



# City of Cocoa Beach General Employees' Pension Trust Fund

## Actuarial Valuation

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

**FOSTER & FOSTER**  
ACTUARIES AND CONSULTANTS

February 5, 2026

Board of Trustees  
City of Cocoa Beach  
General Employees' Pension Board

Re: City of Cocoa Beach General Employees' Pension Trust Fund Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the City of Cocoa Beach General Employees' Pension Trust Fund 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 Cocoa Beach. 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 Cocoa Beach, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the General Employees' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.


Respectfully submitted,

Foster & Foster, Inc.



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Douglas H. Lozen, EA, MAAA



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Tyler A. Koftan, EA, MAAA

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## SUMMARY

The regular annual actuarial valuation of the City of Cocoa Beach General Employees' Pension Trust Fund, 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 report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2025 9/30/2027	10/1/2024 9/30/2026
Minimum Required Contribution % of Projected Annual Payroll	19.62%	17.10%
Member Contributions (Est.) % of Projected Annual Payroll	5.00%	5.00%
City Required Contribution (Est.) % of Projected Annual Payroll	14.62%	12.10%

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 attributable to unfavorable experience described below and a statutorily required update of actuarial assumptions.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 4.40% (Actuarial Asset Basis) which fell short of the 7.25% assumption, an average salary increase of 10.00% which exceeded the 5.25% assumption, and more retirements than expected. These losses were offset in part by a gain associated with favorable turnover experience.

## CHANGES SINCE PRIOR VALUATION

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### PLAN CHANGES

There have been no plan changes since the prior valuation.

### ACTUARIAL ASSUMPTION/METHOD CHANGES

Since the previous valuation, 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 non-special-risk employees.

There were no method changes since the prior valuation.

# VALUATION RESULTS

## PRINCIPAL VALUATION RESULTS

Valuation Date	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
<b>PARTICIPANT DATA</b>			
Actives	128	128	131
Service Retirees	121	121	111
Beneficiaries	18	18	17
Disability Retirees	1	1	1
Terminated Vested	<u>82</u>	<u>82</u>	<u>70</u>
Total	350	350	330
Projected Annual Payroll	8,121,909	8,121,909	7,832,140
Annual Rate of Payments to:			
Service Retirees	2,204,156	2,204,156	1,940,141
Beneficiaries	295,351	295,351	272,506
Disability Retirees	32,002	32,002	32,002
Terminated Vested	448,223	448,223	342,288
<b>ASSETS</b>			
Actuarial Value (AVA)	33,014,194	33,014,194	32,696,580
Market Value (MVA)	36,253,147	36,253,147	33,860,563
<b>LIABILITIES</b>			
Present Value of Benefits			
Actives			
Retirement Benefits	14,430,822	14,118,985	15,693,434
Disability Benefits	1,446,193	1,340,818	1,382,199
Death Benefits	332,408	406,735	426,576
Vested Benefits	1,179,103	1,136,622	958,209
Refund of Contributions	178,976	178,856	141,070
Service Retirees	22,325,073	22,167,755	19,604,763
Beneficiaries	2,676,617	2,654,144	2,536,096
Disability Retirees	389,257	387,069	390,646
Terminated Vested	<u>2,671,771</u>	<u>2,594,997</u>	<u>1,629,410</u>
Total	45,630,220	44,985,981	42,762,403

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
<b>LIABILITIES (CONTINUED)</b>			
Present Value of Future Salaries	66,502,449	66,410,030	60,725,219
Present Value of Future Member Contributions	3,325,122	3,320,502	3,036,261
Normal Cost (Retirement)	702,140	687,408	660,894
Normal Cost (Disability)	70,691	65,270	62,114
Normal Cost (Death)	17,462	21,199	20,653
Normal Cost (Vesting)	82,025	79,082	64,676
Normal Cost (Refunds)	42,243	42,224	33,826
Total Normal Cost	914,561	895,183	842,163
Present Value of Future Normal Costs	6,846,692	6,681,775	6,046,559
Accrued Liability (Retirement)	9,130,269	8,934,385	10,947,043
Accrued Liability (Disability)	855,661	802,253	898,083
Accrued Liability (Death)	195,607	241,466	272,203
Accrued Liability (Vesting)	486,738	469,610	397,102
Accrued Liability (Refunds)	52,535	52,527	40,498
Accrued Liability (Inactives)	28,062,718	27,803,965	24,160,915
Total Actuarial Accrued Liability (EAN AL)	38,783,528	38,304,206	36,715,844
Unfunded Actuarial Accrued Liability (UAAL)	5,769,334	5,290,012	4,019,264
Funded Ratio (AVA / EAN AL)	85.1%	86.2%	89.1%

## ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
Vested Accrued Benefits			
Inactives	28,062,718	27,803,965	24,160,915
Actives	5,064,693	4,936,642	6,621,163
Member Contributions	1,784,570	1,784,570	2,019,997
Total	<u>34,911,981</u>	<u>34,525,177</u>	<u>32,802,075</u>
Non-vested Accrued Benefits	<u>428,168</u>	<u>411,806</u>	<u>401,717</u>
Total Present Value			
Accrued Benefits (PVAB)	35,340,149	34,936,983	33,203,792
Funded Ratio (MVA / PVAB)	102.6%	103.8%	102.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	403,166	0	
Plan Experience	0	1,853,398	
Benefits Paid	0	(2,439,066)	
Interest	0	2,318,859	
Other	0	0	
Total	<u>403,166</u>	<u>1,733,191</u>	

## CONTRIBUTION REQUIREMENTS

	<u>New Assump</u>	<u>Old Assump</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 (with interest) % of Projected Annual Payroll <sup>1</sup>	11.46	11.22	10.95
Administrative Expenses (with interest) % of Projected Annual Payroll <sup>1</sup>	0.15	0.15	0.45
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2025, with interest) % of Projected Annual Payroll <sup>1</sup>	8.01	7.38	5.70
Minimum Required Contribution % of Projected Annual Payroll <sup>1</sup>	19.62	18.75	17.10
Expected Member Contributions % of Projected Annual Payroll <sup>1</sup>	5.00	5.00	5.00
Expected City Contribution % of Projected Annual Payroll <sup>1</sup>	14.62	13.75	12.10

### PAST CONTRIBUTIONS

Plan Years Ending:	9/30/2025
Total Required Contribution	1,330,992
City Requirement	929,849
Actual Contributions Made:	
Members (excluding buyback)	401,143
City	929,849
Total	1,330,992

<sup>1</sup> Contributions developed as of 10/1/2025 are expressed as a percentage of Projected Annual Payroll at 10/1/2025 of \$8,121,909.

## OTHER INFORMATION

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

Year	Projected Unfunded Actuarial Accrued Liability
2025	5,769,334
2026	5,502,492
2027	5,216,305
2030	4,227,124
2034	2,539,696
2037	879,082
2040	0

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

		Actual	Assumed
Year Ended	9/30/2025	10.00%	5.25%
Year Ended	9/30/2024	12.80%	4.87%
Year Ended	9/30/2023	14.81%	4.92%
Year Ended	9/30/2022	13.48%	4.58%
Year Ended	9/30/2021	3.45%	4.76%

### 5 YEAR COMPARISON OF INVESTMENT RETURN ON ACTUARIAL VALUE

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	10.30%	4.40%	7.25%
Year Ended	9/30/2024	20.50%	6.81%	7.25%
Year Ended	9/30/2023	10.28%	4.72%	7.25%
Year Ended	9/30/2022	-18.96%	3.15%	7.25%
Year Ended	9/30/2021	20.86%	10.78%	7.75%

### AVERAGE ANNUAL PAYROLL GROWTH

Valuation Date	Payroll
10/1/2025	\$8,121,909
10/1/2015	4,854,680
Total Increase	67.30%
Number of Years	10.00
Average Annual Rate	5.28%

**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.



Douglas H. Lozen, EA, MAAA  
Enrolled Actuary #23-7778

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

## UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2024	\$4,019,264
(2)	Sponsor Normal Cost developed as of October 1, 2024	450,556
(3)	Expected administrative expenses for the year ended September 30, 2025	34,751
(4)	Expected interest on (1), (2) and (3)	325,322
(5)	Sponsor contributions to the System during the year ended September 30, 2025	929,849
(6)	Expected interest on (5)	54,862
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	3,845,182
(8)	Change to UAAL due to Assumption Change	479,322
(9)	Change to UAAL due to Actuarial (Gain)/Loss	1,444,830
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	5,769,334

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Consolidation Base	10/1/2021	11	(340,933)	(42,922)
Actuarial Loss	10/1/2022	12	1,865,652	221,938
Actuarial Loss	10/1/2023	13	1,738,199	196,675
Actuarial Loss	10/1/2024	14	582,264	63,012
Actuarial Loss	10/1/2025	15	1,444,830	150,255
Assump Change	10/1/2025	15	479,322	49,847
			<u>5,769,334</u>	<u>638,805</u>

# DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

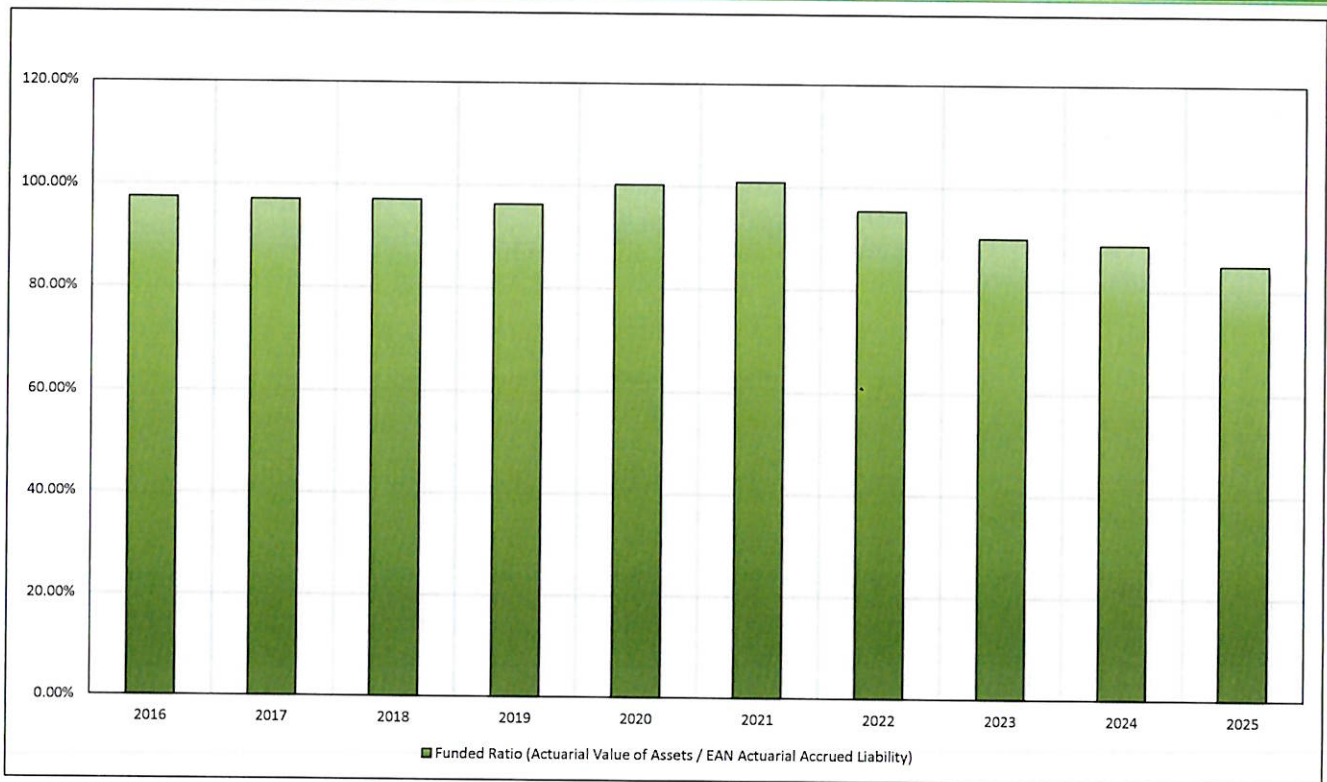
(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	\$4,019,264
(2) Expected UAAL as of October 1, 2025	3,845,182
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	923,457
Salary Increases	414,111
Active Decrements	104,615
Inactive Mortality	41,961
Other	<u>(39,314)</u>
Increase in UAAL due to (Gain)/Loss	1,444,830
Assumption Changes	<u>479,322</u>
(4) Actual UAAL as of October 1, 2025	\$5,769,334

## RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

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(1) Contribution Determined as of October 1, 2024	12.10%
(2) Summary of Contribution Impact by component:	
Change in State Contribution Percentage	0.00%
Change in Normal Cost Rate	0.27%
Change in Administrative Expense Percentage	-0.30%
Payroll Change Effect on UAAL Amortization	-0.20%
Investment Return (Actuarial Asset Basis)	1.20%
Salary Increases	0.54%
Active Decrements	0.14%
Inactive Mortality	0.05%
UAAL Amortization Impact from Contribution Policy	0.01%
Assumption Change	0.87%
Other	<u>-0.06%</u>
Total Change in Contribution	2.52%
(3) Contribution Determined as of October 1, 2025	14.62%

## HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2025

<u>ASSETS</u>	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	1,626,580.74	1,626,580.74
Total Cash and Equivalents	1,626,580.74	1,626,580.74
Total Receivable	0.00	0.00
Investments:		
U. S. Bonds and Bills	2,351,495.68	2,313,652.55
Federal Agency Guaranteed Securities	1,349,762.13	1,381,607.36
Corporate Bonds	2,310,364.55	2,311,432.49
Municipal Obligations	953,864.95	989,573.85
Equities	2,860,377.12	4,163,535.02
Mutual Funds:		
Fixed Income	5,125,015.45	6,829,643.14
Equity	11,920,342.51	16,224,519.63
Pooled/Common/Commingled Funds:		
Real Estate	954,146.16	737,466.32
Total Investments	27,825,368.55	34,951,430.36
Total Assets	29,451,949.29	36,578,011.10
 <u>LIABILITIES</u>		
Payables:		
Benefit Payments	4,917.68	4,917.68
Prepaid City Contribution	319,946.52	319,946.52
Total Liabilities	324,864.20	324,864.20
NET POSITION RESTRICTED FOR PENSIONS	29,127,085.09	36,253,146.90

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

ADDITIONS

Contributions:

Member	401,142.79	
City	929,848.99	
<b>Total Contributions</b>		<b>1,330,991.78</b>
Investment Income:		
Net Realized Gain (Loss)	571,765.88	
Unrealized Gain (Loss)	1,846,840.98	
Net Increase in Fair Value of Investments	2,418,606.86	
Interest & Dividends	1,187,019.36	
Less Investment Expense <sup>1</sup>	(104,967.59)	
<b>Net Investment Income</b>		<b>3,500,658.63</b>
<b>Total Additions</b>		<b>4,831,650.41</b>

DEDUCTIONS

Distributions to Members:

Benefit Payments	2,380,860.11	
Refunds of Member Contributions	58,206.12	
<b>Total Distributions</b>		<b>2,439,066.23</b>
Administrative Expense		0.00
<b>Total Deductions</b>		<b>2,439,066.23</b>
<b>Net Increase in Net Position</b>		<b>2,392,584.18</b>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>		
Beginning of the Year		33,860,562.72
End of the Year		36,253,146.90

<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION  
SEPTEMBER 30, 2025

Actuarial Assets for funding purposes are developed by increasing the Actuarial Assets used in the most recent actuarial valuation of the Fund by the average annual market value rate of return (net of investment related expenses) for the past four years. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return <sup>1</sup>	
09/30/2022	-18.96%	
09/30/2023	10.28%	
09/30/2024	20.50%	
09/30/2025	10.30%	
Annualized Rate of Return for prior four (4) years:		4.40%
(A) 10/01/2024 Actuarial Assets, including Prepaid Contributions:		\$32,933,875.24
(I) Net Investment Income:		
1. Interest and Dividends	1,187,019.36	
2. Realized Gain (Loss)	571,765.88	
3. Unrealized Gain (Loss)	1,846,840.98	
4. Change in Actuarial Value	(2,074,970.03)	
5. Investment Related Expenses	(104,967.59)	
Total		1,425,688.60
(B) 10/01/2025 Actuarial Assets, including Prepaid Contributions:		\$33,334,140.40
Actuarial Asset Rate of Return = 2I/(A+B-I), based on Unlimited Actuarial Assets:		4.40%
10/01/2025 Limited Actuarial Assets		\$33,014,193.88
10/01/2025 Market Value of Assets		\$36,253,146.90
Actuarial Asset Rate of Return, based on Limited Actuarial Assets:		4.40%
Actuarial Gain/(Loss) due to Investment Return (Limited Actuarial Asset Basis)		(\$923,457.39)

<sup>1</sup>Market Value Basis, net of investment related expenses.

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

REVENUES		
Contributions:		
Member	401,142.79	
City	929,848.99	
<b>Total Contributions</b>		<b>1,330,991.78</b>
Earnings from Investments:		
Interest & Dividends	1,187,019.36	
Net Realized Gain (Loss)	571,765.88	
Unrealized Gain (Loss)	1,846,840.98	
Change in Actuarial Value	(2,074,970.03)	
<b>Total Earnings and Investment Gains</b>		<b>1,530,656.19</b>
EXPENDITURES		
Distributions to Members:		
Benefit Payments	2,380,860.11	
Refunds of Member Contributions	58,206.12	
<b>Total Distributions</b>		<b>2,439,066.23</b>
Expenses:		
Investment related <sup>1</sup>	104,967.59	
Administrative	0.00	
<b>Total Expenses</b>		<b>104,967.59</b>
<b>Change in Net Assets for the Year</b>		<b>317,614.15</b>
<b>Net Assets Beginning of the Year</b>		<b>32,696,579.73</b>
<b>Net Assets End of the Year<sup>2</sup></b>		<b>33,014,193.88</b>

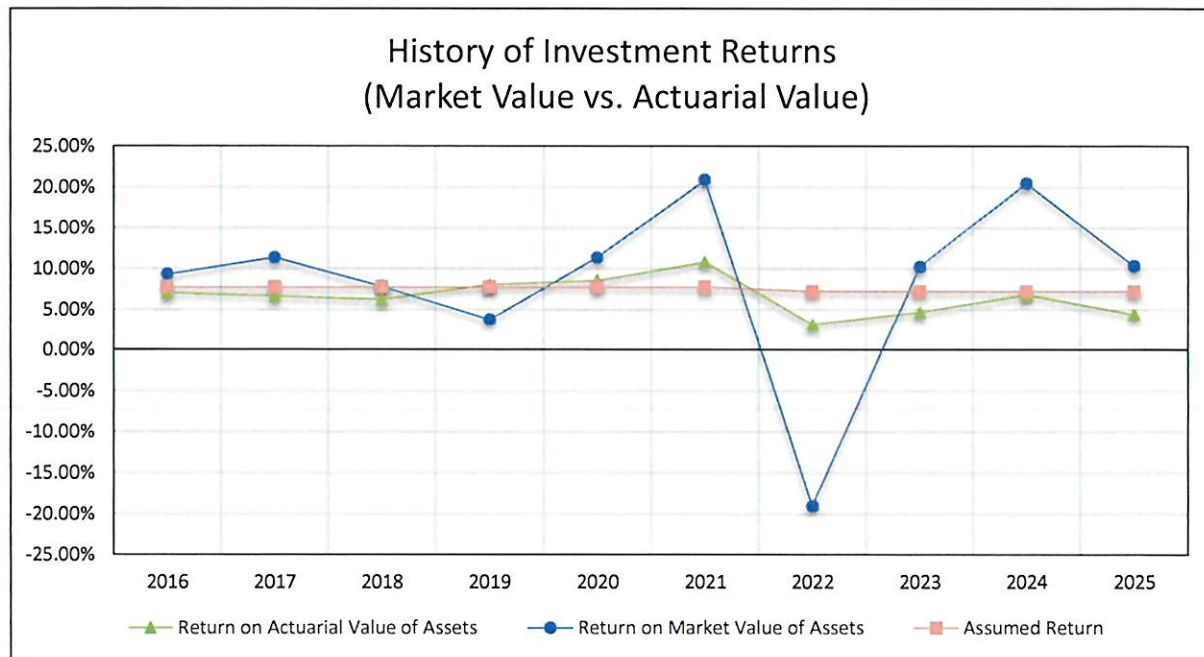
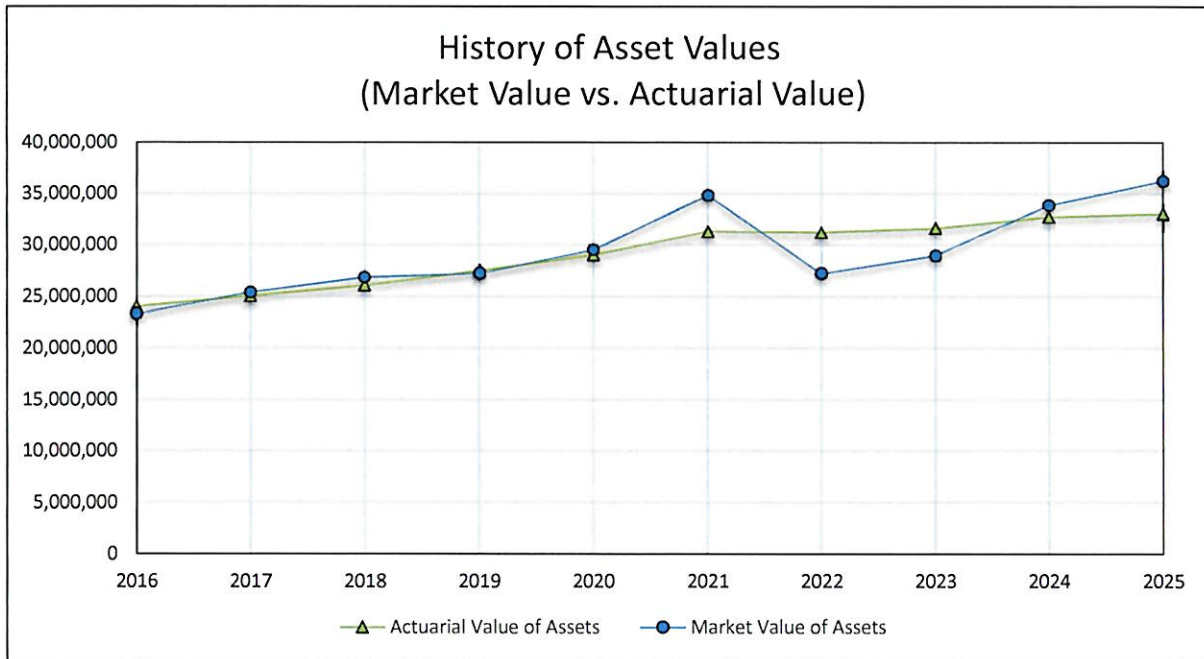
<sup>1</sup>Investment related expenses include investment advisory, custodial and performance monitoring fees.

<sup>2</sup>Net Assets may be limited for actuarial consideration.

**RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION**

Fiscal Year Ended	9/30/2025
(1) Total Required Contribution Rate	16.59%
(2) Pensionable Payroll Derived from Member Contributions	\$8,022,855.80
(3) Total Required Contribution (1) x (2)	1,330,991.78
(4) Less Actual Member Contributions	(401,142.79)
(5) Equals Required City Contribution for Fiscal 2025	929,848.99
(6) Less 2024 Prepaid Contribution	(237,295.51)
(7) Less Actual City Contributions	<u>(1,012,500.00)</u>
(8) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025	(\$319,946.52)

**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
<b>ACTIVES</b>				
Number	128	131	134	135
Average Current Age	45.3	46.8	47.5	47.4
Average Age at Employment	38.9	39.2	39.1	38.6
Average Past Service	6.4	7.6	8.4	8.8
Average Annual Salary	\$63,452	\$60,446	\$57,241	\$50,802
<b>SERVICE RETIREES</b>				
Number	121	111	104	98
Average Current Age	70.8	70.6	70.0	69.5
Average Annual Benefit	\$18,216	\$17,479	\$16,230	\$15,738
<b>BENEFICIARIES</b>				
Number	18	17	17	16
Average Current Age	68.8	67.3	66.3	66.3
Average Annual Benefit	\$16,408	\$16,030	\$16,030	\$16,271
<b>DISABILITY RETIREES</b>				
Number	1	1	1	1
Average Current Age	68.3	67.3	66.3	65.3
Average Annual Benefit	\$32,002	\$32,002	\$32,002	\$32,002
<b>TERMINATED VESTED</b>				
Number	82	70	45	34
Average Current Age <sup>1</sup>	48.4	47.9	47.7	49.1
Average Annual Benefit <sup>1</sup>	\$12,451	\$11,042	\$8,687	\$7,547

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

# AGE AND SERVICE DISTRIBUTION

## ACTIVE EMPLOYEES

AGE	PAST SERVICE											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+		
15 - 19													0
20 - 24	3	1											4
25 - 29	2	4	4	3		1							14
30 - 34	8	2	4	1		3	1						19
35 - 39		2	1	2	1	3	1						10
40 - 44	3				1	6	3						13
45 - 49	3		1	2	2	2	1						11
50 - 54	2	4	3	1	1	3	2	2					18
55 - 59	2	3	2	1	1	6	2	1	1				19
60 - 64	1	1				4	2	1	3			3	15
65+	1	2							1			1	5
Total	25	19	15	10	6	28	12	4	5	0	4		128

# PARTICIPANT RECONCILIATION

## 1. Active lives

a. Number in prior valuation 10/1/2024	131
b. Terminations	
i. Vested (partial or full) with deferred annuity	(8)
ii. Vested in refund of member contributions only	(8)
iii. Refund of member contributions or full lump sum distribution	(5)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(8)
f. Continuing participants	102
g. New entrants / Rehires	<u>26</u>
h. Total active life participants in valuation	128

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

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	111	17	1	31	39	199
Retired	11			(3)		8
Vested (Deferred Annuity)				8		8
Vested (Due Refund)					8	8
Hired/Terminated in Same Year					5	5
Death, With Survivor	(1)	1				0
Death, No Survivor						0
Disabled						0
Refund of Contributions					(6)	(6)
Rehires						0
Expired Annuities						0
Data Corrections						0
b. Number current valuation	121	18	1	36	46	222

# ACTUARIAL ASSUMPTIONS AND METHODS

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## Mortality Rate

### Healthy Active Lives:

*Female:* PubG.H-2010 for Employees

*Male:* PubG.H-2010 for Employees, set back 1 year

### Healthy Retiree Lives:

*Female:* PubG.H-2010 for Healthy Retirees

*Male:* PubG.H-2010 for Healthy Retirees, set back 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 4 years

*Male:* PubG.H-2010 for Disabled Retirees, set forward 4 years

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:* PubG.H-2010 for Employees.

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

### Healthy Retiree Lives:

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

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

PubG.H-2010 for Disabled Retirees, set forward three years.

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

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Interest Rate 7.25% 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.

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Salary Increases

Salary Scale	
Service	Rate
0	8.00%
1-4	6.50%
5-9	4.00%
10-19	3.25%
20+	3.00%

This assumption was adopted by the Board, based on results of the November 16, 2021 Experience Study.

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Payroll Growth None.

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Administrative Expenses \$34,751 annually, based on the average of actual expenses incurred in the prior two fiscal years.

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## Amortization Method

New UAAL amortization bases are amortized over 15 years; the amortization payment is subject to a minimum based on a 30-year amortization of the UAAL 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 – 1/4<sup>th</sup> of a year.

Salary – None.

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.

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Normal Retirement

A 25% probability for each year of Normal Retirement eligibility between ages 62-69, followed by a 100% probability for ages 70 and older.

This assumption was adopted by the Board, based on results of the November 16, 2021 Experience Study.

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Early Retirement

Commencing with the earliest Early Retirement Age (52), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

This assumption was reviewed and maintained by the Board, based on results of the November 16, 2021 Experience Study.

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Disability Rate

See sample rates below.

% Becoming Disabled During the Year	
Age	Rate
20	0.05%
25	0.05%
30	0.06%
35	0.07%
40	0.12%
45	0.22%
50	0.43%
55	0.89%
60	1.61%
65	2.80%

These rates are similar to those utilized by other municipal General Employee programs.

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Termination Rate

See rates below.

% Terminating During the Year	
Service	Rate
0	15.0%
1-4	12.0%
5-9	6.0%
10+	2.0%

This assumption was adopted by the Board, based on results of the November 16, 2021 Experience Study.

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Asset Valuation Method

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.

## PLAN PROVISIONS

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Most Recent Plan Amendment	Ordinance No. 1628
Effective Date of Amended Plan	November 22, 2018
Eligibility	Full-time employees (excluding sworn police officers, or certified firefighters).
Compensation	Base wages and overtime payments, excluding lump sum payments of accrued unused sick, vacation, paid time off or other leave.
Average Final Compensation	1/12 <sup>th</sup> of the average of the annual Compensation for the 5 years immediately preceding retirement or termination.
Credited Service	Total years and completed months of service as a General Employee with the City.
Normal Retirement	
Date	Age 62 and 5 years of Credited Service.
Benefit Amount	If employed on or after 11/18/99, 2.5% of Average Final Compensation times Credited Service. If employed before 11/18/99, 3.0% of Average Final Compensation times Credited Service.
Benefit Caps	If the Member had 25 or more years of Credited Service on 12/31/98, the maximum benefit payable is 90% of Average Final Compensation. Otherwise, the maximum benefit payable is 80% of Average Final Compensation.
Form of Benefit	Life Annuity (options available).

### Early Retirement

Eligibility	Age 52 and 5 years of Credited Service.
Benefit	Accrued benefit, reduced 2.5% for each year that Early Retirement precedes Normal Retirement.
Form of Benefit	Life Annuity (options available).

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### Disability Benefit

Eligibility	Total and permanent (as determined by the Board), Member must have at least 10 years of Credited Service to be eligible.
Benefit	Benefit accrued to date of disability, reduced as for Early Retirement from date of disability to Normal Retirement Date.

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### Death Benefit

Pre-Retirement	<b>Vested:</b> Accrued benefit paid to beneficiary for life at the Member's Normal Retirement Date (unreduced) or on a reduced basis at the otherwise Early Retirement Date.  <b>Not Vested:</b> Refund of accumulated Member Contributions.
Post-Retirement	According to optional form of benefit selected.

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### Vesting

Schedule	If employed on or before 11/18/99, 10% after 1 year, plus 10% per year thereafter to 100% after 5 years of Credited Service. If employed after 11/18/99, 100% vested upon the completion of 5 years of Credited Service.
Benefit	Member will receive the vested portion of his (her) accrued benefit at the otherwise Early (reduced) or Normal Retirement Date.

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Contributions

Members

5.0% of Salary.

City

Balance required to fund the Normal Cost and amortize the Unfunded Actuarial Accrued Liability over not more than 30 years.

# SUPPLEMENTARY INFORMATION

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## GLOSSARY

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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.

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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.

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

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

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

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

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

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

#### **IMPACT OF PLAN MATURITY ON RISK**

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 135.5% on October 1, 2015 to 72.7% on October 1, 2025, indicating that the plan has been maturing during the period.
- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 72.4%. 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 101.6% on October 1, 2015 to 85.1% 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, decreased from 0.0% on October 1, 2015 to -3.1% on October 1, 2025. The current Net Cash Flow Ratio of -3.1% 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 \$52,455,876. 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
<b>SUPPORT RATIO</b>				
Total Actives				
Total Inactives <sup>1</sup>	128	131	133	126
Actives / Inactives <sup>1</sup>	176 72.7%	160 81.9%	124 107.3%	93 135.5%
<b>ASSET VOLATILITY RATIO</b>				
Market Value of Assets (MVA)	36,253,147	33,860,563	29,519,722	21,544,252
Total Annual Payroll	8,121,909	7,918,376	6,182,662	5,244,550
MVA / Total Annual Payroll	446.4%	427.6%	477.5%	410.8%
<b>ACCRUED LIABILITY (AL) RATIO</b>				
Inactive Accrued Liability	28,062,718	24,160,915	16,792,859	11,483,177
Total Accrued Liability (EAN)	38,783,528	36,715,844	28,944,737	22,321,296
Inactive AL / Total AL	72.4%	65.8%	58.0%	51.4%
<b>FUNDED RATIO</b>				
Actuarial Value of Assets (AVA)	33,014,194	32,696,580	29,023,217	22,669,685
Total Accrued Liability (EAN)	38,783,528	36,715,844	28,944,737	22,321,296
AVA / Total Accrued Liability (EAN)	85.1%	89.1%	100.3%	101.6%
<b>NET CASH FLOW RATIO</b>				
Net Cash Flow <sup>2</sup>	(1,108,074)	(1,030,109)	(773,346)	(3,025)
Market Value of Assets (MVA)	36,253,147	33,860,563	29,519,722	21,544,252
Ratio	-3.1%	-3.0%	-2.6%	0.0%

<sup>1</sup> Excludes terminated participants awaiting a refund of member contributions.

<sup>2</sup> Determined as total contributions minus benefit payments and administrative expenses.