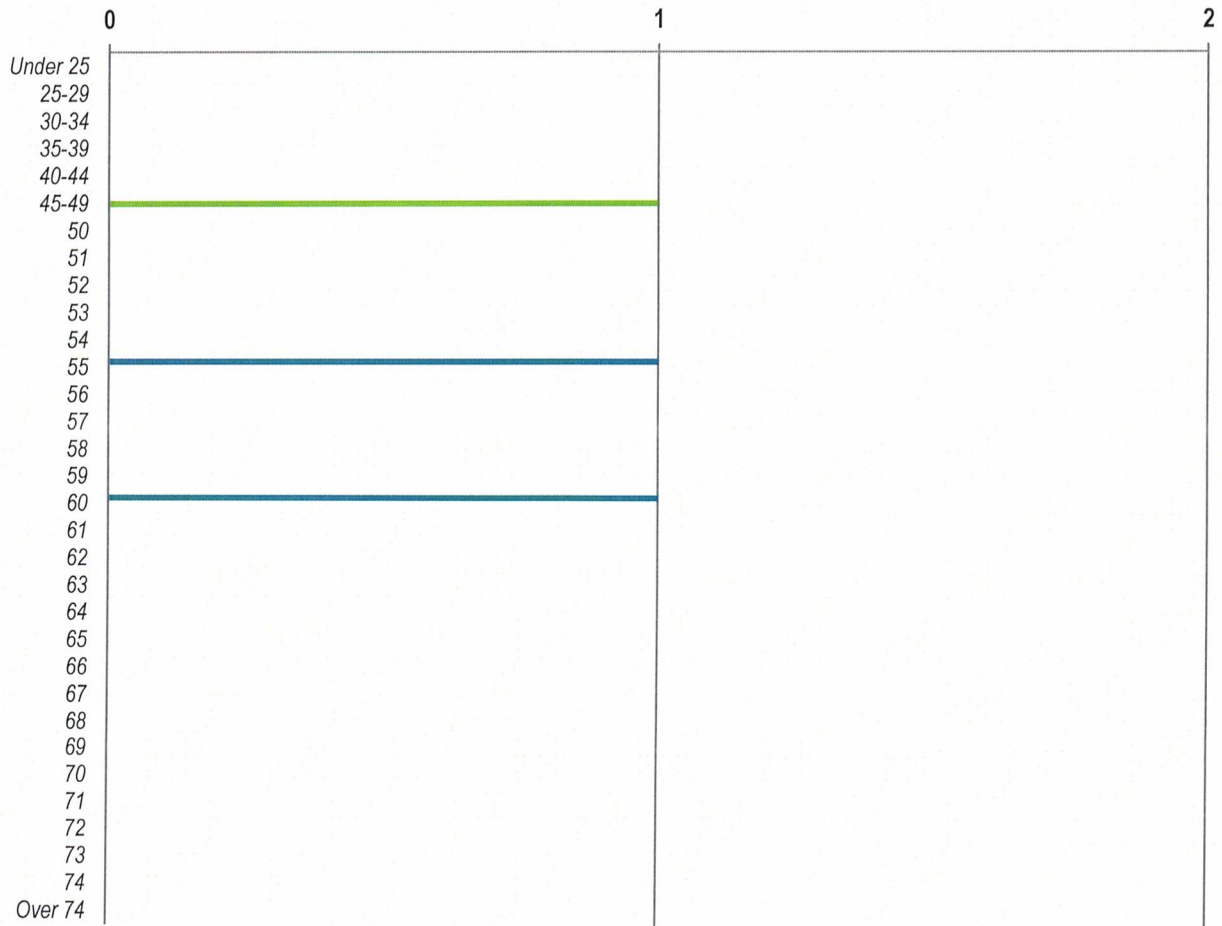
Table III-E

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	2	0	0	0	0	0	0	0	0	2
Avg.Pay	0	43,502	0	0	0	0	0	0	0	0	43,502
30 to 34	0	0	0	1	0	0	0	0	0	0	1
Avg.Pay	0	0	0	48,833	0	0	0	0	0	0	48,833
35 to 39	0	0	2	0	0	0	0	0	0	0	2
Avg.Pay	0	0	47,942	0	0	0	0	0	0	0	47,942
40 to 44	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
45 to 49	0	0	0	0	0	0	0	0	0	0	0
Avg.Pay	0	0	0	0	0	0	0	0	0	0	0
50 to 54	0	1	0	0	0	0	0	0	0	0	1
Avg.Pay	0	40,598	0	0	0	0	0	0	0	0	40,598
55 to 59	0	1	0	0	0	0	0	0	0	0	1
Avg.Pay	0	43,254	0	0	0	0	0	0	0	0	43,254
60 to 64	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	46,106	0	0	0	0	0	0	0	46,106
65 & up	0	0	1	0	0	0	0	0	0	0	1
Avg.Pay	0	0	69,224	0	0	0	0	0	0	0	69,224
Total	0	4	4	1	0	0	0	0	0	0	9
Avg.Pay	0	42,714	52,804	48,833	0	0	0	0	0	0	47,878



Inactive Participant Data

Table III-F

**Age at Retirement**

- Service Retirements
- Disability Retirements
- DROP Participants

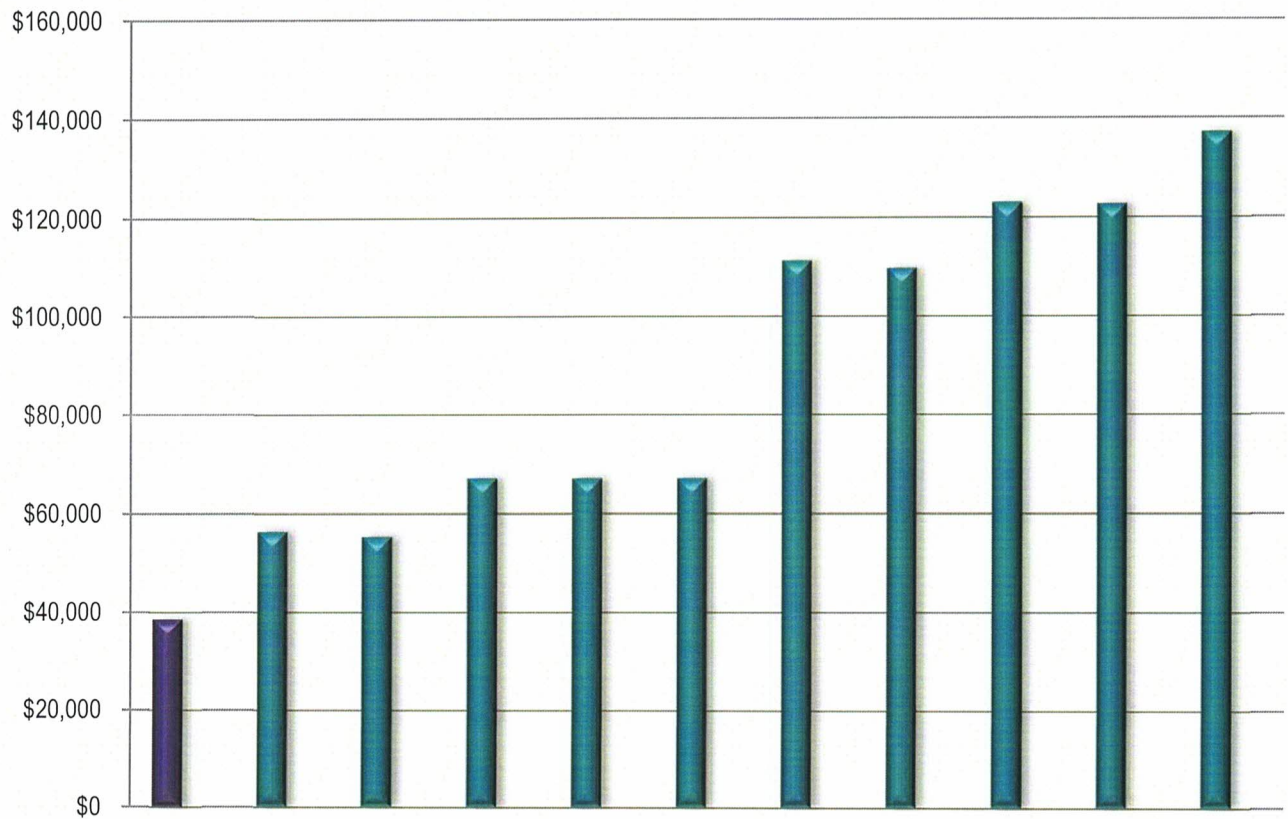
Average Monthly Benefit

Service Retirements	\$1,620.69
Disability Retirements	\$1,371.86
Beneficiaries Receiving	Not applicable
DROP Participants	Not applicable
Deferred Vested Participants	\$1,561.66
Deferred Beneficiaries	Not applicable



Projected Benefit Payments

Table III-G

Actual

For the period October 1, 2020 through September 30, 2021

\$38,600

Projected

For the period October 1, 2021 through September 30, 2022

\$56,427

For the period October 1, 2022 through September 30, 2023

\$55,385

For the period October 1, 2023 through September 30, 2024

\$67,246

For the period October 1, 2024 through September 30, 2025

\$67,248

For the period October 1, 2025 through September 30, 2026

\$67,245

For the period October 1, 2026 through September 30, 2027

\$111,278

For the period October 1, 2027 through September 30, 2028

\$109,750

For the period October 1, 2028 through September 30, 2029

\$123,026

For the period October 1, 2029 through September 30, 2030

\$122,689

For the period October 1, 2030 through September 30, 2031

\$137,185



Summary of Actuarial Methods and Assumptions

Table IV-A

NOTE: The following assumptions and methods have been selected and approved by the Board of Trustees based in part on the advice of the plan's enrolled actuary in accordance with the authority granted to the Board under the pension ordinances and State law.

1. Actuarial Cost Method

Aggregate cost method. Under this actuarial cost method, a funding cost is developed for the plan as a level percentage of payroll. The level funding percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants. The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Therefore, under the aggregate cost method, no unfunded accrued liability is developed.

2. Asset Method

The actuarial value of assets is equal to the market value of assets.

3. Interest (or Discount) Rate

7.00% per annum

4. Salary Increases

Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual plan compensation is known for a prior plan year.

5. Decrements

- Pre-retirement mortality: None is assumed.
- Post-retirement mortality: For non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018
- Disability: None is assumed.



Summary of Actuarial Methods and Assumptions

Table IV-A

(continued)

5. Decrements (continued)

- Termination: None is assumed.
- Retirement: Retirement is assumed to occur at the most valuable retirement age.

No decrements are assumed to occur during the year that immediately follows the valuation date.

6. Form of Payment

Future retirees have been assumed to select the 10-year certain and life annuity.

7. Expenses

Administrative expenses are assumed to be equal to 1.75% of covered payroll. In addition, the interest rate set forth in item 3. above is assumed to be net of investment expenses and commissions.



Changes in Actuarial Methods and Assumptions

Table IV-B

No assumptions or methods were changed since the completion of the previous valuation.

The following additional assumption and method changes were made during the past 10 years:

- (1) Effective October 1, 2020, the mortality basis was changed from the RP-2000 Blue Collar Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.*
- (2) Effective October 1, 2017, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Blue Collar Mortality Table as required by State law.*
- (3) Effective October 1, 2013, the assumed interest rate was decreased from 7.50% per annum to 7.00% per annum.*
- (4) Effective October 1, 2013, the assumed increase in future salaries was decreased from a range of 5.20% to 8.00% per year, depending on service, to a flat 4.00% per year.*
- (5) Effective October 1, 2013, the mortality basis was changed from the unisex rates set forth in the 1994 Group Annuity Reserving Table, projected to 2002 by Scale AA, to the sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430.*
- (6) Effective October 1, 2013, no decrements are assumed to occur during the year that immediate follows the valuation date.*



Summary of Plan Provisions

Table V-A

1. Monthly Accrued Benefit

2.00% of Average Final Compensation multiplied by Credited Service earned through September 30, 2011, plus
2.50% of Average Final Compensation multiplied by Credited Service earned thereafter

(Employees may purchase a 2.50% benefit formula multiplier for Credited Service earned prior to October 1, 2011 by paying the full actuarial cost thereof.)

2. Normal Retirement Age and Benefit

- **Age**

Age 55 with at least 10 years of Credited Service; or
Any age with at least 25 years of Credited Service

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

Actuarially increased single life annuity (optional);
10-year certain and life annuity (normal form of payment);
Actuarially reduced 50% joint and contingent annuity (optional);
Actuarially reduced 66 $\frac{2}{3}$ % joint and contingent annuity (optional);
Actuarially reduced 75% joint and contingent annuity (optional);
Actuarially reduced 100% joint and contingent annuity (optional);
Any other actuarially equivalent form of payment approved by the Board; or
Actuarially equivalent lump sum distribution (automatic if the single sum value of the participant's benefit is less than or equal to \$5,000 or the monthly annuity is less than \$100)

(Note: A participant may change his joint annuitant up to two times after retirement.)

3. Early Retirement Age and Benefit

- **Age**

Age 50 with at least 10 years of Credited Service

- **Amount**

Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)

- **Form of Payment**

Same as for Normal Retirement



Summary of Plan Provisions

Table V-A

(continued)

4. Service Incurred Disability Eligibility and Benefit

- **Eligibility**

The participant is eligible if his disability was incurred during the course of his employment with the City.

- **Condition**

The Board must find that the participant has a physical or mental condition resulting from bodily injury, disease, or a mental disorder which renders him incapable of employment as a firefighter or police officer.

- **Amount Payable**

A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-provided disability compensation from exceeding his Average Monthly Earnings:

- (a) Monthly Accrued Benefit; or
- (b) 65% of Average Final Compensation

5. Non-Service Incurred Disability Eligibility and Benefit

- **Eligibility**

The participant must have earned at least 10 years of Credited Service if his disability was incurred other than during the course of his employment with the City.

- **Condition**

Same as for a Service Incurred Disability Benefit

- **Amount Payable**

A monthly 10-year certain and life annuity equal to the larger of (a) or (b), as follows, but offset as necessary to preclude the total of the participant's worker's compensation, disability benefit, and other City-provided disability compensation from exceeding his Average Monthly Earnings:

- (a) Monthly Accrued Benefit; or
- (b) 25% of Average Final Compensation

6. Delayed Retirement Age and Benefit

- **Age**

After Normal Retirement Age

- **Amount**

Monthly Accrued Benefit

- **Form of Payment**

Same as for Normal Retirement



Summary of Plan Provisions

Table V-A

(continued)

7. Deferred Vested Benefit

- **Age**
Any age with at least 10 years of Credited Service
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age); or
Monthly Accrued Benefit reduced by 3% for each year by which the participant's Early Retirement Date precedes his Normal Retirement Date (payable at Early Retirement Age)
- **Form of Payment**
Same as for Normal Retirement

8. Pre-Retirement Death Benefit

In the case of the death of a vested participant prior to retirement, his beneficiary will receive the participant's Monthly Accrued Benefit payable for 10 years beginning on the participant's early or normal retirement date. In the case of the death of a non-vested participant prior to retirement, his beneficiary will receive the participant's Accumulated Contributions in lieu of any other benefits payable from the plan.

9. Average Final Compensation

Average of the highest five years of Compensation out of the last 10 years of employment (or career average, if higher).

10. Compensation

Fixed monthly compensation, including up to 300 hours of overtime pay for police officers, but excluding lump sum payments for accrued sick leave and other lump sum payments such as exit bonuses, severance payments, and holiday bonuses; annual compensation in excess of \$200,000 (as indexed) is excluded in accordance with Internal Revenue Code (IRC) §401(a)(17).

11. Credited Service

The elapsed time from the participant's date of hire until his date of termination, retirement, or death. In addition, employees are allowed to purchase up to five years of additional service for prior military service or public safety employment by paying the full actuarial cost thereof.



Summary of Plan Provisions

Table V-A

(continued)

12. Participation Requirement

All full-time firefighters and police officers of the City of Dunnellon, Florida automatically become a participant in the plan on their date of hire.

13. Accumulated Contributions

The Employee Contributions accumulated with no interest; if the participant terminates his employment with less than 10 years of Credited Service, he receives his Accumulated Contributions in lieu of any other benefits payable from the plan.

12. Participant Contribution

1.00% of earnings

13. Definition of Actuarially Equivalent

Based on 7.00% interest per annum and the unisex mortality table promulgated by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 417(e)(3).

14. Plan Effective Date

January 1, 1996

15. Deferred Retirement Option Plan (DROP)

A DROP is available to all active participants who are eligible for normal retirement. Individuals may participate in the DROP for a period of up to five years.



Summary of Plan Amendments

Table V-B

No plan changes were adopted since the completion of the previous valuation.

The following additional plan amendments were adopted during the past 10 years and were reflected in prior valuation reports:

- (1) Ordinances 2017-35 and 2018-04 were adopted during the 2017/18 plan year. These ordinances changed the language of the plan to reflect the transfer of fire services from the City to Marion County.*
- (2) Effective August 19, 2013, employees are allowed to purchase up to five years of additional service for prior military service or public safety employment or a 2.50% benefit formula multiplier for service earned prior to October 1, 2011 by paying the full actuarial cost thereof. (Ordinance 2013-04)*
- (3) Effective August 19, 2013, normal retirement is available upon the attainment of 25 years of service regardless of age. (Ordinance 2013-04)*
- (4) Effective August 19, 2013, the benefit formula multiplier for service earned after September 30, 2011 was increased to 2.50%. (Ordinance 2013-04)*
- (5) Effective August 19, 2013, the minimum service-connected disability benefit was increased to 65% of average pay. (Ordinance 2013-04)*
- (6) Effective August 19, 2013, a Deferred Retirement Option Plan (DROP) is available upon the attainment of normal retirement age with interest credited on the DROP accounts at the rate of 2% per year compounded monthly. (Ordinance 2013-04)*
- (7) During the 2010/11 plan year, the definition of actuarial equivalence was changed from a 7.50% interest rate and the 1994 Group Annuity Reserving Table, projected to 2002 by Scale AA, to a 7.50% interest rate and the unisex mortality table promulgated by the IRS for purposes of IRC section 417(e)(3).*

