



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

Actuarial Valuation

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

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 29, 2026

Board of Trustees
City of Palm Bay
Police and Firefighters' Pension Fund

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

Dear Board,

This report details the annual actuarial valuation of the City of Palm Bay Police and Firefighters' Pension Fund (Firefighters) 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 (Firefighters). 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 (Firefighters), 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	\$9,439,559	\$7,252,911
Member Contributions (Est.)	1,033,745	835,790
City and State Required Contribution	8,405,814	6,417,121
State Contribution (Est.) ¹	1,000,878	1,000,878
City Required Contribution (Est.) ²	\$7,404,936	\$5,416,243

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 is partially attributable to the hiring of 30 new Firefighters, partially attributable to Salary increases, partially attributable to the net unfavorable actuarial experience described in the next paragraph and partially attributable to the changes to the assumptions and methods made by the Board of Trustees as described on the following page.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 2.78% (Actuarial Asset Basis) which fell short of the 7.40% assumption and an average salary increase of 17.30% which exceeded the 4.78% assumption. There were no significant sources of actuarial gain.

¹ Represents the amount received in calendar 2025. As per a Mutual Consent Agreement between the Membership and the City, State Monies received each year up to \$825,324 will be available to offset the City's required contribution. Firefighter monies received in excess of \$825,324 will be equally shared between the City and the Firefighter Share Plan.

² Please note that a shortfall contribution of \$99,557.13 is due in addition to 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 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	148	148	128
Service Retirees	83	83	83
DROP Retirees	5	5	2
Beneficiaries	6	6	5
Disability Retirees	9	9	9
Terminated Vested	<u>10</u>	<u>10</u>	<u>4</u>
Total	261	261	231
Projected Annual Payroll	10,758,909	11,030,262	8,774,974
Annual Rate of Payments to:			
Service Retirees	5,922,673	5,922,673	5,781,442
DROP Retirees	489,423	489,423	169,172
Beneficiaries	253,622	253,622	221,327
Disability Retirees	385,152	385,152	356,107
Terminated Vested	51,049	51,049	2,988
ASSETS			
Actuarial Value (AVA) ¹	106,890,525	106,890,525	105,085,199
Market Value (MVA) ¹	112,242,970	112,242,970	104,351,091
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	78,676,247	71,378,872	63,190,785
Disability Benefits	4,815,707	4,159,313	3,415,738
Death Benefits	984,130	1,158,191	928,381
Vested Benefits	1,764,440	2,124,483	1,769,573
Refund of Contributions	330,077	351,711	229,561
Service Retirees	79,125,866	81,091,466	80,421,041
DROP Retirees ¹	10,431,999	10,530,262	5,532,535
Beneficiaries	3,241,118	3,303,418	2,982,200
Disability Retirees	4,933,297	4,860,168	4,372,167
Terminated Vested	432,322	436,977	80,654
Share Plan Balances ¹	<u>457,760</u>	<u>457,760</u>	<u>265,543</u>
Total	185,192,963	179,852,621	163,188,178

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	109,809,802	102,428,329	78,470,392
Present Value of Future Member Contributions	9,619,339	8,972,722	6,874,006
Normal Cost (Retirement)	2,637,372	2,442,450	1,993,131
Normal Cost (Disability)	309,616	296,144	250,015
Normal Cost (Death)	72,010	95,154	79,593
Normal Cost (Vesting)	101,425	127,419	105,721
Normal Cost (Refunds)	50,401	54,681	41,068
Total Normal Cost	3,170,824	3,015,848	2,469,528
Present Value of Future Normal Costs	31,306,691	27,345,095	21,294,502
Accrued Liability (Retirement)	52,327,638	48,970,956	45,731,532
Accrued Liability (Disability)	1,753,233	1,504,049	1,296,763
Accrued Liability (Death)	258,040	282,256	234,344
Accrued Liability (Vesting)	874,042	1,028,099	944,266
Accrued Liability (Refunds)	50,957	42,115	32,631
Accrued Liability (Inactives) ¹	98,164,602	100,222,291	93,388,597
Share Plan Balances ¹	457,760	457,760	265,543
Total Actuarial Accrued Liability (EAN AL)	153,886,272	152,507,526	141,893,676
Unfunded Actuarial Accrued Liability (UAAL)	46,995,747	45,617,001	36,808,477
Funded Ratio (AVA / EAN AL)	69.5%	70.1%	74.1%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

	<u>New Asmp/Mthd</u>	<u>Old Asmp/Mthd</u>	
Valuation Date	10/1/2025	10/1/2025	10/1/2024
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	98,622,362	100,680,051	93,654,140
Actives	23,734,866	24,153,835	22,877,183
Member Contributions	<u>6,229,429</u>	<u>6,229,429</u>	<u>6,132,820</u>
Total	128,586,657	131,063,315	122,664,143
Non-vested Accrued Benefits	<u>6,020,730</u>	<u>6,500,891</u>	<u>6,190,825</u>
Total Present Value			
Accrued Benefits (PVAB)	134,607,387	137,564,206	128,854,968
Funded Ratio (MVA / PVAB)	83.4%	81.6%	81.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption/Method Changes	(2,956,819)	0	
Plan Experience	0	6,540,759	
Benefits Paid	0	(7,103,943)	
Interest	0	9,272,422	
Other	<u>0</u>	<u>0</u>	
Total	(2,956,819)	8,709,238	

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	\$3,477,870	\$3,283,493	\$2,685,104
Administrative Expenses ²	318,887	316,536	310,461
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 24 years (as of 10/1/2025) ²	5,642,802	5,443,833	4,257,346
Minimum Required Contribution	9,439,559	9,043,862	7,252,911
Expected Member Contributions ²	1,033,745	1,052,002	835,790
Expected City and State Contribution	8,405,814	7,991,860	6,417,121

PAST CONTRIBUTIONS

Plan Years Ending:	9/30/2025
City and State Requirement	5,183,532
Actual Contributions Made:	
City	4,182,654
State	<u>1,000,878</u>
Total	5,183,532

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	46,995,747
2026	44,948,107
2027	42,748,940
2033	25,682,303
2038	6,672,305
2044	1,038,583
2049	0

5 YEAR COMPARISON OF ACTUAL AND ASSUMED SALARY INCREASES

		Actual	Assumed
Year Ended	9/30/2025	17.30%	4.78%
Year Ended	9/30/2024	13.18%	4.77%
Year Ended	9/30/2023	6.84%	4.80%
Year Ended	9/30/2022	6.70%	4.78%
Year Ended	9/30/2021	3.59%	4.79%

5 YEAR COMPARISON OF INVESTMENT RETURN ON ACTUARIAL VALUE

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	8.65%	2.78%	7.40%
Year Ended	9/30/2024	17.43%	4.52%	7.50%
Year Ended	9/30/2023	7.01%	2.86%	7.50%
Year Ended	9/30/2022	-18.62%	4.11%	7.65%
Year Ended	9/30/2021	20.31%	11.04%	7.65%

AVERAGE ANNUAL PAYROLL GROWTH

Valuation Date	Payroll
10/1/2025	\$10,758,909
10/1/2015	5,814,897
Total Increase	85.02%
Number of Years	10.00
Average Annual Rate	6.35%

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	\$36,808,477
(2)	Sponsor Normal Cost developed as of October 1, 2024	1,700,840
(3)	Expected administrative expenses for the year ended September 30, 2025	285,535
(4)	Expected interest on (1), (2) and (3)	2,860,254
(5)	Sponsor contributions to the System during the year ended September 30, 2025	5,183,532
(6)	Expected interest on (5)	165,476
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	36,306,098
(8)	Change to UAAL due to Assumption/Method Change	1,378,746
(9)	Change to UAAL due to Actuarial (Gain)/Loss	9,310,903
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	46,995,747

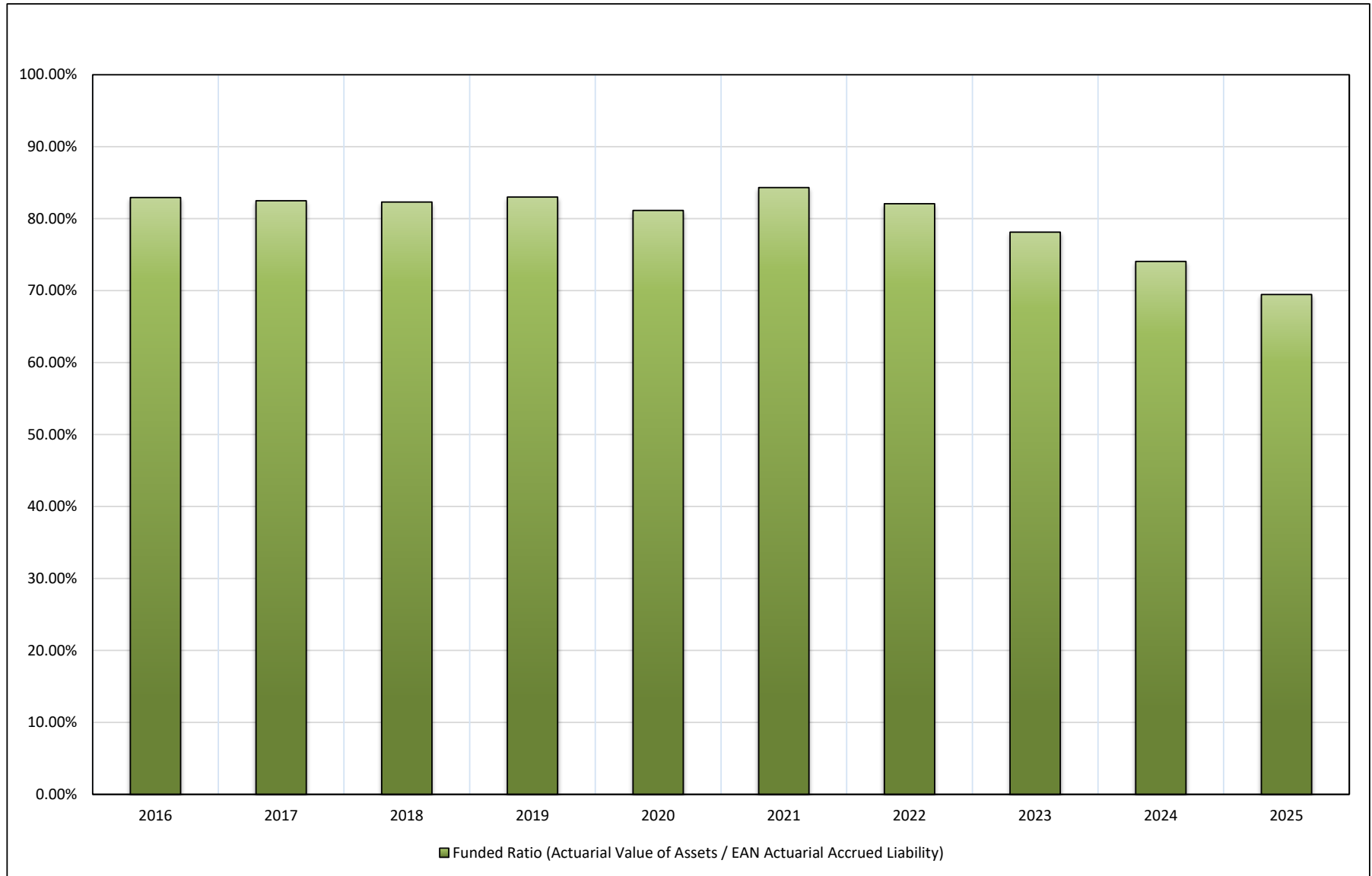
Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
A	10/1/2003	8	2,490	394
B	10/1/2004	9	289	42
C	10/1/2005	10	34,220	4,621
D	10/1/2005	10	8,747	1,181
E	10/1/2006	11	(650)	(82)
F	10/1/2006	11	22,361	2,832
Actuarial Loss	10/1/2007	12	4,014,751	480,721
Actuarial Loss	10/1/2008	13	2,363,157	269,272
Actuarial Loss	10/1/2009	14	2,983,874	325,345
Actuarial Loss	10/1/2010	15	1,338,575	140,319
Method Change	10/1/2010	15	(2,155,284)	(225,933)
Benefit Change	10/1/2010	15	(189,672)	(19,883)
Actuarial Loss	10/1/2011	16	2,172,982	219,888
Assumption Change	10/1/2011	16	3,462,471	350,374
Actuarial Gain	10/1/2012	17	(986,796)	(96,732)
Actuarial Gain	10/1/2013	18	(1,355,216)	(129,088)
Actuarial Loss	10/1/2014	19	457,508	42,460
Assumption Change	10/1/2015	20	2,172,446	196,911

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Actuarial Gain	10/1/2015	20	(1,399,006)	(126,806)
Actuarial Loss	10/1/2016	21	524,585	46,537
Actuarial Loss	10/1/2017	22	1,425,943	124,040
Actuarial Loss	10/1/2018	23	1,240,116	105,959
Benefits Change	10/1/2018	23	(25,137)	(2,148)
Actuarial Loss	10/1/2019	24	429,410	36,093
Asmp/Mthd Change	10/1/2020	10	2,974,613	401,660
Actuarial Gain	10/1/2020	10	(142,825)	(19,286)
Benefits Change	10/1/2020	10	446,045	60,229
Actuarial Gain	10/1/2021	11	(2,258,569)	(286,057)
Actuarial Loss	10/1/2022	12	2,279,221	272,911
Assump Change	10/1/2022	12	2,077,273	248,730
Actuarial Loss	10/1/2023	13	5,319,172	606,098
Benefits Change	10/1/2023	13	940,306	107,144
Actuarial Loss	10/1/2024	14	6,483,947	706,974
Assump Change	10/1/2024	14	1,644,751	179,335
Actuarial Loss	10/1/2025	15	9,310,903	976,038
Asmp/Mthd Change	10/1/2025	15	1,378,746	144,530
			<u>46,995,747</u>	<u>5,144,623</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	\$36,808,477
(2) Expected UAAL as of October 1, 2025	36,306,098
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	4,839,101
Salary Increases	4,319,551
Active Decrements	83,135
Inactive Mortality	327,369
Interest Crediting on Share Plan Balances and DROP Balances	62,284
Other	<u>(320,537)</u>
Increase in UAAL due to (Gain)/Loss	9,310,903
Assumption/Method Changes	<u>1,378,746</u>
(4) Actual UAAL as of October 1, 2025	\$46,995,747

HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Short Term Investments	2,878,819.18
Deposits	852.03
Prepaid Expenses	10,787.36
Cash	27,885.07
 Total Cash and Equivalents	 2,918,343.64
Receivables:	
Accounts Receivable	1,461.47
Additional City Contributions	99,557.13
State Contributions	393,043.15
From General Trust Fund	181.53
From Broker for Investments Sold	134,500.73
Investment Income	490,733.76
 Total Receivable	 1,119,477.77
Investments:	
U. S. Bonds and Bills	13,082,143.71
Corporate Bonds	25,946,431.95
Stocks	25,653,044.19
Pooled/Common/Commingled Funds:	
Equity	32,749,713.49
Real Estate	11,340,801.04
 Total Investments	 108,772,134.38
 Total Assets	 112,809,955.79
 <u>LIABILITIES</u>	
Payables:	
Refunds of Member Contributions	429.91
DROP Distributions	353,144.74
Accounts Payable	132,443.26
To Broker for Investments Purchased	80,967.99
 Total Liabilities	 566,985.90
 NET POSITION RESTRICTED FOR PENSIONS	 112,242,969.89

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

ADDITIONS

Contributions:

Member	942,375.56
City	4,182,654.09
State	1,176,431.83

Total Contributions 6,301,461.48

Investment Income:

Miscellaneous Income	1,994.99
Unrealized Gain (Loss)	5,795,404.66
Net Increase in Fair Value of Investments	5,797,399.65
Interest & Dividends	3,611,363.99
Less Investment Expense ¹	(418,384.16)

Net Investment Income 8,990,379.48

Total Additions 15,291,840.96

DEDUCTIONS

Distributions to Members:

Benefit Payments	6,411,413.02
Lump Sum DROP Distributions	646,709.45
Lump Sum Share Distributions	4,275.72
Refunds of Member Contributions	41,544.46

Total Distributions 7,103,942.65

Administrative Expense 296,019.70

Total Deductions 7,399,962.35

Net Increase in Net Position 7,891,878.61

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 104,351,091.28

End of the Year 112,242,969.89

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

ACTUARIAL ASSET VALUATION
September 30, 2025

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
09/30/2022	(28,978,053)	0	0	0	0
09/30/2023	(430,106)	(107,525)	0	0	0
09/30/2024	8,967,278	4,483,638	2,241,818	0	0
09/30/2025	1,301,776	976,332	650,888	325,444	0
Total		5,352,445	2,892,706	325,444	0

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, including Prepaid Contributions, 09/30/2024	104,647,060
Contributions Less Benefit Payments & Admin Expenses	(1,494,027)
Expected Investment Earnings*	7,688,603
Actual Net Investment Earnings	8,990,379
2025 Actuarial Investment Gain/(Loss)	<u>1,301,776</u>

*Expected Investment Earnings = $0.074 * (104,647,060 - 0.5 * 1,494,027)$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2025	112,242,970
(2) Gains/(Losses) Not Yet Recognized	5,352,445
(3) Actuarial Value of Assets, 09/30/2025, (1) - (2)	<u>106,890,525</u>
(4) Limited Actuarial Value of Assets, 09/30/2025	106,890,525
 (A) 09/30/2024 Actuarial Assets, including Prepaid Contributions:	 105,381,168
 (I) Net Investment Income:	
1. Interest and Dividends	3,613,359
2. Realized Gain (Loss)	0
3. Unrealized Gain (Loss)	5,795,405
4. Change in Actuarial Value	(6,086,553)
5. Investment Expenses	(418,384)
Total	<u>2,903,826</u>
 (B) 09/30/2025 Actuarial Assets, excluding Shortfall Contribution:	 106,790,968
 Actuarial Assets Rate of Return = $2I/(A+B-I)$:	 2.78%
Market Value of Assets Rate of Return:	8.65%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) (4,839,101)

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

REVENUES	
Contributions:	
Member	942,375.56
City	4,182,654.09
State	1,176,431.83
Total Contributions	6,301,461.48
Earnings from Investments:	
Interest & Dividends	3,611,363.99
Miscellaneous Income	1,994.99
Unrealized Gain (Loss)	5,795,404.66
Change in Actuarial Value	(6,086,553.00)
Total Earnings and Investment Gains	3,322,210.64
EXPENDITURES	
Distributions to Members:	
Benefit Payments	6,411,413.02
Lump Sum DROP Distributions	646,709.45
Lump Sum Share Distributions	4,275.72
Refunds of Member Contributions	41,544.46
Total Distributions	7,103,942.65
Expenses:	
Investment related ¹	418,384.16
Administrative	296,019.70
Total Expenses	714,403.86
Change in Net Assets for the Year	1,805,325.61
Net Assets Beginning of the Year	105,085,199.28
Net Assets End of the Year ²	106,890,524.89

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	2,918,639.89
Plus Additions	430,215.43
Investment Return Earned	266,073.18
Less Distributions	(646,709.45)
End of the Year Balance	2,968,219.05

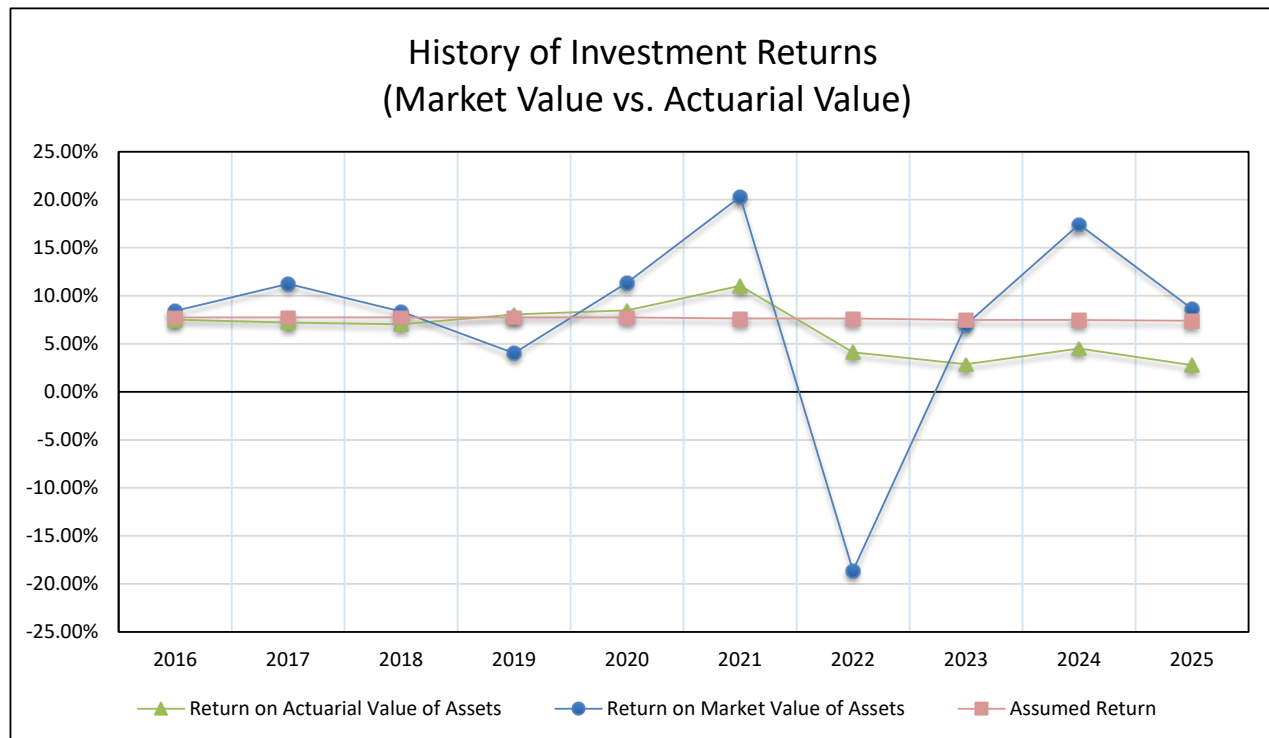
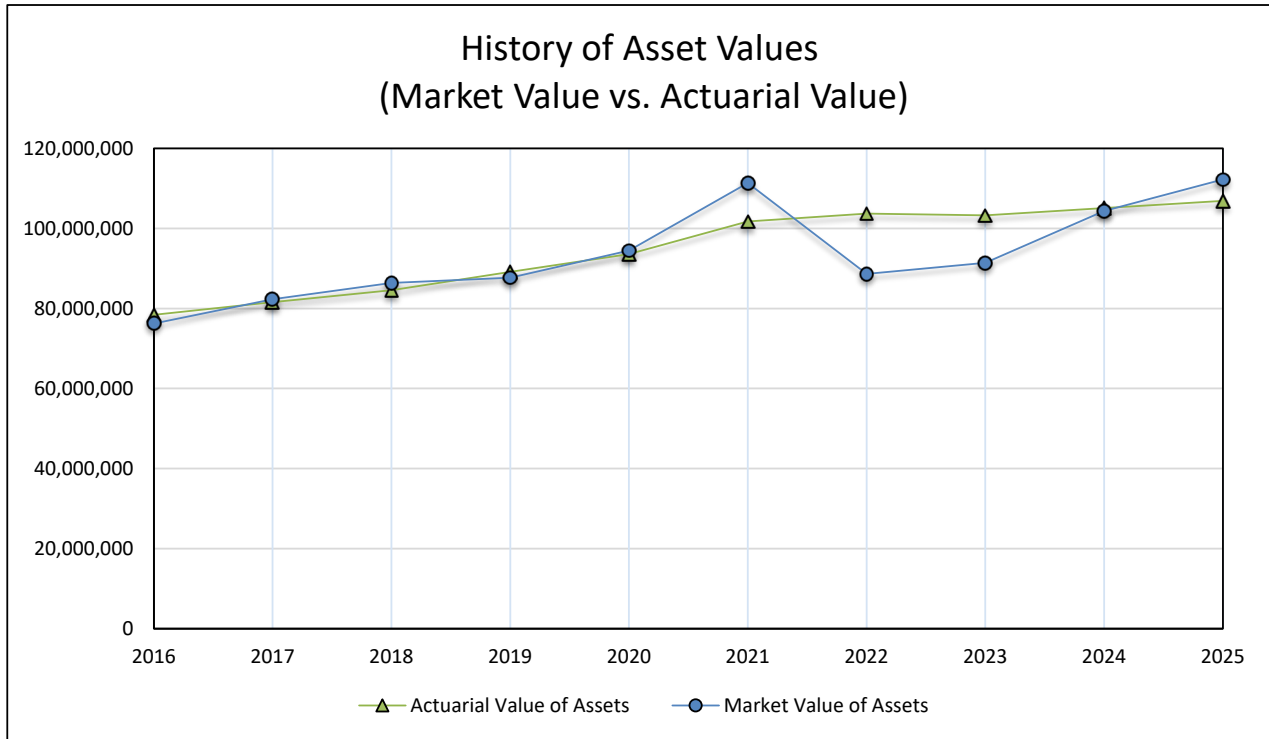
SUPPLEMENTAL SHARE PLAN ACTIVITY
CHAPTER 175

Year Beginning	10/1/2024
Year Ending	9/30/2025
Beginning of Year Balance	265,542.57
Prior Year Adjustment	0.00
Plus Additions	175,553.92
Investment Return Earned	23,514.01
Administrative Fees	(2,575.00)
Less Distributions	<u>(4,275.72)</u>
End of Year Balance	457,759.78

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION

(1) Required City and State Contributions	5,183,532.00
(2) Less Allowable State Contribution	<u>(1,000,877.91)</u>
(3) Required City Contribution for Fiscal 2025	4,182,654.09
(4) Less 2024 Prepaid Contribution	(295,969.20)
(5) Less Actual City Contributions	<u>(3,787,127.76)</u>
(6) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025	\$99,557.13

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	148	128	122	120
Average Current Age	36.2	37.6	37.3	38.0
Average Age at Employment	27.1	27.1	27.0	28.0
Average Past Service	9.1	10.5	10.3	10.0
Average Annual Salary	\$77,236	\$72,197	\$65,569	\$64,230
SERVICE RETIREES				
Number	83	83	82	77
Average Current Age	64.9	64.1	63.3	62.7
Average Annual Benefit	\$71,358	\$69,656	\$68,172	\$66,762
DROP RETIREES				
Number	5	2	4	7
Average Current Age	53.9	54.7	56.9	57.5
Average Annual Benefit	\$97,885	\$84,586	\$75,546	\$71,360
BENEFICIARIES				
Number	6	5	3	3
Average Current Age	69.3	67.2	69.9	68.9
Average Annual Benefit	\$42,270	\$44,265	\$46,634	\$45,494
DISABILITY RETIREES				
Number	9	9	10	10
Average Current Age	61.3	64.9	62.6	61.6
Average Annual Benefit	\$42,795	\$39,567	\$40,269	\$40,052
TERMINATED VESTED				
Number	10	4	2	3
Average Current Age ¹	43.6	50.1	49.1	48.1
Average Annual Benefit ¹	\$17,016	\$2,988	\$2,988	\$2,988

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	1												1
20 - 24	8	2	2										12
25 - 29	11	6	6		7	2							32
30 - 34	5	1		5	1	8	4						24
35 - 39	5	2	1	2		6	10	3					29
40 - 44						2	11	4	1				18
45 - 49							5	2	10	3			20
50 - 54							2	3					5
55 - 59									3	1			4
60 - 64						1	1			1			3
65+													0
Total	30	11	9	7	8	19	33	12	14	5	0		148

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2024	128
b. Terminations	
i. Vested (partial or full) with deferred annuity	(2)
ii. Vested in refund of member contributions only	(1)
iii. Refund of member contributions or full lump sum distribution	(2)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(1)
e. Retired	(1)
f. DROP	(3)
g. Continuing participants	118
h. New entrants / Rehires	30
i. Total active life participants in valuation	148

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	83	2	5	9	1	3	103
Retired	1						1
DROP		3					3
Vested (Deferred Annuity)					2		2
Vested (Due Refund)						1	1
Hired/Terminated in Same Year						4	4
Death, With Survivor	(1)		1				0
Death, No Survivor				(1)			(1)
Disabled				1			1
Refund of Contributions						(1)	(1)
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	83	5	6	9	3	7	113

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	7.00%
1 +	5.50%

Salary Scale Previous	
Age	Rate
< 25	7.25%
25 -29	6.25%
30 - 34	5.25%
35 - 39	4.75%
40 - 44	4.25%
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.

Termination

% Terminating During the Year Current	
Service	Rate
< 5	7.0%
5-9	2.0%
10+	1.6%

% Terminating During the Year Previous	
Service	Rate
< 5	6.0%
5-9	2.5%
10+	2.0%

This assumption was adopted based on the 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%

This assumption was adopted based on the July 7, 2020 experience study. 90% of Disabilities are assumed to be service connected.

Service Retirement

% Retiring During the Year Current		
Service	Age	Rate
<20	50-54	5.0%
	55+	15.0%
20-24	45-54	5.0%
	55+	100.0%
25	<55	40.0%
	55+	100.0%
26-27	<55	50.0%
	55+	100.0%
28+	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.
Percentage Married At Retirement	100% of active members are assumed married at retirement.
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.
Administrative Expenses	The average of actual expenses incurred in the prior two fiscal years.
Amortization Method	<p>New UAAL amortization bases are amortized over 15 years.</p> <p>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.</p> <p>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.</p>
Funding Method	<p>Entry Age Normal Cost Method. The following loads are applied for determining the minimum required contribution:</p> <p style="padding-left: 40px;">Interest - A half year Salary - A full year</p> <p>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:</p> <p style="padding-left: 40px;">(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by</p> <p style="padding-left: 40px;">(ii) the present value of the compensation expected to be paid to the participant for each year of the participant's</p>

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.

PLAN PROVISIONS

Most Recent Plan Amendment

Ordinance 2024-59

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 firefighter or 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 Palm Bay Professional Firefighters (PBPF), IAFF, Local 2446.

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.

For firefighter Members, Compensation also includes holiday pay. Effective October 1, 2021, longevity pay is also included.

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 firefighter service/law enforcement experience (for which no benefit is payable). Firefighters must pay the full actuarial cost at the time of purchase.

Normal Retirement

Fire Eligibility
(Normal Retirement
Date)

The earlier of (1) age 55 (with 10 years of service if hired on or after March 15, 2012) or (2) upon completion of 25 years of Credited Service, regardless of age.

Members are 100% vested upon Normal Retirement Benefit eligibility.

Firefighter Benefit

For firefighters with less than 20 years service: 2.00% x Credited Service prior to October 1, 1991, plus 2.50% x AFC x Credited Service on and after October 1, 1991.

For firefighters with 20 or more years of service: 3.00% x AFC x Credited Service for the first 20 years of Credited Service (3.20% if hired on or after March 15, 2012), plus 5.00% x AFC x Credited Service over 20 years (3.20% if hired on or after March 15, 2012).

In addition, Firefighters receive a Supplemental Benefit of \$189 per month payable over the life of the retiree only. Firefighters who retire on or after October 1, 2006, receive \$458 per month, instead of \$189.

In addition, Firefighters who terminate after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15, 2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. Effective 10/1/2024, the benefit is \$30 per month for all years of Credited Service. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

Maximum Benefit

100% of Average Final Compensation for firefighters hired before March 15, 2012 and 90% of Average Final Compensation for firefighters hired after that date, exclusive of the Supplemental Benefits.

Normal Form of Benefit	10-year Certain and Continuous annuity.
COLA	Firefighters that retire on or after September 30, 2001 are eligible to receive a 3.00% (2.00% if hired on or after March 15, 2012) annual increase each September 30 th after having been retired for six years (the supplemental benefits are not increased).

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 Benefits payable to firefighters are not reduced for early commencement.</p>
Normal Form of Benefit	10-year Certain and Continuous annuity.
COLA	Firefighters that retire on or after September 30, 2001 are eligible to receive a 3.00% (2.00% if hired on or after March 15, 2012) annual increase each September 30 th after having been retired for six years (the supplemental benefits are not increased).

Deferred Retirement Option Plan (DROP)

Eligibility - Fire	The earlier of the completion of 25 years of Credited Service, regardless of age, or age 55 and the completion of 10 years of Credited Service.
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. Cost of Living Adjustments, if any, are applicable to the benefit of the Member while in the DROP.

COLA Firefighters that retire on or after September 30, 2001 are eligible to receive a 3.00% (2.00% if hired on or after March 15, 2012) annual increase each September 30th after having been retired for six years (the supplemental benefits are not increased).

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 or firefighter.

Benefit **In Line of Duty Disability:** 75% of Average Final Compensation, but not less than the accrued Normal Retirement Benefit. For firefighters hired after March 15, 2012 the minimum Line of Duty Disability benefit will be 66% of Average Final Compensation.

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

In addition, Firefighters who become Disabled after October 1, 2008, receive a Supplemental Benefit equal to \$25 per month times years of Credited Service accrued prior to March 15, 2012, plus \$12 per month times years of Credited Service earned after March 15,

2012. The benefit is \$25 per month for all years of Credited Service for those firefighters eligible for Normal Retirement on March 15, 2012. Effective 10/1/2024, the benefit is \$30 per month for all years of Credited Service. This benefit will be payable for the life of the retiree, but shall cease when the member attains the age of Medicare eligibility.

COLA

Firefighters that retire on or after September 30, 2001 are eligible to receive a 3.00% annual increase each September 30th after having been retired for six years. Firefighters that are hired after March 15, 2012 will receive a 2.00% annual increase each September 30th after six years of retirement.

Death While in Service (Firefighter)

Benefit

Effective October 1, 2006, the beneficiary of any member whose death was directly caused by performance of the member's duty as a firefighter (as approved by the Board) shall be entitled to a monthly pension equal to the greater of the member's accrued benefit or 75% of the member's average final compensation.

Normal Form of Benefit

Life annuity to the designated beneficiary.

COLA

Beneficiaries of Firefighters that die on or after September 30, 2001 are eligible to receive a 3.00% annual increase each September 30th after having been retired for six years. Beneficiaries of Firefighters that are hired after March 15, 2012 will receive a 2.00% annual increase each September 30th after six years of retirement.

Death While Not in Service with More than 10 Years of Service (Firefighter)

Benefit

Effective October 1, 2006, the beneficiary of any member who had at least 10 years of Credited Service, whose death was not directly caused by performance of the member's duty as a firefighter, shall be entitled to a monthly pension equal to the greater of the member's accrued benefit or 25% of the member's average final compensation.

COLA:

Beneficiaries of Firefighters that die on or after September 30, 2001 are eligible to receive a 3.00% annual increase each September 30th after having been retired for six years. Beneficiaries of Firefighters that are hired after March 15, 2012 will receive a 2.00% annual increase each September 30th after six years of retirement.

COLA	Firefighters that terminate on or after September 30, 2001 are eligible to receive a 3.00% annual increase each September 30 th after having been retired for six years. Firefighters that are hired after March 15, 2012 will receive a 2.00% annual increase each September 30 th after six years of retirement.
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Member Contributions

Contributions	Firefighters are required to contribute 8.76% of compensation effective October 1, 2008.
Interest Crediting Rate	3.0% per year.

Data Sources

Asset Data	The asset information is taken from audited statements furnished by the Retirement Office.
Member Data	The member data is supplied by the Retirement Office. It is reviewed for reasonableness and consistency, but no audit was performed. Foster & Foster, Inc. is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.
Furlough Impact	For the 2012 actuarial valuation report, individual Salaries were adjusted up by a ratio of the total number of normal work days in a year divided by the number of days actually worked after taking mandatory furloughs.

Share Plan

Initial Allocation as of October 1, 2015	\$7,840.02
Future Allocations	½ of Annual State Monies received above \$825,324
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.
Decrement	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 stayed about the same from October 1, 2015 to October 1, 2025, indicating that the plan's maturity level has not significantly changed 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 63.8%. 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 82.6% on October 1, 2015 to 69.5% 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 -3.6% on October 1, 2015 to -1.0% on October 1, 2025. The current Net Cash Flow Ratio of -1.0% 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 \$226,536,871. 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	148	128	105	108
Total Inactives ¹	106	100	94	77
Actives / Inactives ¹	139.6%	128.0%	111.7%	140.3%
ASSET VOLATILITY RATIO				
Market Value of Assets (MVA)	112,242,970	104,351,091	94,443,946	71,838,343
Total Annual Payroll	11,430,949	9,241,235	6,556,805	5,814,897
MVA / Total Annual Payroll	981.9%	1,129.2%	1,440.4%	1,235.4%
ACCRUED LIABILITY (AL) RATIO				
Inactive Accrued Liability	98,164,602	93,388,597	83,807,092	64,249,631
Total Accrued Liability (EAN)	153,886,272	141,893,676	115,297,865	90,173,978
Inactive AL / Total AL	63.8%	65.8%	72.7%	71.3%
FUNDED RATIO				
Actuarial Value of Assets (AVA)	106,890,525	105,085,199	93,560,253	74,467,312
Total Accrued Liability (EAN)	153,886,272	141,893,676	115,297,865	90,173,978
AVA / Total Accrued Liability (EAN)	69.5%	74.1%	81.1%	82.6%
NET CASH FLOW RATIO				
Net Cash Flow ²	(1,098,502)	(2,795,386)	(3,072,453)	(2,578,855)
Market Value of Assets (MVA)	112,242,970	104,351,091	94,443,946	71,838,343
Ratio	-1.0%	-2.7%	-3.3%	-3.6%

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	137,359.61	_____%
1999	183,210.18	33.4%
2000	194,012.88	5.9%
2001	202,046.08	4.1%
2002	241,347.74	19.5%
2003	267,090.23	10.7%
2004	304,874.85	14.1%
2005	361,705.29	18.6%
2006	442,391.15	22.3%
2007	562,486.88	27.1%
2008	724,397.17	28.8%
2009	610,510.09	-15.7%
2010	603,953.91	-1.1%
2011	595,169.63	-1.5%
2012	614,483.16	3.2%
2013	622,785.72	1.4%
2014	639,517.60	2.7%
2015	590,203.45	-7.7%
2016	559,910.41	-5.1%
2017	506,773.86	-9.5%
2018	522,880.25	3.2%
2019	497,478.45	-4.9%
2020	526,140.72	5.8%
2021	549,528.93	4.4%
2022	580,173.81	5.6%
2023	1,028,081.17	77.2%
2024	1,118,779.26	8.8%
2025	1,176,431.83	5.2%