# City of South Pasadena Firefighters' Retirement System

## Actuarial Valuation

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

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

April 8, 2026

Board of Trustees
City of South Pasadena Firefighters' Pension Board

Re: City of South Pasadena Firefighters' Retirement System

Dear Board,

This report details the annual actuarial valuation of the City of South Pasadena Firefighters' Retirement System 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 the City of South Pasadena. 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 Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 Data Quality, No. 27 Selection of 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 South Pasadena, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the City of South Pasadena Firefighters' Retirement System. 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

Patrick T. Donlan, EA, ASA, MAAA

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Dante A. Curcione

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# Summary

The regular annual actuarial valuation of the City of South Pasadena Firefighters' Retirement System, 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 ended September 30, 2027.

The contribution requirements, compared with those set forth in the December 3, 2025 Actuarial Impact Statement, determined as of October 1, 2024, are as follows:

| Valuation Date | 10/1/2025 | 10/1/2024 |
|---|---|---|
| Applicable to Fiscal Year Ending | 9/30/2027 | 9/30/2026 |
| **Funded Status** | | |
| Total Actuarial Accrued Liability | $ 13,527,259 | $ 12,833,207 |
| Actuarial Value of Assets | 9,161,371 | 8,730,750 |
| Unfunded Actuarial Accrued Liability | $ 4,365,888 | $ 4,102,457 |
| | | |
| Funded Ratio | 67.7% | 68.0% |
| | | |
| **Contribution Requirements** | | |
| Normal Cost | $ 286,035 | $ 332,155 |
| Administrative Expenses | 74,754 | 65,943 |
| Amortization Payment | 519,522 | 474,433 |
| Minimum Required Contribution [2] | $ 880,311 | $ 872,531 |
| Member Contributions (Est.) | (87,626) | (106,663) |
| **Expected City and State Contribution** | **$ 792,685** | **$ 765,868** |
| State Contribution (Est.)[1] | (58,345) | (58,345) |
| City Required Contribution (Est.)[2] | $ 734,340 | $ 707,523 |

[1] Represents the amount received in calendar 2025. As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year will be available to offset the City's required contribution.

[2] Please note that the City has access to a prepaid contribution of $5,004.67 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2026.

As you can see, the Minimum Required Contribution shows an increase from the December 3, 2025 actuarial impact statement. The increase is attributable to the state mandated mortality change described on the next page, as well as overall net unfavorable Plan experience described below.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 5.75% (Actuarial Asset Basis) which fell short of the 7.00% assumption, inactive mortality experience, and unfavorable retirement experience. These losses were offset in part by gains associated with an average salary increase of 1.69% which fell short of the 5.08% assumption and more favorable turnover than expected.

# CHANGES SINCE PRIOR VALUATION

### PLAN CHANGES

Change the Normal Retirement Date to be the earlier of:

1.) Age 55, or

2.) Age 50 and the completion of 10 years of Credited Service, or

3.) Completion of 25 years of Credited Service, regardless of age.

As a result of this change, there is no longer an Early Retirement Date.

In order to value the impact of this change, the assumption for Retirement Rates was changed to be:

| Eligibility Year | Retirement Rate |
|---|---|
| First Year Eligible for 25 & Out or 50 & 10 | 50.0% |
| All Other Years Prior to Age 55 | 10.0% |
| Age 55+ | 100.0% |

Please note that if a Member separates from service prior to their Normal Retirement Date, then they will be able to draw their retirement benefit when they otherwise would have been able to draw their benefit had they continued employment.

### ACTUARIAL ASSUMPTION/METHOD CHANGES

As mandated by Chapter 2015-157, Laws of Florida, the mortality rates were updated to align with those outlined in Milliman's July 1, 2024 FRS valuation report for special-risk employees.

There were no method changes since the prior valuation.

# VALUATION RESULTS

## PRINCIPAL VALUATION RESULTS

| Valuation Date | New Assump 10/1/2025 | Old Assump 10/1/2025 | 10/1/2024 |
|---|---|---|---|
| **PARTICIPANT DATA** | | | |
| Actives | 19 | 19 | 20 |
| Service Retirees | 13 | 13 | 12 |
| DROP Retirees | 0 | 0 | 0 |
| Beneficiaries | 4 | 4 | 4 |
| Disability Retirees | 1 | 1 | 1 |
| Terminated Vested | 3 | 3 | 2 |
| Total | 40 | 40 | 39 |
| | | | |
| Projected Annual Payroll | $ 1,389,170 | $ 1,389,170 | $ 1,633,318 |
| Annual Rate of Payments to: | | | |
| Service Retirees | $ 665,204 | $ 665,204 | $ 601,265 |
| DROP Retirees | 0 | 0 | 0 |
| Beneficiaries | 72,144 | 72,144 | 72,144 |
| Disability Retirees | 15,064 | 15,064 | 15,064 |
| Terminated Vested | 0 | 0 | 0 |
| **ASSETS** | | | |
| Actuarial Value (AVA) | $ 9,161,371 | $ 9,161,371 | $ 8,730,750 |
| Market Value (MVA) | 10,118,067 | 10,118,067 | 9,177,883 |
| **LIABILITIES** | | | |
| Present Value of Benefits | | | |
| Actives | | | |
| Retirement Benefits | $ 7,289,466 | $ 7,090,533 | $ 7,450,904 |
| Death Benefits | 26,247 | 34,455 | 37,043 |
| Disability Benefits | 156,693 | 152,207 | 165,190 |
| Vested Benefits | 652,094 | 630,870 | 645,122 |
| Refund of Contributions | 49,302 | 49,277 | 48,079 |
| Service Retirees | 6,966,113 | 6,819,959 | 6,164,066 |
| DROP Retirees | 0 | 0 | 0 |
| Beneficiaries | 577,468 | 577,863 | 595,428 |
| Disability Retirees | 118,960 | 114,367 | 117,296 |
| Terminated Vested | 69,753 | 69,753 | 37,912 |
| Share Plan Balances | 48,430 | 48,430 | 35,436 |
| Total | $ 15,954,526 | $ 15,587,714 | $ 15,296,476 |

| Valuation Date | New Assump 10/1/2025 | Old Assump 10/1/2025 | 10/1/2024 |
|---|---|---|---|
| **LIABILITIES (CONTINUED)** | | | |
| Present Value of Future Salaries | $ 13,102,081 | $ 13,083,240 | $ 13,604,195 |
| Present Value of Member Contributions | $ 786,125 | $ 784,994 | $ 816,252 |
| Normal Cost | | | |
| Retirement | $ 209,001 | $ 203,076 | $ 242,242 |
| Death | 1,338 | 1,754 | 1,919 |
| Disability | 9,969 | 9,772 | 12,029 |
| Vesting | 34,384 | 33,259 | 39,249 |
| Refunds | 8,185 | 8,183 | 9,737 |
| Total Normal Cost | $ 262,877 | $ 256,044 | $ 305,176 |
| Present Value of Future Normal Costs (EAN) | $ 2,427,267 | $ 2,359,959 | $ 2,463,269 |
| Actuarial Accrued Liability (EAN AL) | | | |
| Actives | | | |
| Retirement | $ 5,334,680 | $ 5,193,356 | $ 5,458,705 |
| Death | 14,156 | 18,649 | 20,583 |
| Disability | 63,021 | 60,814 | 68,304 |
| Vesting | 323,598 | 313,482 | 326,617 |
| Refunds | 11,080 | 11,082 | 8,860 |
| Inactives[1] | 7,732,294 | 7,581,942 | 6,914,702 |
| Share Plan Balances[1] | 48,430 | 48,430 | 35,436 |
| Total Actuarial Accrued Liability | $ 13,527,259 | $ 13,227,755 | $ 12,833,207 |
| Unfunded Actuarial Accrued Liability (UAAL) | $ 4,365,888 | $ 4,066,384 | $ 4,102,457 |
| Funded Ratio (AVA / EAN AL) | 67.7% | 69.3% | 68.0% |

## ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

| Valuation Date | New Assump 10/1/2025 | Old Assump 10/1/2025 | 10/1/2024 |
|---|---|---|---|
| Vested Accrued Benefits | | | |
| Inactives + Share Plan Balances[1] | $ 7,780,724 | $ 7,630,372 | $ 6,950,138 |
| Actives | 3,380,273 | 3,276,033 | 2,980,995 |
| Member Contributions | 765,438 | 765,438 | 779,178 |
| Total | $ 11,926,435 | $ 11,671,843 | $ 10,710,311 |
| Non-vested Accrued Benefits | 256,888 | 248,014 | 616,169 |
| Total Present Value of Accrued Benefits (PVAB) | $ 12,183,323 | $ 11,919,857 | $ 11,326,480 |
| Funded Ratio (MVA / PVAB) | 83.0% | 84.9% | 81.0% |
| Increase (Decrease) in Present Value of Accrued Benefits Attributable to: | | | |
| Plan Amendments | $ 0 | $ 0 | |
| Assumption Changes | 263,466 | 0 | |
| Plan Experience | 0 | 570,291 | |
| Benefits Paid | 0 | (743,737) | |
| Interest | 0 | 766,823 | |
| Other | 0 | 0 | |
| Total | $ 263,466 | $ 593,377 | |

## CONTRIBUTION REQUIREMENTS

| | New Assump | Old Assump | |
|---|---|---|---|
| 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[2]** | | | |
| Normal Cost | $ 286,035 | $ 278,600 | $ 332,155 |
| % of Total Annual Payroll | 19.6% | 19.1% | 19.3% |
| Administrative Expenses | 74,754 | 74,754 | 65,943 |
| % of Total Annual Payroll | 5.1% | 5.1% | 3.8% |
| UAAL Amortization Payment | 519,522 | 490,772 | 474,433 |
| % of Projected Annual Payroll | 35.6% | 33.6% | 27.6% |
| Minimum Required Contribution | $ 880,311 | $ 844,126 | $ 872,531 |
| % of Projected Annual Payroll | 60.3% | 57.8% | 50.7% |
| Expected Member Contributions | (87,626) | (87,626) | (106,663) |
| % of Projected Annual Payroll | (6.0)% | (6.0)% | (6.0)% |
| Expected City and State Contribution | $ 792,685 | $ 756,500 | $ 765,868 |
| % of Projected Annual Payroll | 54.3% | 51.8% | 44.7% |

**PAST CONTRIBUTIONS FOR PLAN YEAR ENDING 9/30/2025**

| | |
|---|---|
| Total Required Contribution | $ 734,386 |
| City and State Requirement | 635,172 |
| Actual Contributions Made: | |
| City | 576,827 |
| State | 58,345 |
| Total | $ 635,172 |

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

[2] Contributions developed as of 10/1/2025 and 10/1/2024 displayed above have been adjusted to account for assumed salary increases (5.13% for 2025 and 5.16% for 2024) and interest. Contributions developed as of 10/1/2025 are expressed as a percentage of Projected Annual Payroll at 10/1/2026 of $1,460,434. Contributions developed as of 10/1/2024 are expressed as a percentage of Projected Annual Payroll at 10/1/2025 of $1,717,597.

# OTHER INFORMATION

## ILLUSTRATION OF AMORTIZATION OF THE TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY

| Year | Projected Unfunded Actuarial Accrued Liability |
|---|---|
| 2025 | 4,365,888 |
| 2026 | 4,160,617 |
| 2027 | 3,940,979 |
| 2032 | 2,791,511 |
| 2038 | 1,253,931 |
| 2043 | 290,692 |
| 2048 | 0 |

## 5-YEAR COMPARISON OF ACTUAL AND ASSUMED SALARY INCREASES

| Year Ended | Actual | Assumed |
|---|---|---|
| 9/30/2025 | 1.69% | 5.08% |
| 9/30/2024 | 6.20% | 4.63% |
| 9/30/2023 | 8.76% | 4.49% |
| 9/30/2022 | 5.86% | 4.65% |
| 9/30/2021 | 5.00% | 4.84% |

## 5-YEAR COMPARISON OF INVESTMENT RETURN ON MARKET VALUE AND ACTUARIAL VALUE OF ASSETS

| Year Ended | Market Value | Actuarial Value | Assumed |
|---|---|---|---|
| 9/30/2025 | 11.16% | 5.75% | 7.00% |
| 9/30/2024 | 21.90% | 7.51% | 7.25% |
| 9/30/2023 | 10.39% | 4.17% | 7.25% |
| 9/30/2022 | (16.38)% | 2.65% | 7.25% |
| 9/30/2021 | 18.73% | 9.02% | 7.50% |

## AVERAGE ANNUAL PAYROLL GROWTH

| Valuation Date | Payroll |
|---|---|
| 10/1/2025 | 1,389,170 |
| 10/1/2015 | 758,773 |
| | |
| Total Increase | 83.08% |
| Number of Years | 10.00 |
| Average Annual Rate | 6.23% |

## STATEMENT BY ENROLLED ACTUARY

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

Patrick T. Donlan

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

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

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

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

# DEVELOPMENT OF ACTUARIAL (GAIN)/LOSS

## DEVELOPMENT OF ACTUARIAL (GAIN)/LOSS

| | Actuarial Accrued Liability | Actuarial Valuation of Assets | Unfunded Actuarial Accrued Liability |
|---|---|---|---|
| Actual, Beginning of Year | $ 12,833,207 | $ 8,730,750 | $ 4,102,457 |
| Total Normal Cost | 305,176 | | 305,176 |
| Benefit Payments | (743,737) | (743,737) | 0 |
| Administrative Expenses | | (80,609) | 80,609 |
| Employer Contribution | | 576,827 | (576,827) |
| Member Contribution | 0 | 107,886 | (107,886) |
| State Contribution | 11,243 | 69,587 | (58,344) |
| Interest | 894,096 | 606,269 | 287,827 |
| Expected, End of Year | $ 13,299,985 | $ 9,266,973 | $ 4,033,012 |
| Actual End of Year (before changes) | 13,227,755 | 9,161,371 | 4,066,384 |
| Actuarial (Gain)/Loss | $ (72,230) | $ 105,602 | $ 33,372 |

## SUMMARY OF COMPONENTS OF (GAIN)/LOSS

| | |
|---|---|
| Investment Return (Actuarial Asset Basis) | $ 105,602 |
| Salary Increases | (108,170) |
| Active Decrements | (43,437) |
| Inactive Mortality | 92,506 |
| Interest Crediting on Share Plan Balances | 1,391 |
| Other | (14,520) |
| Change due to Actuarial (Gain)/Loss | $ 33,372 |

# UNFUNDED ACTUARIAL ACCRUED LIABILITY

## DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

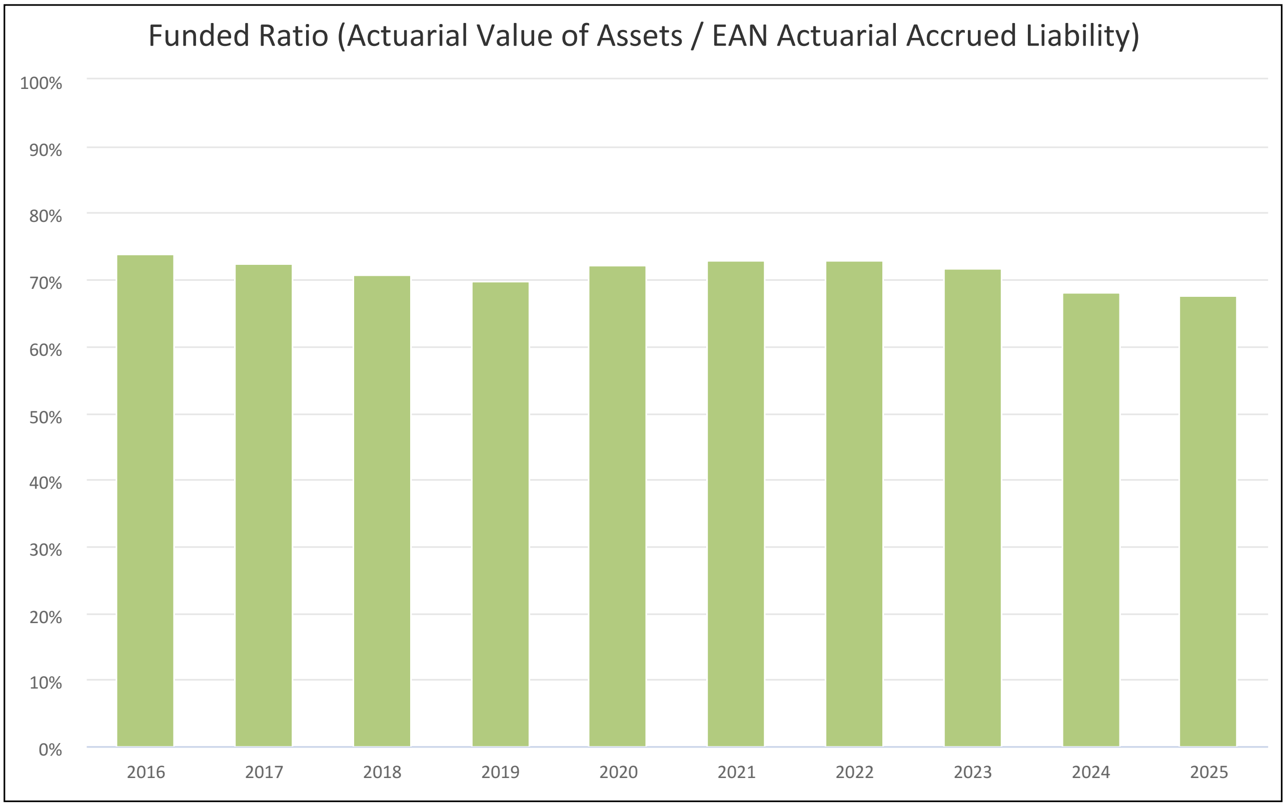
| | | |
|---|---|---|
| Unfunded Actuarial Accrued Liability as of October 1, 2024 | $ | 4,102,457 |
| Expected Unfunded Actuarial Accrued Liability as of October 1, 2025 | $ | 4,033,012 |
| Change to UAAL due to Actuarial (Gain)/Loss | | 33,372 |
| Change to UAAL due to Assumption Change | | 299,504 |
| Unfunded Actuarial Accrued Liability as of October 1, 2025 | $ | 4,365,888 |

## SCHEDULE OF AMORTIZATION PAYMENTS

| Unfunded Liability Base | Date Established | Years Remaining | Current Balance | Payment |
|---|---|---|---|---|
| Benefits Change | 10/1/1999 | 4 | 246,159 | 67,919 |
| Method Change | 10/1/2000 | 5 | (62,587) | (14,266) |
| Method Change | 10/1/2004 | 9 | 171,320 | 24,575 |
| Prior Losses | 10/1/2004 | 9 | 171,320 | 24,575 |
| Actuarial Loss | 10/1/2005 | 10 | 72,371 | 9,630 |
| Actuarial Gain | 10/1/2006 | 11 | (31,801) | (3,963) |
| Benefits Change | 10/1/2006 | 11 | 189,919 | 23,670 |
| Actuarial Loss | 10/1/2007 | 12 | 5,998 | 706 |
| Actuarial Loss | 10/1/2008 | 13 | 292,130 | 32,667 |
| Method Change | 10/1/2008 | 13 | 87,486 | 9,783 |
| Actuarial Loss | 10/1/2009 | 14 | 244,946 | 26,176 |
| Actuarial Gain | 10/1/2010 | 15 | (41,202) | (4,228) |
| Assump Change | 10/1/2010 | 15 | 106,523 | 10,931 |
| Actuarial Loss | 10/1/2011 | 16 | 259,080 | 25,631 |
| Actuarial Gain | 10/1/2012 | 17 | (55,078) | (5,272) |
| Actuarial Gain | 10/1/2013 | 18 | (99,730) | (9,266) |
| Assump Change | 10/1/2013 | 18 | (10,022) | (931) |
| Actuarial Gain | 10/1/2014 | 19 | (9,036) | (817) |
| Actuarial Gain | 10/1/2015 | 20 | (235,556) | (20,780) |
| Assump Change | 10/1/2016 | 21 | 293,945 | 25,353 |
| Actuarial Loss | 10/1/2016 | 21 | 131,008 | 11,300 |
| Actuarial Loss | 10/1/2017 | 22 | 128,305 | 10,841 |
| Chapter 15-39 | 10/1/2017 | 10 | (5,699) | (758) |
| Actuarial Loss | 10/1/2018 | 23 | 137,051 | 11,363 |
| Benefits Change | 10/1/2018 | 23 | (359) | (30) |
| Actuarial Loss | 10/1/2019 | 14 | 52,038 | 5,561 |
| Asmp/Mthd Change | 10/1/2019 | 14 | 243,601 | 26,032 |
| Actuarial Loss | 10/1/2020 | 15 | 152,372 | 15,635 |
| Assump Change | 10/1/2020 | 15 | (209,182) | (21,465) |
| Actuarial Gain | 10/1/2021 | 16 | (16,227) | (1,605) |
| Assump Change | 10/1/2021 | 16 | 238,624 | 23,608 |
| Actuarial Loss | 10/1/2022 | 17 | 182,265 | 17,447 |
| Actuarial Loss | 10/1/2023 | 18 | 485,037 | 45,064 |
| Actuarial Loss/AssumChgs | 10/1/2024 | 19 | 762,792 | 68,974 |
| Benefits Change | 10/1/2024 | 19 | 155,201 | 14,034 |
| Actuarial Loss | 10/1/2025 | 20 | 33,372 | 2,944 |
| Assumption Change | 10/1/2025 | 20 | 299,504 | 26,422 |

| | | |
|---|---|---|
| | | |
| Total Unfunded Liability | 4,365,888 | 477,460 |

# HISTORY OF FUNDING PROGRESS



# ASSET INFORMATION

## STATEMENT OF FIDUCIARY NET POSITION

| | Market Value 9/30/2025 |
|---|---|
| **ASSETS** | |
| Cash and Cash Equivalents: | |
| Short Term Investments | $ 535,245.65 |
| Checking Account | 189.83 |
| Prepaid Expenses | 8,927.65 |
| Cash | 286.78 |
| Total Cash and Equivalents | $ 544,649.91 |
| | |
| **RECEIVABLES** | |
| Member Contributions in Transit | $ 3,995.15 |
| State Contributions | 69,587.39 |
| Investment Income | 15,023.28 |
| Total Receivable | $ 88,605.82 |
| | |
| **INVESTMENTS** | |
| U. S. Bonds and Bills/U.S. Gov't and Agency Obligations | $ 419,008.06 |
| Federal Agency Guaranteed Securities | 736,302.67 |
| Corporate Bonds/Fixed Income | 958,085.57 |
| Mutual Funds: | |
| Equity | 6,610,697.74 |
| Pooled/Common/Commingled Funds: | |
| Real Estate | 783,738.76 |
| Total Investments | $ 9,507,832.80 |
| | |
| **TOTAL ASSETS** | $ 10,141,088.53 |
| **LIABILITIES** | |
| Payables: | |
| Investment Expenses/Unpaid Investment Expenses | 8,696.81 |
| Administrative Expenses/Unpaid Administrative Expenses | 9,320.03 |
| Prepaid Municipality Contribution | 5,004.67 |
| Total Liabilities | $ 23,021.51 |
| | |
| **NET POSITION RESTRICTED FOR PENSIONS** | $ 10,118,067.02 |

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

| | | Year Ended 9/30/2025 |
|---|---|---|
| **ADDITIONS** | | |
| Contributions: | | |
| Member | $ | 107,885.99 |
| Employer | | 576,827.26 |
| State | | 69,587.39 |
| Total Contributions | $ | 754,300.64 |
| | | |
| Investment Income: | | |
| Net Realized Gain (Loss) | $ | 98,428.24 |
| Unrealized Gain (Loss) | | 613,396.58 |
| Net Increase in Fair Value of Investments | $ | 711,824.82 |
| Interest & Dividends | | 341,655.69 |
| Less Investment Expense[1] | | (43,251.96) |
| Net Investment Income | $ | 1,010,228.55 |
| | | |
| Total Additions | $ | 1,764,529.19 |
| | | |
| **DEDUCTIONS** | | |
| Distributions To Members: | | |
| Benefit Payments | $ | 741,755.52 |
| Lump Sum Share Distributions | | 1,981.51 |
| Total Distributions | $ | 743,737.03 |
| | | |
| Administrative Expense | $ | 80,608.58 |
| | | |
| Total Deductions | $ | 824,345.61 |
| | | |
| **NET INCREASE IN NET POSITION** | $ | 940,183.58 |
| | | |
| **NET POSITION RESTRICTED FOR PENSIONS** | | |
| Beginning of the Year | $ | 9,177,883.44 |
| | | |
| End of the Year | $ | 10,118,067.02 |

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

## DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Actuarial Assets for funding purposes are developed by increasing the actuarial value of assets used in the most recent actuarial valuation by the average annual market value rate of return (net of investment expenses) for the past four years.

| | | 9/30/2025 |
|---|---|---|
| **ACTUARIAL VALUE OF ASSETS** | | |
| Market Value of Assets | $ | 10,118,067 |
| | | |
| Unlimited Actuarial Value of Assets (AVA), Prior Year | $ | 8,735,752 |
| Derived Return | | 500,666 |
| Preliminary Actuarial Value of Assets | $ | 9,171,378 |
| | | |
| Limited Actuarial Value of Assets | $ | 9,161,371 |
| | | |
| **DERIVED RETURN (BASED ON AVERAGE MARKET VALUE RETURN)** | | |
| Interest and Dividends | $ | 341,656 |
| Realized (Gain)/Loss | | 98,428 |
| Unrealized (Gain)/Loss | | 613,397 |
| Change in Actuarial Value | | (509,563) |
| Investment Related Expenses | | (43,252) |
| Total Return | $ | 500,666 |

### AVERAGE MARKET VALUE OF RETURN

| Plan Year End | Rate of Return |
|---|---|
| 9/30/2022 | (16.38)% |
| 9/30/2023 | 10.39% |
| 9/30/2024 | 21.90% |
| 9/30/2025 | 11.16% |
| | |
| Average Annualized Return | 5.75% |

[1]Market Value Basis, net of investment related expenses.

### APPROXIMATE RATES OF RETURN

| Basis | Rate of Return |
|---|---|
| Actuarial Valuation of Assets | 5.75% |
| Market Value of Assets | 11.16% |

## CHANGES IN ASSETS AVAILABLE FOR BENEFITS – ACTUARIAL ASSET BASIS

| | | Year Ended 9/30/2025 |
|---|---|---|
| **ADDITIONS** | | |
| Contributions: | | |
| Member | $ | 107,885.99 |
| Employer | | 576,827.26 |
| State | | 69,587.39 |
| Total Contributions | $ | 754,300.64 |
| | | |
| Earnings from Investments: | | |
| Interest & Dividends | $ | 341,655.69 |
| Miscellaneous Income | | 0.00 |
| Net Realized Gain (Loss) | | 98,428.24 |
| Unrealized Gain (Loss) | | 613,396.58 |
| Change in Actuarial Value | | (509,562.40) |
| Total Earnings and Investment Gains | $ | 543,918.11 |
| | | |
| **DEDUCTIONS** | | |
| Distributions To Members: | | |
| Benefit Payments | $ | 741,755.52 |
| Lump Sum Share Distributions | | 1,981.51 |
| Total Distributions | $ | 743,737.03 |
| | | |
| Expenses: | | |
| Investment Related[1] | $ | 43,251.96 |
| Administrative | | 80,608.58 |
| Total Expenses | $ | 123,860.54 |
| | | |
| **CHANGE IN NET ASSETS FOR THE YEAR** | $ | 430,621.18 |
| | | |
| **NET ASSETS** | | |
| Beginning of the Year | $ | 8,730,749.94 |
| | | |
| End of the Year | $ | 9,161,371.12 |

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

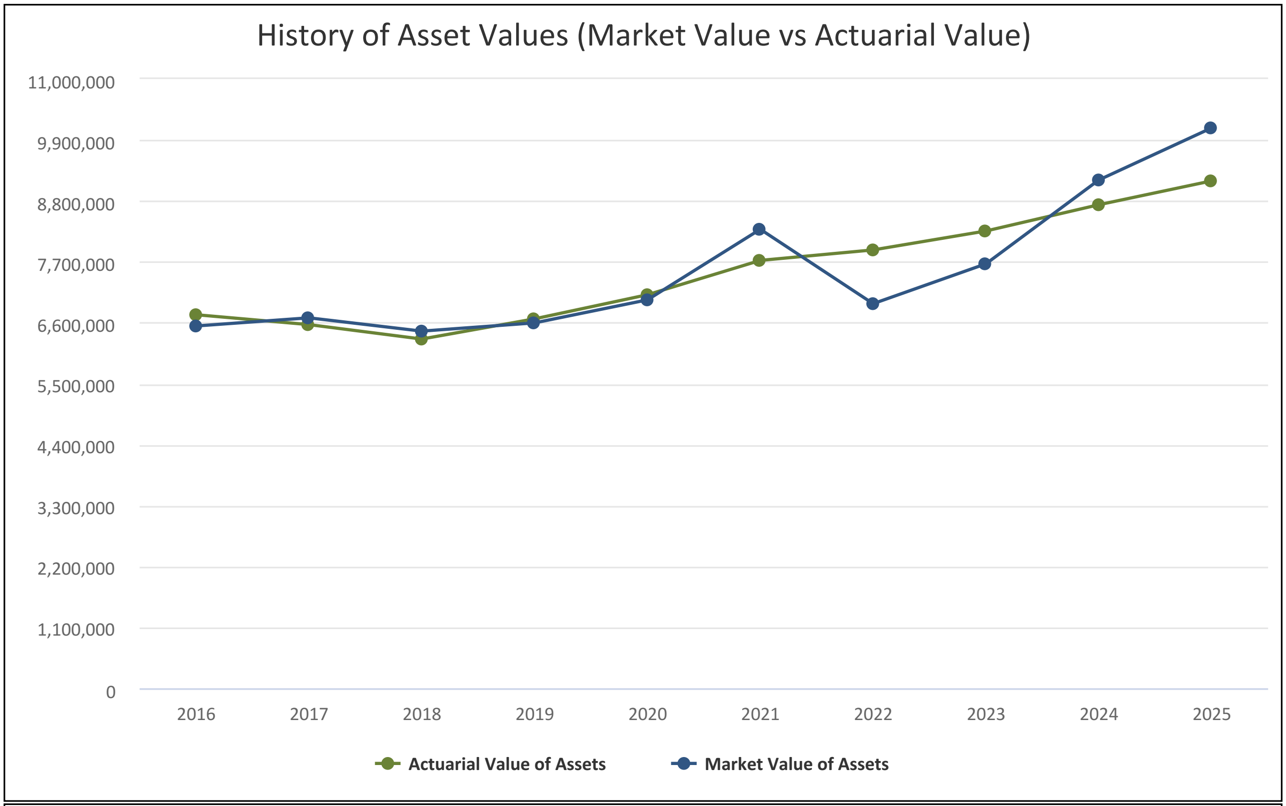
## SUPPLEMENTAL ASSET INFORMATION

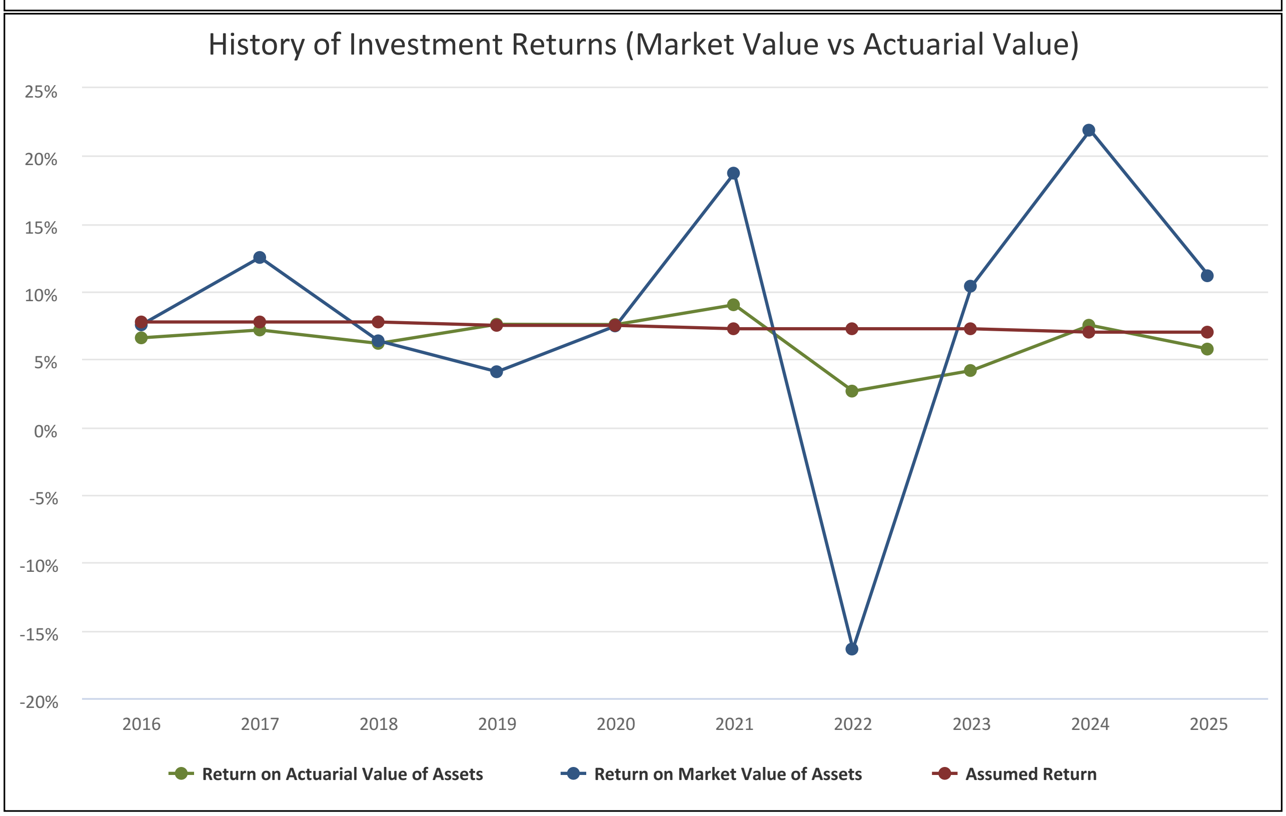
| | | |
|---|---|---|
| Year Beginning | | 10/1/2024 |
| Year Ending | | 9/30/2025 |
| **DEFERRED RETIREMENT OPTION PLAN ACTIVITY** | | |
| Beginning of Year Balance | $ | 0.00 |
| Plus Additions | | 0.00 |
| Investment Return Earned | | 0.00 |
| Less Distributions | | 0.00 |
| End of the Year Balance | $ | 0.00 |
| | | |
| **SUPPLEMENTAL CHAPTER 175 SHARE PLAN ACTIVITY** | | |
| Beginning of Year Balance | $ | 35,435.76 |
| Prior Year Adjustment | | 0.00 |
| Plus Additions | | 11,242.65 |
| Investment Return Earned (Est.) | | 3,733.00 |
| Administrative Fees (Est.) | | 0.00 |
| Less Distributions | | (1,981.51) |
| End of Year Balance (Est.) | $ | 48,429.90 |
| | | |
| **RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION** | | |
| Required City and State Contributions | $ | 635,172.00 |
| Less Allowable State Contribution | | (58,344.74) |
| Required City Contribution for Fiscal 2025 | $ | 576,827.26 |
| Less 2024 Prepaid Contribution | | (5,001.93) |
| Less Actual City Contributions | | (576,830.00) |
| Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025 | $ | (5,004.67) |

## PARTIAL HISTORY OF PREMIUM TAX REFUNDS

| Received During Fiscal Year | Amount | Increase From Previous Year |
|---|---|---|
| 2000 | 20,398.66 | N/A |
| 2001 | 15,665.47 | -23.2% |
| 2002 | 17,473.59 | 11.5% |
| 2003 | 24,449.11 | 39.9% |
| 2004 | 23,159.20 | -5.3% |
| 2005 | 23,985.75 | 3.6% |
| 2006 | 29,318.23 | 22.2% |
| 2007 | 62,144.01 | 112.0% |
| 2008 | 67,904.60 | 9.3% |
| 2009 | 97,210.07 | 43.2% |
| 2010 | 43,307.02 | -55.5% |
| 2011 | 46,133.32 | 6.5% |
| 2012 | 41,874.62 | -9.2% |
| 2013 | 47,102.09 | 12.5% |
| 2014 | 48,975.41 | 4.0% |
| 2015 | 48,347.46 | -1.3% |
| 2016 | 50,450.02 | 4.3% |
| 2017 | 43,206.15 | -14.4% |
| 2018 | 44,492.30 | 3.0% |
| 2020 | 83,006.88 | N/A |
| 2021 | 44,537.74 | -46.3% |
| 2022 | 53,001.84 | 19.0% |
| 2023 | 66,042.05 | 24.6% |
| 2024 | 67,201.56 | 1.8% |
| 2025 | 69,587.39 | 3.6% |

## HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



# PARTICIPANT STATISTICS

## STATISTICAL DATA

| | 10/1/2025 | 10/1/2024 | 10/1/2023 | 10/1/2022 |
|---|---|---|---|---|
| **ACTIVES** | | | | |
| Number | 19 | 20 | 19 | 19 |
| Average Current Age | 39.8 | 40.5 | 39.6 | 42.0 |
| Average Age at Employment | 30.2 | 30.6 | 30.2 | 30.6 |
| Average Past Service | 9.7 | 9.9 | 9.4 | 11.4 |
| Average Annual Salary | $91,969 | $91,551 | $84,473 | $82,270 |
| **SERVICE RETIREES** | | | | |
| Number | 13 | 12 | 11 | 10 |
| Average Current Age | 68.1 | 68.4 | 68.5 | 68.5 |
| Average Annual Benefit | $51,170 | $50,105 | $47,468 | $47,234 |
| **DROP RETIREES** | | | | |
| Number | 0 | 0 | 1 | 0 |
| Average Current Age | N/A | N/A | 55.6 | N/A |
| Average Annual Benefit | N/A | N/A | $79,118 | N/A |
| **BENEFICIARIES** | | | | |
| Number | 4 | 4 | 4 | 4 |
| Average Current Age | 76.0 | 75.0 | 74.0 | 73.0 |
| Average Annual Benefit | $18,036 | $18,036 | $18,036 | $18,036 |
| **DISABILITY RETIREES** | | | | |
| Number | 1 | 1 | 1 | 1 |
| Average Current Age | 70.2 | 69.2 | 68.2 | 67.2 |
| Average Annual Benefit | $15,064 | $15,064 | $15,064 | $15,064 |
| **TERMINATED VESTEDS** | | | | |
| Number | 3 | 2 | 2 | 1 |
| Average Current Age [1] | N/A | N/A | N/A | N/A |
| Average Annual Benefit [1] | N/A | N/A | N/A | N/A |

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

## AGE AND SERVICE DISTRIBUTION

| | Past Service | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0 | 1 | 2 | 3 | 4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | Total |
| 15 - 19 | | | | | | | | | | | | 0 |
| 20 - 24 | 1 | | 1 | | | | | | | | | 2 |
| 25 - 29 | | | | 1 | | | | | | | | 1 |
| 30 - 34 | | | 1 | | | 1 | | | | | | 2 |
| 35 - 39 | | | 1 | 1 | | 3 | 1 | | | | | 6 |
| 40 - 44 | | 1 | | | | | | | | | | 1 |
| 45 - 49 | | | | | | | 1 | 1 | | 1 | | 3 |
| 50 - 54 | | | | | | | | | 1 | | | 1 |
| 55 - 59 | | | | | | 1 | | 2 | | | | 3 |
| 60 - 64 | | | | | | | | | | | | 0 |
| 65+ | | | | | | | | | | | | 0 |
| Total | 1 | 1 | 3 | 2 | 0 | 5 | 2 | 3 | 1 | 1 | 0 | 19 |

## PARTICIPANT RECONCILIATION

| | Actives | Members Receiving Benefits | DROP Benefits | Receiving Death Benefits | Receiving Disability Benefits | Vested (Deferred Annuity) | Vested (Due Refund) | Total |
|---|---|---|---|---|---|---|---|---|
| Number, prior valuation | 20 | 12 | 0 | 4 | 1 | 0 | 2 | 39 |
| New Entrants / Rehires | 1 | | | | | | | 1 |
| Vested (Deferred Annuity) | | | | | | | | 0 |
| Non-Vested / Vested (Due Refund) | (1) | | | | | | 1 | 0 |
| Refund of Contributions or Terminated Non-Vested | | | | | | | | 0 |
| Hired/Termed Same Year | | | | | | | | 0 |
| Retired | (1) | 1 | | | | | | 0 |
| DROP | | | | | | | | 0 |
| Disabled | | | | | | | | 0 |
| Death, With Survivor | | | | | | | | 0 |
| Death, No Survivor | | | | | | | | 0 |
| Expired Annuities | | | | | | | | 0 |
| Data Corrections | | | | | | | | 0 |
| Other | | | | | | | | 0 |
| Number, current valuation | 19 | 13 | 0 | 4 | 1 | 0 | 3 | 40 |

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

**Beneficiary Lives:**

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

**Disabled Lives:**

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

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

Interest Rate

7.00% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

The below rates were approved in conjunction with an actuarial experience study dated October 2024.

| Salary Scale | |
|---|---|
| Service | Rate |
| 0-4 | 6.00% |
| 5-9 | 5.50% |
| 10+ | 4.00% |

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

Based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 20 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.

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Funding Method

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

Interest - A half year, based on current 7.00% assumption.
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.

---

Normal Retirement

The below rates were approved in conjunction with an actuarial impact statement dated November 2025.

| Eligibility Year | Retirement Rate |
|---|---|
| First Year Eligible for 25 & Out or 50 & 10 | 50% |
| All Other Years Prior to Age 55 | 10% |
| Age 55+ | 100% |

Disability Rate

The below rates were approved in conjunction with an actuarial experience study dated October 2024.

| % Becoming Disabled During the Year | |
|---|---|
| Age | Rate |
| 25 | 0.06% |
| 35 | 0.10% |
| 45 | 0.20% |
| 55 | 0.72% |

Termination Rate

The below rates were approved in conjunction with an actuarial experience study dated October 2024.

| % Terminating During the Year | |
|---|---|
| Service | Rate |
| 0 | 20.0% |
| 1-4 | 10.0% |
| 5+ | 2.5% |

Actuarial Asset Method

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

# PLAN PROVISIONS

| | |
|---|---|
| Most Recent Plan Amendment | Ordinance No. 2025-07 |
| Credited Service | Total years and fractional parts of years of employment with the City as a Firefighter. |
| Average Final Compensation | Average Salary for the best 5 years during the 10 years immediately preceding retirement or termination. |
| Salary | Fixed monthly remuneration, plus any amount paid under the supplemental compensation program for non-shift work. |
| Normal Retirement | |
| Eligibility | Earlier of age 55, age 50 and the completion of 10 years of Credited Service, or the completion of 25 years of Credited Service, regardless of age. |
| Benefit | 3% of Average Final Compensation times Credited Service |
| Form of Benefit | 10 year certain and life thereafter (options available). |
| Disability Benefit | |
| Eligibility | 10 years of credited service for non-service related; coverage from date of hire for service-incurred. |
| Exclusions | Disability resulting from use of drugs, illegal participation in riots, service in military, etc. |
| Benefit Amount | Accrued benefit, but not less than 42% of Average Final Compensation for service related disabilities. |
| Duration | Payable for life (with a 10-year guarantee) or until recovery (as determined by the Board). Options available. |

| | |
|---|---|
| Pre-Retirement Death Benefit | |
| Less than 10 years of Credited Service | Refund of Member Contributions without interest. |
| 10 years or more | Beneficiary is entitled to either: 1) the benefits otherwise payable to the firefighter at his early or normal retirement date, payable for 10 years, or 2) a refund of Member Contributions. |
| Vesting (Termination) | |
| Less than 10 years of Credited Service | Refund of Member Contributions. |
| 10 years or more | Accrued benefit payable at age 50 or later, on reduced basis if to commence prior to Normal Retirement Date, or a refund of Member Contributions. |
| Contributions | |
| Employee | 6.0% of Salary. |
| City and State | Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes. |
| Board of Trustees | a) Two Commission appointees,<br>b) Two Members of the Fund elected by the membership, and<br>c) A fifth Member elected by the other 4 and appointed by Commission. |
| Deferred Retirement Option Plan | |
| Eligibility | Satisfaction of Normal Retirement requirements. |
| Participation | Not to exceed 60 months. |
| Rate of Return | Member can elect 1) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or 2) Fixed interest of 3.0% per annum compounded monthly. |
| Form of Distribution | Cash lump sum (options available) at termination of employment. |

# 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. |

| | |
|---|---|
| Total Annual Payroll | The salary expected for the year after the valuation date. |
| Ultimate Cost | The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals<br><br>Benefit Payments<br>Plus: Expenses<br>Less: Investment Income<br><br>The Ultimate Cost is independent of the Actuarial Cost Method selected. |
| Unfunded Actuarial Accrued Liability | The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. |
| Vested Benefit | Benefits members are entitled to regardless of employment status. |

## DISCUSSION OF RISK

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

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

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

- 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.

## IMPACT OF PLAN MATURITY ON RISK

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has increased from 70.6% on October 1, 2015 to 105.6% on October 1, 2025, indicating that the plan has experienced a significant growth in active population.
- 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 57.2%. 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 76.2% on October 1, 2015 to 67.7% 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 -4.6% on October 1, 2015 to -0.7% on October 1, 2025. The current Net Cash Flow Ratio of -0.7% indicates contributions are not currently covering the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks in this section 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.

## 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 in the principal valuation results 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 $17,907,435. The LDROM should not be considered the "correct" liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan's contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan's Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

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

## PLAN MATURITY MEASURES AND OTHER RISK METRICS

| | 10/1/2025 | 10/1/2024 | 10/1/2020 | 10/1/2015 |
|---|---|---|---|---|
| **SUPPORT RATIO** | | | | |
| Total Actives | 19 | 20 | 20 | 12 |
| Total Inactives [1] | 18 | 17 | 16 | 17 |
| Actives / Inactives [1] | 105.6% | 117.6% | 125.0% | 70.6% |
| | | | | |
| **ASSET VOLATILITY RATIO** | | | | |
| Market Value of Assets (MVA) | 10,118,067 | 9,177,883 | 7,013,244 | 6,234,794 |
| Total Annual Payroll | 1,747,404 | 1,831,011 | 1,476,877 | 758,773 |
| MVA / Total Annual Payroll | 579.0% | 501.2% | 474.9% | 821.7% |
| | | | | |
| **ACCRUED LIABILITY (AL) RATIO** | | | | |
| Inactive Accrued Liability | 7,732,294 | 6,914,702 | 5,682,582 | 6,676,015 |
| Total Accrued Liability (EAN) | 13,527,259 | 12,833,207 | 9,835,514 | 8,503,254 |
| Inactive AL / Total AL | 57.2% | 53.9% | 57.8% | 78.5% |
| | | | | |
| **FUNDED RATIO** | | | | |
| Actuarial Value of Assets (AVA) | 9,161,371 | 8,730,750 | 7,105,779 | 6,483,455 |
| Total Accrued Liability (EAN) | 13,527,259 | 12,833,207 | 9,835,514 | 8,503,254 |
| AVA / Total Accrued Liability (EAN) | 67.7% | 68.0% | 72.2% | 76.2% |
| | | | | |
| **NET CASH FLOW RATIO** | | | | |
| Net Cash Flow [2] | (70,045) | (141,469) | (66,501) | (284,984) |
| Market Value of Assets (MVA) | 10,118,067 | 9,177,883 | 7,013,244 | 6,234,794 |
| Ratio | (0.7)% | (1.5)% | (0.9)% | (4.6)% |

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

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