



**City of Palm Bay
Police and Firefighters'
Pension Fund (Police
Officers)**

Actuarial Valuation

*As of October 1, 2025
Contributions Applicable to the Plan/
Fiscal Year Ending September 30, 2027*

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

April 1, 2026

Board of Trustees
City of Palm Bay
Police Officers Pension Board

Re: City of Palm Bay Police and Firefighters' Pension Fund (Police Officers) Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the City of Palm Bay Police and Firefighters' Pension Fund (Police Officers) as of October 1, 2025.

The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the plan year ending September 30, 2027. This report was prepared for use by the Board. Use of the results for other purposes may not be applicable and could produce significantly different results.

DATA AND ASSUMPTIONS

In preparing this report, we have relied on personnel and plan design supplied by City of Palm Bay. Assets were determined based on financial reports supplied by the custodian bank. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated fund experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

DISCLOSURES AND LIMITATIONS

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; 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); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

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

ACTUARIAL CERTIFICATION

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board; specifically No. 4 for Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 for Data Quality, No. 27 for Selection of Economic Assumptions for Measuring Pension Obligations, No. 35 for Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, No. 44, Selection and Use of Asset Valuation Methods for Pension Valuations, and No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations.

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

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

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

Respectfully submitted,

Foster & Foster, Inc.



Patrick T. Donlan, EA, ASA, MAAA



Kevin H. Peng, ASA, EA, MAAA

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SUMMARY

The regular annual actuarial valuation of the City of Palm Bay Police and Firefighters' Pension Fund (Police Officers), performed as of October 1, 2025, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2027.

The contribution requirements, compared with those set forth in the October 1, 2024 actuarial valuation report, are as follows:

Valuation Date	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2026
Minimum Required Contribution	\$10,315,500	\$7,656,446
Member Contributions (Est.)	1,293,387	1,096,518
City and State Required Contribution	9,022,113	6,559,928
State Contribution (Est.) ¹	1,108,365	1,108,365
City Required Contribution (Est.) ²	\$7,913,748	\$5,451,563

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2024 actuarial valuation report. The increase was partially attributable to the increase in the number of active Police Officers accruing benefits and partially attributable to the net unfavorable actuarial experience described in the next paragraph and partially attributable to the assumption and method changes described on the next page.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 2.99% (Actuarial Asset Basis) which fell short of the 7.40% assumption, an average salary increase of 17.58% which exceeded the 4.77% assumption, and unfavorable turnover experience. These losses were offset in part by a gain associated with inactive mortality experience.

¹ Based on mutual consent, the City can use \$520,734.08 plus 50% of the State Monies received in excess of that amount to offset their required contribution. The amount shown above is based upon the State Monies received during calendar 2025.

² Please note that the City has access to a prepaid contribution of \$97,170.47 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2026.

CHANGES SINCE PRIOR VALUATION

PLAN CHANGES

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES

As a result of the July 7, 2025 Actuarial Experience Study, the Board approved the following assumption and method changes that are reflected in this report:

- The Entry Age Normal Costs are now spread over the full career of each Member instead of starting from the first valuation date an employee becomes a Member.
- The assumed rates of individual salary increases were changed to be based on service instead of age and were generally adjusted upward to reflect recent experience.
- As mandated by Chapter 2015-157, the assumed rates of mortality were amended to match what was used in the July 1, 2024 actuarial valuation report of the Florida Retirement System for special risk employees.
- The assumed rates of Early, Normal and DROP retirement were amended to reflect recent experience.
- The assumed rates of withdrawal prior to retirement were amended to reflect recent experience.

A full disclosure of the changes can be found in the Actuarial Assumptions and Methods section of this report.

VALUATION RESULTS

PRINCIPAL VALUATION RESULTS

Valuation Date	<u>New Asmp/Mthd</u> 10/1/2025	<u>Old Asmp/Mthd</u> 10/1/2025	10/1/2024
PARTICIPANT DATA			
Actives	168	168	161
Service Retirees	99	99	99
DROP Retirees	7	7	3
Beneficiaries	5	5	5
Disability Retirees	17	17	15
Terminated Vested	<u>32</u>	<u>32</u>	<u>33</u>
Total	328	328	316
Projected Annual Payroll	13,447,199	13,543,509	11,513,461
Annual Rate of Payments to:			
Service Retirees	6,786,030	6,786,030	6,703,787
DROP Retirees	524,729	524,729	219,496
Beneficiaries	307,390	307,390	233,053
Disability Retirees	601,160	601,160	444,453
Terminated Vested	277,145	277,145	308,919
ASSETS			
Actuarial Value (AVA) ¹	139,893,421	139,893,421	137,096,801
Market Value (MVA) ¹	147,945,403	147,945,403	137,292,648
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	79,856,482	73,700,782	64,635,803
Disability Benefits	4,000,797	4,137,607	3,602,010
Death Benefits	224,453	300,736	268,781
Vested Benefits	4,874,900	5,548,817	4,556,780
Refund of Contributions	189,927	178,663	147,209
Service Retirees	97,046,274	98,999,312	98,783,155
DROP Retirees ¹	12,601,667	12,657,496	7,832,705
Beneficiaries	3,432,465	3,466,480	2,570,457
Disability Retirees	8,629,588	8,540,523	6,378,690
Terminated Vested	2,997,476	3,032,694	3,124,810
Share Plan Balances ¹	<u>2,485,415</u>	<u>2,485,415</u>	<u>1,840,170</u>
Total	216,339,444	213,048,525	193,740,570

Valuation Date	<u>New Asmp/Mthd</u> 10/1/2025	<u>Old Asmp/Mthd</u> 10/1/2025	10/1/2024
LIABILITIES (CONTINUED)			
Present Value of Future Salaries	101,033,108	102,388,956	85,242,426
Present Value of Future Member Contributions	8,850,500	8,969,273	7,467,237
Normal Cost (Retirement)	2,440,827	2,248,204	1,917,720
Normal Cost (Disability)	298,290	299,875	271,399
Normal Cost (Death)	10,562	14,444	12,692
Normal Cost (Vesting)	300,529	349,340	292,880
Normal Cost (Refunds)	46,385	49,824	37,992
Total Normal Cost	3,096,593	2,961,687	2,532,683
Present Value of Future Normal Costs	22,892,202	21,885,218	18,390,741
Accrued Liability (Retirement)	61,302,142	56,540,837	50,262,472
Accrued Liability (Disability)	1,838,512	1,934,148	1,684,077
Accrued Liability (Death)	149,033	200,562	184,926
Accrued Liability (Vesting)	2,896,055	3,255,864	2,648,930
Accrued Liability (Refunds)	68,615	49,976	39,437
Accrued Liability (Inactives) ¹	124,707,470	126,696,505	118,689,817
Share Plan Balances ¹	2,485,415	2,485,415	1,840,170
Total Actuarial Accrued Liability (EAN AL)	193,447,242	191,163,307	175,349,829
Unfunded Actuarial Accrued Liability (UAAL)	53,553,821	51,269,886	38,253,028
Funded Ratio (AVA / EAN AL)	72.3%	73.2%	78.2%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	<u>New Asmp/Mthd</u> 10/1/2025	<u>Old Asmp/Mthd</u> 10/1/2025	10/1/2024
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	127,192,885	129,181,920	120,529,987
Actives	26,193,197	26,022,683	24,305,318
Member Contributions	<u>6,853,189</u>	<u>6,853,189</u>	<u>6,508,467</u>
Total	160,239,271	162,057,792	151,343,772
Non-vested Accrued Benefits	<u>4,571,584</u>	<u>3,997,191</u>	<u>3,417,184</u>
Total Present Value			
Accrued Benefits (PVAB)	164,810,855	166,054,983	154,760,956
Funded Ratio (MVA / PVAB)	89.8%	89.1%	88.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption/Method Changes	(1,244,128)	0	
Plan Experience	0	8,143,086	
Benefits Paid	0	(8,005,178)	
Interest	0	11,156,119	
Other	<u>0</u>	<u>0</u>	
Total	(1,244,128)	11,294,027	

CONTRIBUTION REQUIREMENTS

	<u>New Asmp/Mthd</u>	<u>Old Asmp/Mthd</u>	
Valuation Date	10/1/2025	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2027	9/30/2026

CALCULATION OF CONTRIBUTION REQUIREMENT

Normal Cost ²	\$3,399,984	\$3,220,226	\$2,753,510
Administrative Expenses ²	406,818	402,860	395,257
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 24 years (as of 10/1/2025) ²	6,508,698	6,185,063	4,507,679
Minimum Required Contribution	10,315,500	9,808,149	7,656,446
Expected Member Contributions ²	1,293,387	1,289,979	1,096,518
Expected City and State Contribution	9,022,113	8,518,170	6,559,928

PAST CONTRIBUTIONS

Plan Years Ending: 9/30/2025

City and State Requirement 5,375,586

Actual Contributions Made:

City	4,267,221
State	<u>1,108,365</u>
Total	5,375,586

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2025 and 9/30/2024.

² Contributions developed as of 10/1/2025 displayed above have been adjusted to account for assumed salary increase and interest components.

OTHER INFORMATION

ILLUSTRATION OF AMORTITIZATION OF THE TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY

Year	Projected Unfunded Actuarial Accrued Liability
2025	53,553,821
2026	51,150,232
2027	48,568,778
2033	28,535,420
2038	5,432,824
2044	475,626
2049	0

5 YEAR COMPARISON OF ACTUAL AND ASSUMED SALARY INCREASES

		Actual	Assumed
Year Ended	9/30/2025	17.58%	4.77%
Year Ended	9/30/2024	9.85%	4.77%
Year Ended	9/30/2023	9.26%	4.70%
Year Ended	9/30/2022	13.03%	4.71%
Year Ended	9/30/2021	8.93%	4.66%

5 YEAR COMPARISON OF INVESTMENT RETURN ON ACTUARIAL VALUE

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	8.73%	2.99%	7.40%
Year Ended	9/30/2024	18.69%	4.59%	7.50%
Year Ended	9/30/2023	8.02%	2.76%	7.50%
Year Ended	9/30/2022	-19.98%	4.02%	7.65%
Year Ended	9/30/2021	20.09%	11.65%	7.65%

AVERAGE ANNUAL PAYROLL GROWTH

Valuation Date	Payroll
10/1/2025	\$13,447,199
10/1/2015	7,096,274
Total Increase	89.50%
Number of Years	10.00
Average Annual Rate	6.60%

STATEMENT BY ENROLLED ACTUARY

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



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

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

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

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

UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2024	\$38,253,028
(2)	Sponsor Normal Cost developed as of October 1, 2024	1,524,104
(3)	Expected administrative expenses for the year ended September 30, 2025	363,558
(4)	Expected interest on (1), (2) and (3)	2,956,959
(5)	Sponsor contributions to the System during the year ended September 30, 2025	5,375,586
(6)	Expected interest on (5)	166,440
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	37,555,623
(8)	Change to UAAL due to Assumption/Method Change	2,283,935
(9)	Change to UAAL due to Actuarial (Gain)/Loss	13,714,263
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	53,553,821

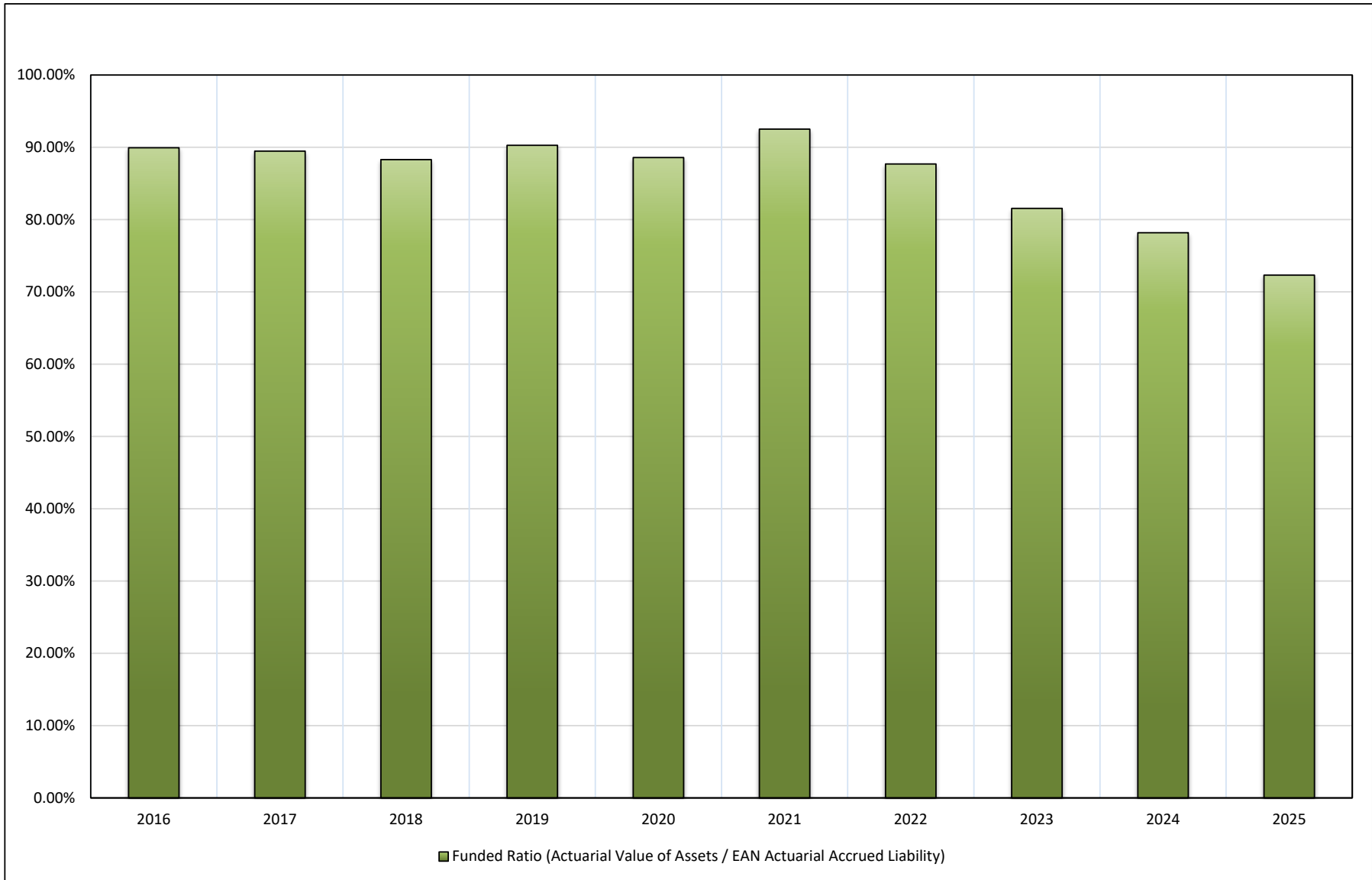
Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Improvement	10/1/2003	8	23,471	3,717
Improvement	10/1/2005	10	319,828	43,186
Improvement	10/1/2006	11	40,412	5,118
Gain	10/1/2007	12	(730,779)	(87,503)
Loss	10/1/2008	13	3,910,820	445,622
Loss	10/1/2009	14	5,342,155	582,479
Loss	10/1/2010	15	1,537,083	161,129
Method	10/1/2010	15	(3,604,060)	(377,804)
Benefit	10/1/2010	15	3,467	363
Loss	10/1/2011	16	1,443,610	146,082
Assump	10/1/2011	16	4,928,208	498,695
Gain	10/1/2012	17	(631,546)	(61,908)
Gain	10/1/2013	18	(702,678)	(66,932)
Gain	10/1/2014	19	(3,648,880)	(338,641)
Gain	10/1/2015	20	(2,756,070)	(249,810)
Assump	10/1/2015	20	3,823,885	346,597
Loss	10/1/2016	21	68,458	6,073
Loss	10/1/2017	22	1,216,445	105,816

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Loss	10/1/2018	23	2,354,633	201,187
Gain	10/1/2019	24	(1,786,694)	(150,176)
Benefits Change	10/1/2020	10	657,506	88,783
Actuarial Gain	10/1/2020	10	(588,874)	(79,515)
Asmp/Mthd Change	10/1/2020	10	3,264,042	440,741
Actuarial Gain	10/1/2021	11	(4,390,350)	(556,055)
Actuarial Loss	10/1/2022	12	6,149,840	736,374
Assump Change	10/1/2022	12	2,800,765	335,360
Actuarial Loss	10/1/2023	13	10,052,448	1,145,436
Benefits Change	10/1/2023	13	850,338	96,893
Actuarial Loss	10/1/2024	14	5,476,345	597,111
Assump Change	10/1/2024	14	2,131,795	232,439
Actuarial Loss	10/1/2025	15	13,714,263	1,437,632
Asmp/Mthd Change	10/1/2025	15	2,283,935	239,419
			<u>53,553,821</u>	<u>5,927,908</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	\$38,253,028
(2) Expected UAAL as of October 1, 2025	37,555,623
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	6,028,361
Salary Increases	5,924,771
Active Decrements	1,230,809
Inactive Mortality	(1,018,439)
New entrants / rehires with prior military or law enforcement service	347,629
Vested Terminated Members who were granted a disability retirement	1,389,317
Interest Crediting on Share Plan Balances	27,895
Other	<u>(216,080)</u>
Increase in UAAL due to (Gain)/Loss	13,714,263
Assumption/Method Changes	<u>2,283,935</u>
(4) Actual UAAL as of October 1, 2025	\$53,553,821

HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	5,082,171.49
Prepaid Expenses	14,144.52
Cash	30,600.84
 Total Cash and Equivalents	 5,127,963.26
Receivables:	
Accounts Receivable	1,925.91
From General Trust Fund	946.81
From Broker for Investments Sold	136,326.46
Investment Income	590,613.12
 Total Receivable	 729,812.30
Investments:	
U. S. Bonds and Bills	18,424,009.53
Corporate Bonds	31,199,237.75
Stocks	39,152,729.18
Mutual Funds:	
Equity	41,992,864.17
Pooled/Common/Commingled Funds:	
Real Estate	11,664,647.07
 Total Investments	 142,433,487.70
 Total Assets	 148,291,263.26
 <u>LIABILITIES</u>	
Payables:	
Accounts Payable	167,184.61
To Broker for Investments Purchased	81,505.62
Prepaid City Contribution	97,170.47
 Total Liabilities	 345,860.70
 NET POSITION RESTRICTED FOR PENSIONS	 147,945,402.56

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025
Market Value Basis

ADDITIONS

Contributions:

Member	1,136,575.60
City	4,267,220.53
State	1,695,996.87

Total Contributions 7,099,793.00

Investment Income:

Miscellaneous Income	2,356.77
Unrealized Gain (Loss)	8,033,143.03
Net Increase in Fair Value of Investments	8,035,499.80
Interest & Dividends	4,443,217.34
Less Investment Expense ¹	(541,168.61)

Net Investment Income 11,937,548.53

Total Additions 19,037,341.53

DEDUCTIONS

Distributions to Members:

Benefit Payments	7,468,410.24
Lump Sum DROP Distributions	404,460.63
Lump Sum Share Distributions	96,722.49
Refunds of Member Contributions	35,584.37

Total Distributions 8,005,177.73

Administrative Expense 379,409.60

Total Deductions 8,384,587.33

Net Increase in Net Position 10,652,754.20

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 137,292,648.36

End of the Year 147,945,402.56

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

ACTUARIAL ASSET VALUATION
September 30, 2025

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a four year period. In the first year, 25% of the gain or loss is recognized. In the second year 50%, in the third year 75%, and in the fourth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2025	2026	2027	2028	2029
09/30/2022	(39,658,313)	0	0	0	0	0
09/30/2023	579,150	144,786	0	0	0	0
09/30/2024	13,094,469	6,547,235	3,273,618	0	0	0
09/30/2025	1,813,282	1,359,961	906,641	453,320	0	0
Total		8,051,982	4,180,259	453,320	0	0

Development of Investment Gain/Loss

Market Value of Assets, including Prepaid Contributions, 09/30/2024	137,523,812
Contributions Less Benefit Payments & Admin Expenses	(1,418,787)
Expected Investment Earnings*	10,124,267
Actual Net Investment Earnings	11,937,549
2025 Actuarial Investment Gain/(Loss)	<u>1,813,282</u>

*Expected Investment Earnings = 0.074 * (137,523,812 - 0.5 * 1,418,787)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2025	147,945,403
(2) Gains/(Losses) Not Yet Recognized	8,051,982
(3) Actuarial Value of Assets, 09/30/2025, (1) - (2)	<u>139,893,421</u>
(4) Limited Actuarial Value of Assets, 09/30/2025	139,893,421
 (A) 09/30/2024 Actuarial Assets, including Prepaid Contributions:	 137,327,965
 (I) Net Investment Income:	
1. Interest and Dividends	4,445,574
2. Realized Gain (Loss)	0
3. Unrealized Gain (Loss)	8,033,143
4. Change in Actuarial Value	(7,856,135)
5. Investment Expenses	(541,169)
Total	<u>4,081,414</u>
 (B) 09/30/2025 Actuarial Assets, including Prepaid Contributions:	 139,990,591
 Actuarial Assets Rate of Return = 2I/(A+B-I):	 2.99%
Market Value of Assets Rate of Return:	8.73%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) (6,028,361)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 SEPTEMBER 30, 2025
 Actuarial Asset Basis

REVENUES		
Contributions:		
Member	1,136,575.60	
City	4,267,220.53	
State	1,695,996.87	
Total Contributions		7,099,793.00
Earnings from Investments:		
Interest & Dividends	4,443,217.34	
Miscellaneous Income	2,356.77	
Unrealized Gain (Loss)	8,033,143.03	
Change in Actuarial Value	(7,856,135.00)	
Total Earnings and Investment Gains		4,622,582.14
EXPENDITURES		
Distributions to Members:		
Benefit Payments	7,468,410.24	
Lump Sum DROP Distributions	404,460.63	
Lump Sum Share Distributions	96,722.49	
Refunds of Member Contributions	35,584.37	
Total Distributions		8,005,177.73
Expenses:		
Investment related ¹	541,168.61	
Administrative	379,409.60	
Total Expenses		920,578.21
Change in Net Assets for the Year		2,796,619.20
Net Assets Beginning of the Year		137,096,801.36
Net Assets End of the Year ²		139,893,420.56

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2024 to September 30, 2025

Beginning of the Year Balance	3,839,857.50
Plus Additions	280,403.05
Investment Return Earned	324,581.74
Less Distributions	(404,460.63)
End of the Year Balance	4,040,381.66

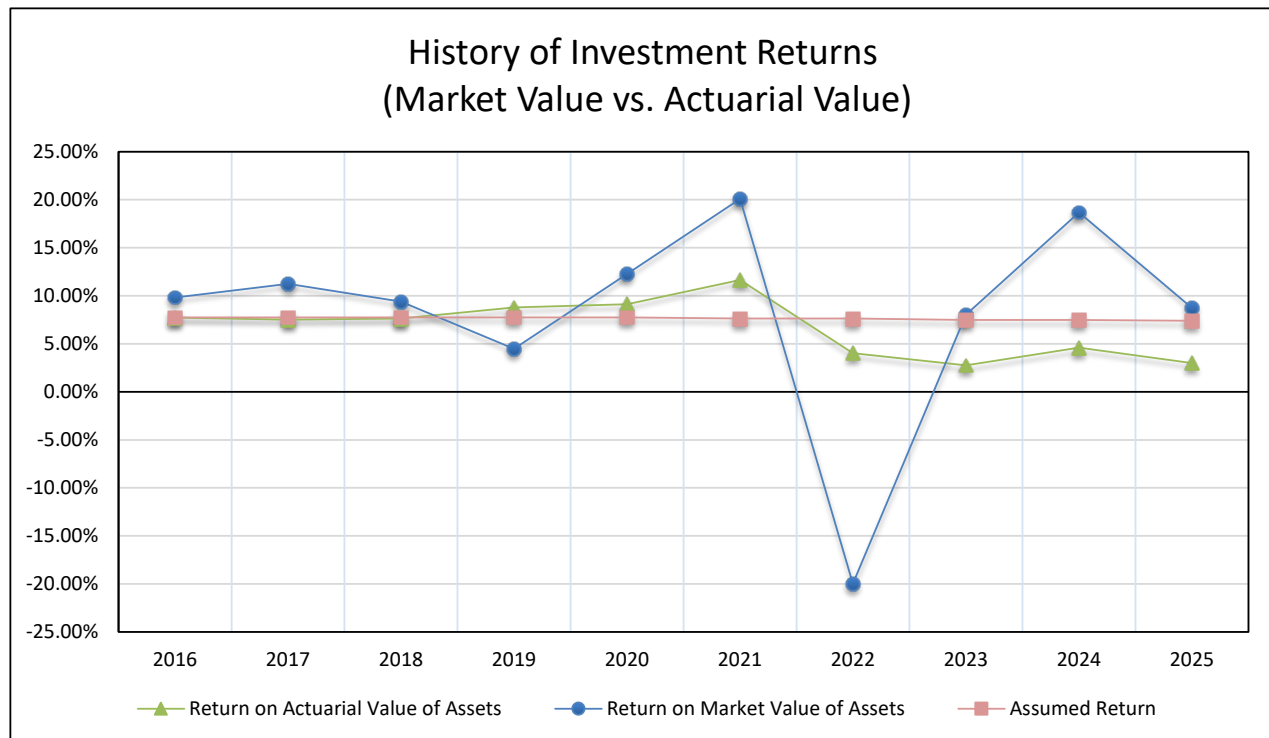
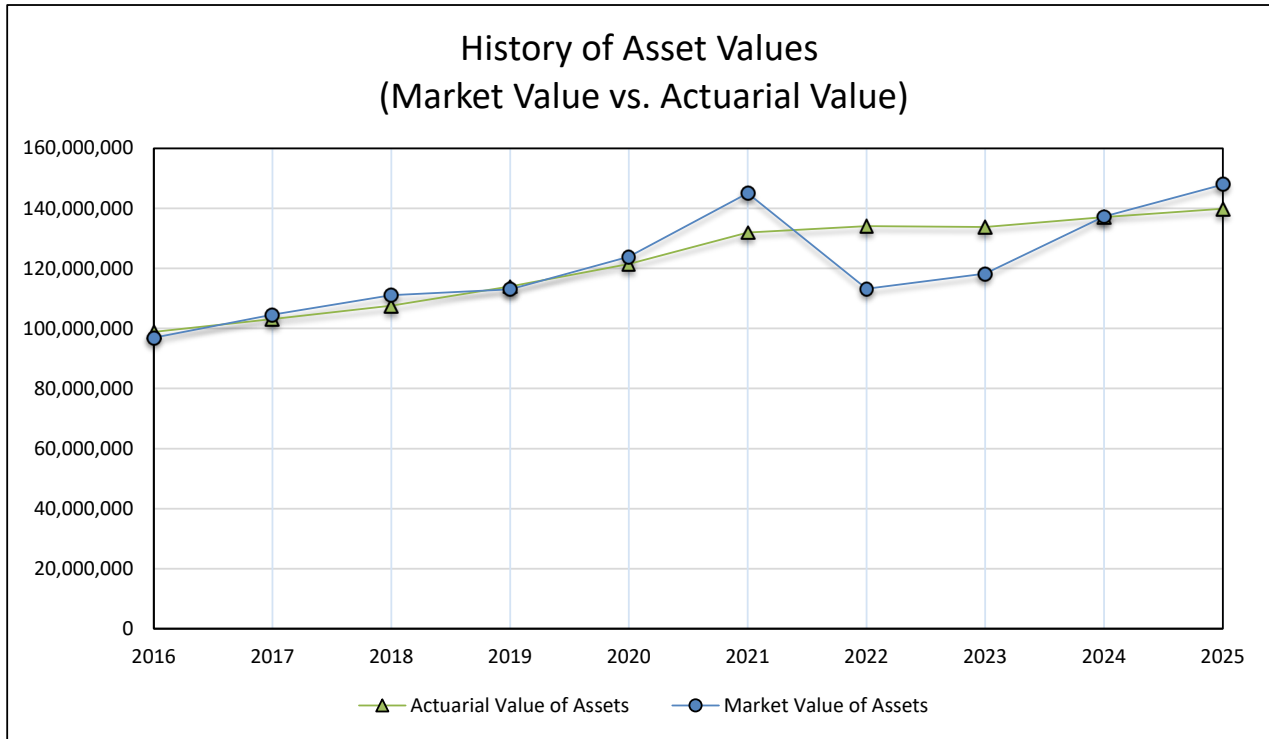
SUPPLEMENTAL SHARE PLAN ACTIVITY
CHAPTER 185

Year Beginning	10/1/2024
Year Ending	9/30/2025
Beginning of Year Balance	1,840,170.37
Prior Year Adjustment	0.00
Plus Additions	587,631.40
Investment Return Earned	156,910.40
Administrative Fees	(2,575.00)
Less Distributions	<u>(96,722.49)</u>
End of Year Balance	2,485,414.68

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION

(1) Required City and State Contributions	5,375,586.00
(2) Less Allowable State Contribution	<u>(1,108,365.47)</u>
(3) Required City Contribution for Fiscal 2025	4,267,220.53
(4) Less 2024 Prepaid Contribution	(231,163.28)
(5) Less Actual City Contributions	<u>(4,133,227.72)</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025	(\$97,170.47)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



PARTICIPANT STATISTICS

STATISTICAL DATA

Valuation Date	10/1/2025	10/1/2024	10/1/2023	10/1/2022
ACTIVES				
Number	168	161	162	149
Average Current Age	37.1	37.6	37.5	37.7
Average Age at Employment	27.6	27.7	27.6	28.0
Average Past Service	9.5	9.9	9.9	9.7
Average Annual Salary	\$82,639	\$71,970	\$67,685	\$64,069
SERVICE RETIREES				
Number	99	99	92	87
Average Current Age	63.6	63.0	62.8	62.2
Average Annual Benefit	\$68,546	\$67,715	\$67,343	\$66,953
DROP RETIREES				
Number	7	3	6	8
Average Current Age	52.7	50.0	51.0	53.5
Average Annual Benefit	\$74,961	\$73,165	\$74,783	\$67,234
BENEFICIARIES				
Number	5	5	7	7
Average Current Age	72.1	74.6	70.1	69.1
Average Annual Benefit	\$61,478	\$46,611	\$48,161	\$46,779
DISABILITY RETIREES				
Number	17	15	14	13
Average Current Age	56.6	59.2	58.5	59.3
Average Annual Benefit	\$35,362	\$29,630	\$28,367	\$27,229
TERMINATED VESTED				
Number	32	33	27	28
Average Current Age ¹	45.4	43.7	44.9	43.7
Average Annual Benefit ¹	\$21,319	\$20,595	\$15,335	\$15,297

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

AGE AND SERVICE DISTRIBUTION

ACTIVE EMPLOYEES

AGE	PAST SERVICE											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+		
15 - 19													0
20 - 24	5		3										8
25 - 29	6	7	5	7	4	3							32
30 - 34	3	8	5	2	3	13	6						40
35 - 39	4	2	3	3	1	6	9	4					32
40 - 44	3	1	2	2	1	4	4	2	2				21
45 - 49				1	1	1	2	3	3				11
50 - 54							1	10	6				17
55 - 59						1		3	2				6
60 - 64													0
65+									1				1
Total	21	18	18	15	10	28	22	22	14	0	0		168

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2024	161
b. Terminations	
i. Vested (partial or full) with deferred annuity	(1)
ii. Vested in refund of member contributions only	(2)
iii. Refund of member contributions or full lump sum distribution	(4)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(2)
f. DROP	(4)
g. Continuing participants	148
h. New entrants / Rehires	20
i. Total active life participants in valuation	168

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

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	99	3	5	15	15	18	155
Retired	2						2
DROP		4					4
Vested (Deferred Annuity)					1		1
Vested (Due Refund)						2	2
Hired/Terminated in Same Year							0
Death, With Survivor	(1)		1				0
Death, No Survivor	(1)		(1)	(1)			(3)
Disabled				3	(3)		0
Refund of Contributions						(1)	(1)
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	99	7	5	17	13	19	160

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS-2010 for Employees

Male: PubS-2010 for Employees, set forward 1 year

Healthy Retiree Lives:

Female: PubS-2010 for Healthy Retirees

Male: PubS-2010 for Healthy Retirees, set forward 1 year

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees

Male: PubG.H-2010 for Healthy Retirees, set back 1 year

Disabled Lives:

Female: PubG.H-2010 for Disabled Retirees, set forward 1 years

Male: PubG.H-2010 for Disabled Retirees

All rates are projected generationally with Mortality Improvement Scale MP-2021. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2024 FRS valuation report for non-special-risk employees.

Previously, the following rates were used:

Healthy Active Lives:

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

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

Healthy Retiree Lives:

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

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

Beneficiary Lives:

Female: PubG.H-2010 (Above Median) for Healthy Retirees.

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

Disabled Lives:

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

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

Interest Rate

7.40% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increase – Individual

Salary Scale Current	
Service	Rate
<1	10.00%
1+	5.50%

Salary Scale Previous	
Age	Rate
< 25	7.00%
25 -29	5.50%
30 - 34	5.25%
35 - 44	4.50%
45+	4.00%

This assumption was adopted based on the July 7, 2025 experience study.

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

Administrative Expenses The average of actual expenses incurred in the prior two fiscal years.

Amortization Method New UAAL amortization bases are amortized over 15 years.

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

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

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

Interest - A half year.

Salary - A full year.

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

The normal cost accrual rate equals:

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

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

In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation

year based on the compensation used for the valuation.

The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant’s accrued liability equals the present value, at the participant’s attained age, of future benefits less the present value at the participant’s attained age of the individual normal costs payable in the future.

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

Actuarial Value of Assets

The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% nor less than 80% of the market value of assets. Details are shown in the Asset Information Section of the report.

Termination

% Terminating During the Year Current	
Service	Rate
0	18.5%
1-4	10.5%
5-9	7.5%
10-14	5.0%
15+	2.5%

% Terminating During the Year Previous	
Service	Rate
0	20.0%
1-4	10.0%
5-9	7.0%
10-14	5.0%
15+	3.5%

This assumption was adopted based on July 7, 2025 experience study.

Disability

% Becoming Disabled During the Year	
Age	Rate
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%
60	2.09%
65	2.09%

These rates are consistent with rates used in other Police plans. 75% of disabilities are assumed to be service connected.

Service Retirement

% Retiring During the Year Current		
Service	Age	Rate
<10	55+	15.0%
10-19	50-54	10.0%
	55+	15.0%
20-24	45-54	10.0%
	55+	100.0%
25+	Any	100.0%

% Retiring During the Year Previous		
Service	Age	Rate
<10	55-59	20.0%
	60+	100.0%
10-19	50-54	5.0%
	55	75.0%
	56-57	50.0%
	58+	100.0%
20-24	45-54	5.0%
	55	75.0%
	56-57	50.0%
	58+	100.0%
25	45-55	75.0%
	56-57	50.0%
	58+	100.0%
26-27	45-57	50.0%
	58+	100.0%
28+	Any	100.0%

This assumption was adopted based on the July 7, 2025 experience study.

Form of Payment	10-Year Certain and Continuous annuity.
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Percentage Married At Retirement	100% of active members are assumed married at retirement.
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Spouse Ages	For active members reaching retirement, wives are assumed to be three years younger than husbands. Where spousal information was included for retirees, that information was used. If the age of the spouse was not provided, we have assumed that all spouses are still alive, and that female spouses are three years younger than their husbands.
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PLAN PROVISIONS

Most Recent Plan Amendment

Ordinance 2024-47

The following summary is intended to state the plan of benefits valued in this report. It is not intended as a restatement or summary of benefits for any other purposes.

Membership

Effective May 2, 1974, any full-time police officer having permanent status becomes a Plan Member immediately upon hire.

Collective Bargaining Agreements

Certain employees covered by the Plan are members of the Fraternal Order of Police (FOP), Pollak-Grogan-Johnson Memorial Lodge 111.

Average Final Compensation (AFC)

1/12 of the average annual compensation of the best five years of the last ten years of credited service prior to retirement, DROP, termination or death.

Compensation

Base pay, excluding overtime, bonuses, and any other non-regular compensation received by a Member.

Prior to 10/1/2007

Compensation shall include Administrative Pay, Clothing Allowance, Expenses Pay, Longevity, Subsistence Pay, and Vacation Buy-Back in addition to Base Pay.

After 10/1/2007

Compensation shall mean total cash remuneration paid by the City for services rendered by the member including up to 129 hours of overtime per fiscal year, excluding any payments for extra duty, special duty or special detail work performed on behalf of a second party employer.

Credited Service

Years and complete months of uninterrupted service.

Service is not considered to be interrupted by authorized leave of absence, vacation, or service (voluntary or involuntary) in the Armed Forces of the United States, with certain stipulations.

Service is not considered to be interrupted for purposes of vesting or eligibility where leave is granted pursuant to the Family and Medical Leave Act. The Member may receive Credited Service for

purposes of benefit accrual if the Member contributes the employee contributions (with interest) that would have been contributed during the period of absence within 90 days after the member's return from leave.

Members may voluntarily leave accumulated contributions in the fund for a period of five years after leaving the employ of the police or fire department pending the possibility of being re-employed without losing credit for that time.

Re-employed Members do not receive credit for time where accumulated contributions were withdrawn.

Members may purchase up to 4 years of service for prior military or sworn law enforcement experience (for which no benefit is payable).

The member will pay the contribution rate at hire multiplied by the salary at hire multiplied by the years of service to be purchased. The remainder full actuarial cost must be paid by the City.

Normal Retirement

Normal Retirement Date The earlier of (1) age 55 or (2) upon completion of 25 years of Credited Service (with no age requirement).

Members are 100% vested upon Normal Retirement Benefit eligibility.

Retirement Benefit **For police officers with less than 20 years service:** 2.00% x AFC x Credited Service prior to 1/1/1992, plus 2.50% x AFC x Credited Service on and after 1/1/1992.

For police officers with 20 or more years of service: 3.00% x AFC x Credited Service (limited to 20), plus 5.00% x AFC x Credited Service over 20 years.

In addition, Police Officers who retire on or after October 1, 2024 receive a Supplemental Benefit equal to \$45 per month times complete years of Credited Service, payable for the life of the retiree, but ceasing at member age eligible to receive Medicare coverage under Federal Guidelines (Does not include Disability retirees).

Maximum Benefit 100% of Average Final Compensation, exclusive of the Supplemental Benefit. 85% of Average Final Compensation applies for Members hired on or after October 1, 2016.

Normal Form of Benefit	10-year Certain and Continuous annuity.
COLA	Police officers that retire on or after September 30, 2000 are eligible to receive a 3.00% annual increase each September 30 th after having been retired for three years.

Early Retirement

Eligibility	Members may retire and receive the Early Retirement Benefit on the first day of any month prior to their Normal Retirement Date after attaining the earlier of (1) age 45 and completion of 20 years of Credited Service, or (2) age 50 and completion of 10 years of Credited Service.
Benefit	<p>The monthly Early Retirement Benefit payable is reduced by 3.00% each year the Early Retirement Benefit commences prior to the Normal Retirement Date.</p> <p>The Supplemental Benefit payable to Police Officers is not reduced for early commencement.</p>
Normal Form of Benefit	10-year Certain and Continuous annuity.
COLA	Police Officers that retire on or after September 30, 2000 are eligible to receive a 3.00% annual increase each September 30 th after having been retired for three years.

Deferred Retirement Option Plan (DROP)

Eligibility	The earlier of (1) age 55 or (2) upon completion of 25 years of Credited Service (with no age requirement).
Benefit	Once the DROP is entered into, monthly benefits are frozen and no further Participant Contributions are made. The benefit payable under the DROP is calculated as described upon the Normal Retirement Benefit. Upon DROP participation, monthly benefits that would have been payable had the Member terminated employment and elected to receive monthly pension payments are paid into the DROP account.
Maximum DROP Period	Members are limited to 60 months of DROP participation.
Interest Rate Credited To DROP Account	DROP account interest crediting is posted quarterly based on the actual pension fund returns, net of money manager fees and other expenses.

Normal Form of DROP Account	At the end of a Member’s participation in the DROP, the distribution of the accumulated DROP account is payable in the following forms of distribution: (1) Annual installments payable each December (no less than 10% or \$10,000, whichever is greater), (2) Rollover to another qualified retirement plan, or (3) Lump sum balance paid directly to the Member.
Normal Form of Monthly Benefit	10-year Certain and Continuous annuity.
COLA	Cost of Living Adjustments, if any, are applicable to the benefit of the Member while in the DROP. Police officers that retire on or after September 30, 2000 are eligible to receive a 3.00% annual increase each September 30 th after having been retired for three years.

Disability Retirement

Eligibility	In Line of Duty: Immediate Not In Line of Duty: 10 years DROP Participants are not eligible for this benefit.
Disabled Definition	Unable, by reason of medically determinable physical or mental impairment, to render useful and efficient service as a police officer.
Benefit	In Line of Duty Disability: 75% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit. Not In Line of Duty Disability: 25% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit.
Normal Form of Benefit	10-year Certain and Continuous annuity, ceasing upon recovery prior to Normal Retirement Eligibility.
COLA	Police officers that retire on or after September 30, 2000 are eligible to receive a 3.00% annual increase each September 30 th after having been retired for three years.

Death While in Service With at Least 10 Years Credited Service

Benefit	For Members who die after becoming eligible for Early Retirement Benefits or Normal Retirement Benefits, but prior to benefit commencement, the benefit otherwise payable to the Participant is then payable to the designated beneficiary.
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The designated beneficiary of a Member who dies prior to becoming eligible for Early Retirement Benefits or Normal Retirement Benefits receives a monthly benefit when the Member would have met Early or Normal Retirement Benefit eligibility conditions.

Normal Form of Benefit 10-year Certain and Continuous annuity to the designated beneficiary.

COLA Police officers that retire on or after September 30, 2000 are eligible to receive a 3.00% annual increase each September 30th after having been retired for three years.

Death While in Service With Less Than 10 Years Credited Service

Benefit Participants who die while in active service with less than 10 years of Credited Service are due a return of accumulated contributions without interest.

Normal Form of Benefit Lump Sum.

Withdrawal – Less Than 5 Years of Credited Service

Eligibility First day of work, up to 5 years of Credited Service.

Benefit Accumulated contributions with 0% interest.

Form of Benefit Lump Sum.

Withdrawal – After Earning at Least 5 Years of Credited Service

Eligibility At least 5 years of Credited Service.

Benefit Participants who terminate employment prior to their Normal Retirement Date are entitled to their Normal Retirement Benefit calculated based on Credited Service and Average Final Compensation at their date of termination, multiplied by the Vesting Percentage, with deferred commencement at their Normal Retirement Date. This benefit is payable on a reduced basis as described under Early Retirement.

Vesting Percentage

Completed Years of Credited Service	Vesting Percentage
< 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10+	100%

Form of Benefit

10-year Certain and Continuous annuity.

COLA

Police officers that retire on or after September 30, 2000 are eligible to receive a 3.00% annual increase each September 30th after having been retired for three years.

Member Contributions

Contributions

8.76% of Compensation effective September 30, 2000.

Interest Crediting Rate

3.00% per year.

Share Plan

Initial Allocation as of October 1, 2015

\$6,474.59

Future Allocations

½ of Annual State Monies received above \$520,734.08.

Earnings

Annually equal to the net of fees return for the overall Trust Fund.

Expenses

Members share in actual expenses specific to the Share Plan administration.

SUPPLEMENTARY INFORMATION

GLOSSARY

Accrued Benefit	The benefit earned as of a specific date based on the provisions of the plan and the member's age, service, and salary as of that date.
Actuarial Accrued Liability	The portion of the anticipated future benefits allocated to years prior to the valuation date determined according to the plan's Actuarial Cost Method.
Actuarial Value of Assets	The asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.
Actuarial Assumptions	Assumptions regarding the occurrence of future events affecting plan costs. These assumptions include rates of investment earnings, changes in compensation, rates of mortality, withdrawal, disablement, and retirement as well as statistics related to marriage and family composition.
Actuarial Cost Method	A method of determining the portion of the cost of a plan to be allocated to each year; sometimes referred to as the "actuarial funding method." Each cost method allocates a certain portion of the actuarial present value of benefits between the Actuarial Accrued Liability and future normal costs to ensure the plan is adequately and systematically funded.
Actuarial Gain or Loss	The change in Unfunded Actuarial Accrued Liability resulting from experience different from Actuarial Assumptions. Gains decrease the Unfunded Actuarial Accrued Liability and losses increase the Unfunded Actuarial Accrued Liability.

Actuarial Present Value	The estimated amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment.
Amortization Payment	The portion of the plan contribution designated to pay interest and reduce the outstanding principal balance of Unfunded Actuarial Accrued Liability. If the amortization payment is less than the accrued interest on the Unfunded Actuarial Accrued Liability the outstanding principal balance will increase.
Decrements	Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.
Funded Ratio	A measure of the ratio of the plan assets to liabilities of the system. Typically, the assets used in the measure are the Actuarial Value of Assets as determined by the asset valuation method. The Funded Ratio depends not only on the financial strength of the plan but also on the asset valuation method used to determine the assets and on the Actuarial Cost Method used to determine the liabilities.
Interest Rate	The assumed long-term rate of return on plan assets.
Market Value of Assets	The fair market value of plan assets as of the valuation date.
Normal Cost	The portion of the Actuarial Present Value of Benefits allocated to the current year determined according to the plan's Actuarial Cost Method.
Present Value of Benefits	The single sum value on the valuation date of all future benefits to be paid to current plan participants.
Projected Annual Payroll	The salary expected for the year after the valuation date, excluding members over the 100% assumed retirement age.

Projected Benefits	The benefits expected to be paid in the future based on the provisions of the plan and the Actuarial Assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.
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Total Annual Payroll	The salary expected for the year after the valuation date.
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Ultimate Cost	<p>The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals</p> <p>Benefit Payments Plus: Expenses Less: Investment Income</p> <p>The Ultimate Cost is independent of the Actuarial Cost Method selected.</p>
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Unfunded Actuarial Accrued Liability	The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.
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Vested Benefit	Benefits members are entitled to regardless of employment status.
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DISCUSSION OF RISK

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

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

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

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

- **Contribution Risk:** This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

IMPACT OF PLAN MATURITY ON RISK

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 132.4% on October 1, 2015 to 119.1% on October 1, 2025, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 64.5%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has decreased from 89.4% on October 1, 2015 to 72.3% on October 1, 2025.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from -2.6% on October 1, 2015 to -0.9% on October 1, 2025. The current Net Cash Flow Ratio of -0.9% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

LOW DEFAULT-RISK OBLIGATION MEASURE

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, including the use of the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.50% resulting in an LDROM of \$293,131,783. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. Given that plan benefits are paid over time through the combination of contributions and investment returns, prudent investments selected by the Board help to balance asset accumulation through these two sources.

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

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2025	10/1/2024	10/1/2020	10/1/2015
SUPPORT RATIO				
Total Actives	168	161	139	139
Total Inactives ¹	141	137	122	105
Actives / Inactives ¹	119.1%	117.5%	113.9%	132.4%
ASSET VOLATILITY RATIO				
Market Value of Assets (MVA)	147,945,403	137,292,648	123,917,651	90,683,061
Total Annual Payroll	13,883,421	11,587,120	7,883,100	7,096,274
MVA / Total Annual Payroll	1,065.6%	1,184.9%	1,571.9%	1,277.9%
ACCRUED LIABILITY (AL) RATIO				
Inactive Accrued Liability	124,707,470	118,689,817	98,897,404	75,771,498
Total Accrued Liability (EAN)	193,447,242	175,349,829	137,136,265	105,410,233
Inactive AL / Total AL	64.5%	67.7%	72.1%	71.9%
FUNDED RATIO				
Actuarial Value of Assets (AVA)	139,893,421	137,096,801	121,480,602	94,213,750
Total Accrued Liability (EAN)	193,447,242	175,349,829	137,136,265	105,410,233
AVA / Total Accrued Liability (EAN)	72.3%	78.2%	88.6%	89.4%
NET CASH FLOW RATIO				
Net Cash Flow ²	(1,284,795)	(2,847,345)	(2,848,908)	(2,358,090)
Market Value of Assets (MVA)	147,945,403	137,292,648	123,917,651	90,683,061
Ratio	-0.9%	-2.1%	-2.3%	-2.6%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During Fiscal Year	Amount	Increase from Previous Year
1998	201,770.08	_____%
1999	216,721.64	7.4%
2000	197,309.75	-9.0%
2001	218,500.53	10.7%
2002	267,958.39	22.6%
2003	302,467.77	12.9%
2004	403,411.62	33.4%
2005	449,805.87	11.5%
2006	479,034.44	6.5%
2007	521,156.85	8.8%
2008	521,017.73	0.0%
2009	552,316.07	6.0%
2010	544,192.27	-1.5%
2011	534,261.71	-1.8%
2012	552,801.49	3.5%
2013	572,953.76	3.6%
2014	604,885.90	5.6%
2015	618,682.53	2.3%
2016	684,839.94	10.7%
2017	716,530.07	4.6%
2018	793,725.50	10.8%
2019	842,305.03	6.1%
2020	895,137.18	6.3%
2021	921,041.97	2.9%
2022	1,020,019.19	10.7%
2023	1,227,608.53	20.4%
2024	1,482,346.39	20.8%
2025	1,695,996.87	14.4%