

CITY OF OVIEDO
FIREFIGHTERS' PENSION TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2024

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2026



February 2, 2025

Board of Trustees
City of Oviedo
Firefighters' Pension Board

Re: City of Oviedo Firefighters' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Oviedo Firefighters' Pension Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 and 175, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

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. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Oviedo, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. 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.

Additionally, 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 that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation 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.

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 valuations of the program has any direct financial interest or indirect material interest in the City of Oviedo, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Firefighters' Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By:



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

By:



Tyler A. Koftan, EA, MAAA
Enrolled Actuary #23-8685

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Oviedo Firefighters' Pension Trust Fund, performed as of October 1, 2024, 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, 2026.

The contribution requirements, compared with those set forth in the October 23, 2024 actuarial impact statement, are as follows:

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2026</u>	<u>9/30/2025</u>
Minimum Required Contribution % of Projected Annual Payroll	39.3%	37.6%
Member Contributions (Est.) % of Projected Annual Payroll	6.0%	6.0%
City And State Required Contribution % of Projected Annual Payroll	33.3%	31.6%
State Contribution (Est.) ¹ % of Projected Annual Payroll (Est.)	\$273,286 6.6%	\$273,286 6.6%
City Required Contribution (Est.) ² % of Projected Annual Payroll (Est.)	26.7%	25.0%

¹ Represents the amount received in calendar 2024, with an adjustment for the fact that two supplemental distributions were received. As per a Mutual Consent Agreement between the Membership and the City, the City may use annual State Monies up to the amount received in fiscal 2013 (\$273,286.09). Annual monies received in excess of this amount will be equally shared between the Share Plan and UAAL Credit.

² The required contribution from the combination of City and State sources for the year ending September 30, 2026, is 33.3% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 26.7% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that a shortfall contribution of \$51,309.56 is due in addition to the above stated requirements for the fiscal year ending September 30, 2025.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 23, 2024 actuarial impact statement. The increase is attributable to a Board-approved change of actuarial assumptions. The increase was offset in part by favorable experience described below.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included favorable salary increase experience and an investment return of 7.87% (Actuarial Asset Basis) which exceeded the 7.05% assumption. There were no significant sources of actuarial loss.

CHANGES SINCE PRIOR VALUATION

Plan Changes

Since the previous valuation, the plan was amended by Ordinance 1753 to provide for the following changes. The impact of these changes was set forth in the October 23, 2024 Actuarial Impact Statement.

- A Normal Retirement Date based on the completion of 25 years of Credited Service, regardless of age. There is no change to the existing eligibility for Normal Retirement based on the attainment of age 55 with the completion of 10 years of Credited Service.
- Effective October 1, 2024, a decrease in the Member Contribution Rate from 7.0% to 6.0%.

Actuarial Assumption/Method Changes

As a result of an Experience Study dated October 31, 2024, the Board of Trustees has implemented the following changes to the assumptions and methods in conjunction with this valuation report (see Assumptions and Methods section of this report for full details):

- Investment Return – The investment return assumption is lowered from 7.05% to 7.00%.
- Salary Increases – The assumed rates are a select and ultimate salary assumption, based on actual increases over the last ten years, in addition to increases resulting from recent Union negotiations with the City.
- Retirement Rates – The assumed early and normal retirement rates are adjusted.
- Withdrawal Rates – The assumed rates of withdrawal are adjusted, resulting in more withdrawals than previously assumed.
- Disability Rates – The expected disability rates are doubled the previously assumed rates.

The impact of these changes on the funding requirements can be seen in the Comparative Summary of Principal Valuation Results section that follows.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump <u>10/1/2024</u>	Old Assump <u>10/1/2024</u>	<u>10/1/2023</u>
A. Participant Data			
Actives	50	50	51
Service Retirees	13	13	11
DROP Retirees	2	2	2
Beneficiaries	2	2	2
Disability Retirees	2	2	2
Terminated Vested	<u>13</u>	<u>13</u>	<u>15</u>
Total	82	82	83
Projected Annual Payroll	4,168,997	3,862,669	3,984,339
Annual Rate of Payments to:			
Service Retirees	704,498	704,498	628,109
DROP Retirees	119,938	119,938	119,938
Beneficiaries	81,065	81,065	81,065
Disability Retirees	32,718	32,718	32,718
Terminated Vested	205,305	205,305	236,378
B. Assets			
Actuarial Value (AVA) ¹	22,787,677	22,787,677	20,612,598
Market Value (MVA) ¹	24,018,902	24,018,902	19,234,485
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	22,592,113	21,572,714	21,267,005
Disability Benefits	405,973	191,103	200,523
Death Benefits	81,626	74,364	78,391
Vested Benefits	1,543,908	535,826	567,198
Refund of Contributions	92,582	59,684	65,504
Service Retirees	8,279,749	8,242,404	7,370,209
DROP Retirees ¹	1,721,019	1,714,685	1,564,676
Beneficiaries	1,021,642	1,016,480	1,022,555
Disability Retirees	382,851	380,997	384,277
Terminated Vested	1,446,922	1,435,148	1,738,777
Share Plan Balances ¹	<u>212,202</u>	<u>212,202</u>	<u>101,807</u>
Total	37,780,587	35,435,607	34,360,922

	New Assump <u>10/1/2024</u>	Old Assump <u>10/1/2024</u>	<u>10/1/2023</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	37,400,013	34,452,538	36,490,876
Present Value of Future Member Contributions	2,244,001	2,067,152	2,189,453
Total Normal Cost	886,615	781,094	878,125
Present Value of Future Normal Costs (EAN)	7,843,221	6,856,267	7,261,715
Accrued Liability (Retirement)	15,821,239	15,203,191	14,530,231
Accrued Liability (Disability)	158,340	72,970	74,692
Accrued Liability (Death)	46,855	42,419	43,687
Accrued Liability (Vesting)	826,772	253,703	261,436
Accrued Liability (Refunds)	19,775	5,139	6,860
Accrued Liability (Inactives) ¹	12,852,183	12,789,714	12,080,494
Share Plan Balances ¹	212,202	212,202	101,807
Total Actuarial Accrued Liability (EAN AL)	29,937,366	28,579,338	27,099,207
Total Actuarial Accrued Liability (FIL)	29,826,780	28,468,752	26,318,551
Unfunded Actuarial Accrued Liability (UAAL)	7,039,103	5,681,075	5,705,953
Funded Ratio (AVA / EAN AL)	76.1%	79.7%	76.1%
Funded Ratio (AVA / FIL AL)	76.4%	80.0%	78.3%

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2024</u>	Old Assump <u>10/1/2024</u>	<u>10/1/2023</u>
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	13,064,385	13,001,916	12,182,301
Actives	7,073,125	6,972,320	6,148,232
Member Contributions	<u>2,421,385</u>	<u>2,421,385</u>	<u>2,281,939</u>
Total	<u>22,558,895</u>	<u>22,395,621</u>	<u>20,612,472</u>
Non-vested Accrued Benefits	<u>1,733,096</u>	<u>2,147,982</u>	<u>1,832,998</u>
Total Present Value			
Accrued Benefits (PVAB)	24,291,991	24,543,603	22,445,470
Funded Ratio (MVA / PVAB)	98.9%	97.9%	85.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	0
Assumption Changes	(251,612)	0	0
Plan Experience	0	1,418,751	1,418,751
Benefits Paid	0	(872,276)	(872,276)
Interest	0	1,551,658	1,551,658
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>(251,612)</u>	<u>2,098,133</u>	<u>2,098,133</u>

	New Assump	Old Assump	
Valuation Date	10/1/2024	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2026</u>	<u>9/30/2026</u>	<u>9/30/2025</u>

E. Pension Cost

Normal Cost (with interest)			
% of Projected Annual Payroll ²	22.0	20.9	22.8
Administrative Expenses (with interest)			
% of Projected Annual Payroll ²	1.8	2.0	1.9
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 29 years (as of 10/1/2024, with interest)			
% of Projected Annual Payroll ²	15.5	13.5	12.9
Minimum Required Contribution			
% of Projected Annual Payroll ²	39.3	36.4	37.6
Expected Member Contributions			
% of Projected Annual Payroll ²	6.0	6.0	6.0
Expected City and State Contribution			
% of Projected Annual Payroll ²	33.3	30.4	31.6

F. Past Contributions

Plan Years Ending: 9/30/2024

Total Required Contribution 1,311,781
City and State Requirement 1,025,723

Actual Contributions Made:

Members (excluding buyback)	286,058
City	752,437
State	<u>361,134</u>
Total	1,399,629

G. Net Actuarial (Gain)/Loss N/A

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2024 and 9/30/2023.

² Contributions developed as of 10/1/2024 are expressed as a percentage of Projected Annual Payroll at 10/1/2024 of \$4,168,997 after assumption changes and of \$3,862,669 before assumption changes.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2024	7,039,103
2025	6,865,667
2026	6,680,090
2033	4,961,679
2040	2,108,125
2046	693,434
2053	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		<u>Actual</u>	<u>Assumed</u>
Year Ended	9/30/2024	7.42%	4.41%
Year Ended	9/30/2023	7.00%	4.23%
Year Ended	9/30/2022	5.57%	4.03%
Year Ended	9/30/2021	6.71%	4.44%
Year Ended	9/30/2020	7.16%	4.91%

(ii) 5 Year Comparison of Investment Return on Market Value and Actuarial Value

		<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended	9/30/2024	21.97%	7.87%	7.05%
Year Ended	9/30/2023	11.15%	4.35%	7.10%
Year Ended	9/30/2022	-17.67%	3.80%	7.10%
Year Ended	9/30/2021	23.06%	10.57%	7.40%
Year Ended	9/30/2020	9.68%	7.65%	7.40%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2024	\$4,168,997
	10/1/2014	3,029,446
(b) Total Increase		37.62%
(c) Number of Years		10.00
(d) Average Annual Rate		3.24%

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

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

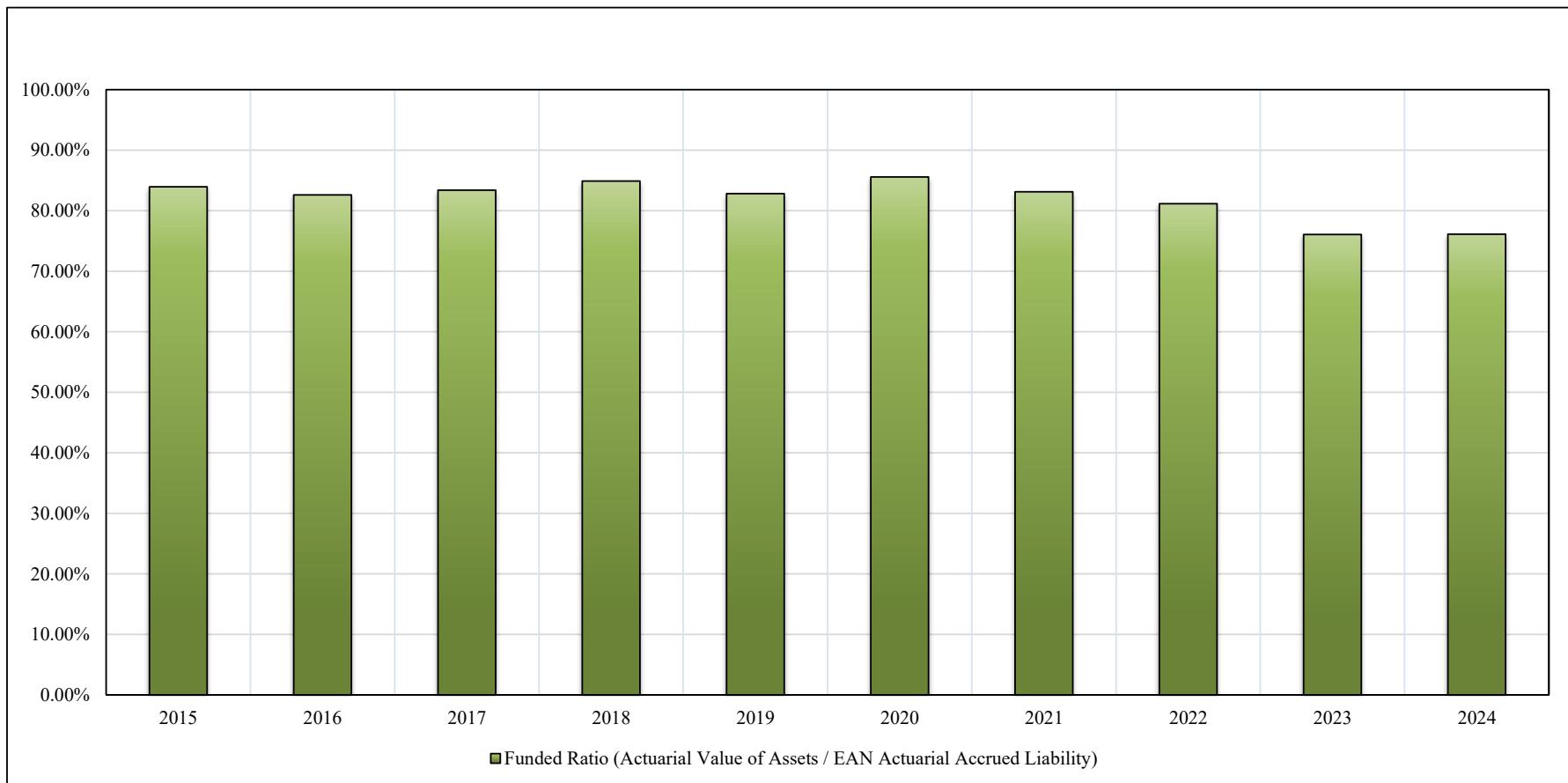
RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2023	\$5,705,953
(2)	Sponsor Normal Cost developed as of October 1, 2023	599,221
(3)	Expected administrative expenses for the year ended September 30, 2024	71,821
(4)	Expected interest on (1), (2) and (3)	447,046
(5)	Sponsor contributions to the System during the year ended September 30, 2024 ¹	1,113,571
(6)	Expected interest on (5)	29,395
(7)	Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6)	5,681,075
(8)	Change to UAAL due to Assumption Change	1,358,028
(9)	Unfunded Actuarial Accrued Liability as of October 1, 2024	7,039,103

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2024 <u>Amount</u>	Amortization <u>Amount</u>
Initial Liability	4/1/2002	17	1,691,596	161,927
Amendment	10/1/2005	11	313,311	39,049
Amendment	10/1/2006	12	372,473	43,827
Amendment	10/1/2008	14	536,100	57,290
Assumption	10/1/2010	16	159,758	15,805
Assumption	10/1/2014	20	880,311	77,659
Assumption	10/1/2015	11	(779,741)	(97,181)
Method	10/1/2015	11	(309,180)	(38,534)
Assumption	10/1/2016	12	250,555	29,482
Amendment	10/1/2018	24	(3,010)	(245)
Assumption	10/1/2019	15	232,255	23,832
Assumption	10/1/2020	16	(270,678)	(26,779)
Assumption	10/1/2021	17	768,804	73,593
Amendment	10/1/2021	27	433,575	33,805
Amendment	10/1/2023	29	1,243,043	94,621
Assumption	10/1/2023	19	161,903	14,640
Assump Change	10/1/2024	20	1,358,028	119,802
			7,039,103	622,593

¹ Includes portion of State Monies received in excess of \$273,286.09.

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

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 are projected generationally with Mortality Improvement Scale MP-2018. 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, 2023 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

7.00% (prior year 7.05%) 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 following increases will be used for fiscal years 2025, 2026, and 2027 based on a flat rate of 13.0%, 5.0%, and 5.0% respectively. Thereafter, the rates will be based on the table below.

Salary Scale		
Service	Previous	
	Rate	Rate
0	6.50%	10.00%
1-4	6.50%	5.50%
5-14	5.00%	5.00%
15	5.50%	5.00%
16-19	5.50%	3.00%
20+	4.00%	3.00%

The assumed rates were approved in conjunction with an actuarial experience study dated October 31, 2024.

Payroll Growth

None 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

\$74,068 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over the following amortization periods:

Assumption/Method Changes: 20 Years.
Benefit Changes: 30 Years.

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

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

Funding Method

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

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

Salary - None.

Normal Retirement

Members are assumed to retire with 20% probability at age 55 with 100% probability thereafter, and 0% probability at 25 years of service with 75% probability thereafter. This assumption was approved in conjunction with an actuarial experience study dated October 31, 2024.

Previously, 50% probability in the first two years of eligibility and are assumed to retire with 100% probability thereafter.

Early Retirement

Commencing with the earliest Early Retirement Age (age 50 with 10 years of Credited Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 7.5% (previously 5.0%) per year. This assumption was approved in conjunction with an actuarial experience study dated October 31, 2024.

Disability Rate

Age-based; sample rates below. It is assumed that 90% of disablements are service related. This assumption was approved in conjunction with an actuarial experience study dated October 31, 2024.

% Becoming Disabled During the Year		
Age	Rate	Rate
25	0.06%	0.03%
35	0.10%	0.05%
45	0.20%	0.10%
65	4.44%	2.22%

Termination Rates

% Terminating During the Year		
Service	Rate	Previous Rate
0	15.0%	20.0%
1-5	4.0%	4.0%
6-9	4.0%	2.0%
10-19	2.0%	2.0%
20+	2.0%	0.0%

The assumed rates were approved in conjunction with an actuarial experience study dated October 31, 2024.

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 four-year period.

Low-Default-Risk Obligation Measure

Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.06% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2024. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

GLOSSARY

Actuarial Value of Assets is 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.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Normal (Current Year's) Cost Rate is determined in the aggregate as the ratio of (a) and (b) as follows:

- (a) The present value of benefits for all Plan participants, less the actuarial value of assets, less the Unfunded Actuarial Accrued Liability (UAAL).
- (b) The present value of future compensation over the anticipated number of years of participation, determined as of the valuation date.

The Normal Cost dollar requirement is the ratio of (a) and (b), multiplied by the Total Annual Payroll as of the valuation date

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current plan participants.

Total Annual Payroll is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members.

Frozen Initial Liability Funding Method (Level Percent of Compensation) is the method used to determine required contributions under the Plan. The use of this method involves the systematic funding of the Normal Cost (described above) and the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is reconciled each valuation with charges and credits as follows:

- (a) Charges: the Normal Cost for the prior year, in addition to interest (at the prior year valuation assumption) on the Normal Cost and prior year's UAAL balance.
- (b) Credits: Sponsor contributions with interest at the prior year valuation assumption.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over no more than 30 years. The required amount is adjusted for interest according to the timing of contributions during the year.

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 decreased from 728.6% on October 1, 2014 to 192.3% on October 1, 2024, 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 42.9%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in lower volatility in contribution requirements when compared to a more 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 stayed approximately the same from October 1, 2014 to October 1, 2024.
- 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 5.4% on October 1, 2014 to 2.2% on October 1, 2024. The current Net Cash Flow Ratio of 2.2% indicates that contributions are generally in excess of 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 10 in terms of member data, plan provisions, and assumptions/methods, under 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 4.06%, resulting in an LDROM of \$44,298,372. 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.

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

	<u>10/1/2024</u>	<u>10/1/2023</u>	<u>10/1/2019</u>	<u>10/1/2014</u>
<u>Support Ratio</u>				
Total Actives	50	51	50	51
Total Inactives ¹	26	25	17	7
Actives / Inactives ¹	192.3%	204.0%	294.1%	728.6%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	24,018,902	19,234,485	15,212,801	10,257,373
Total Annual Payroll	4,296,953	4,107,617	3,164,278	3,029,446
MVA / Total Annual Payroll	559.0%	468.3%	480.8%	338.6%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	12,852,183	12,080,494	8,546,971	2,812,858
Total Accrued Liability (EAN)	29,937,366	27,099,207	18,863,028	13,414,297
Inactive AL / Total AL	42.9%	44.6%	45.3%	21.0%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	22,787,677	20,612,598	15,622,872	10,257,373
Total Accrued Liability (EAN)	29,937,366	27,099,207	18,863,028	13,414,297
AVA / Total Accrued Liability (EAN)	76.1%	76.1%	82.8%	76.5%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	534,810	396,258	(70,566)	558,245
Market Value of Assets (MVA)	24,018,902	19,234,485	15,212,801	10,257,373
Ratio	2.2%	2.1%	-0.5%	5.4%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

<u>Received During Fiscal Year</u>	<u>Amount</u>	<u>Increase from Previous Year</u>
2003	106,867.02	N/A
2004	98,319.59	-8.0%
2005	131,124.94	33.4%
2006	150,235.20	14.6%
2007	147,560.86	-1.8%
2008	209,595.71	42.0%
2009	245,233.78	17.0%
2010	204,825.95	-16.5%
2011	264,069.77	28.9%
2012	273,592.19	3.6%
2013	273,286.09	-0.1%
2014	280,765.05	2.7%
2015	281,878.94	0.4%
2016	257,616.09	-8.6%
2017	234,633.10	-8.9%
2018	257,160.00	9.6%
2019	261,738.13	1.8%
2020	281,270.15	7.5%
2021	305,224.75	8.5%
2022	335,040.96	9.8%
2023	373,286.49	11.4%
2024	448,982.11	20.3%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

<u>ASSETS</u>	COST	VALUE	MARKET VALUE
Cash and Cash Equivalents:			
Short Term Investments	1,429,936.14		1,429,936.14
Total Cash and Equivalents	1,429,936.14		1,429,936.14
Receivables:			
Additional City Contributions	51,309.56		51,309.56
Total Receivable	51,309.56		51,309.56
Investments:			
Mutual Funds:			
Fixed Income	4,604,260.33		4,604,471.89
Equity	11,977,569.09		16,438,116.06
Pooled/Common/Commingled Funds:			
Real Estate	1,498,793.89		1,530,361.86
Total Investments	18,080,623.31		22,572,949.81
Total Assets	19,561,869.01		24,054,195.51
<u>LIABILITIES</u>			
Payables:			
Refunds of Member Contributions	23,226.30		23,226.30
Investment Expenses	7,921.37		7,921.37
Administrative Expenses	4,145.95		4,145.95
Total Liabilities	35,293.62		35,293.62
NET POSITION RESTRICTED FOR PENSIONS	19,526,575.39		24,018,901.89

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024
Market Value Basis

ADDITIONS

Contributions:

Member	286,058.24
City	752,437.03
State	448,982.11

Total Contributions 1,487,477.38

Investment Income:

Net Realized Gain (Loss)	(59,509.74)
Unrealized Gain (Loss)	3,736,199.69
Net Increase in Fair Value of Investments	3,676,689.95
Interest & Dividends	604,433.18
Less Investment Expense ¹	(31,516.65)

Net Investment Income 4,249,606.48

Total Additions 5,737,083.86

DEDUCTIONS

Distributions to Members:

Benefit Payments	810,783.10
Lump Sum DROP Distributions	0.00
Lump Sum Share Distributions	0.00
Refunds of Member Contributions	61,493.30

Total Distributions 872,276.40

Administrative Expense 80,390.75

Total Deductions 952,667.15

Net Increase in Net Position 4,784,416.71

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 19,234,485.18

End of the Year 24,018,901.89

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

ACTUARIAL ASSET VALUATION
September 30, 2024

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

Plan Year Ending	Gain/Loss	<u>Gains/(Losses) Not Yet Recognized</u>			
		2024	2025	2026	2027
09/30/2021	2,574,934	0	0	0	0
09/30/2022	(5,061,178)	(1,265,293)	0	0	0
09/30/2023	678,324	339,162	169,581	0	0
09/30/2024	2,876,475	2,157,356	1,438,237	719,118	0
Total		1,231,225	1,607,818	719,118	0
<u>Development of Investment Gain/(Loss)</u>					
Market Value of Assets, including Prepaid Contributions, 09/30/2023				19,236,073	
Contributions Less Benefit Payments & Admin Expenses				481,913	
Expected Investment Earnings*				1,373,131	
Actual Net Investment Earnings				4,249,606	
2024 Actuarial Investment Gain/(Loss)				2,876,475	
<u>Development of Actuarial Value of Assets</u>					
(1) Market Value of Assets, 09/30/2024				24,018,902	
(2) Gains/(Losses) Not Yet Recognized				1,231,225	
(3) Actuarial Value of Assets, 09/30/2024, (1) - (2)				22,787,677	
(4) Limited Actuarial Value of Assets, 09/30/2024				22,787,677	
(A) 09/30/2023 Actuarial Assets, including Prepaid Contributions:				20,614,186	
(I) Net Investment Income:					
1. Interest and Dividends				604,433	
2. Realized Gain (Loss)				(59,510)	
3. Unrealized Gain (Loss)				3,736,200	
4. Change in Actuarial Value				(2,609,338)	
5. Investment Expenses				(31,517)	
Total				1,640,268	
(B) 09/30/2024 Actuarial Assets, excluding Shortfall Contribution:				22,736,367	
Actuarial Asset Rate of Return = $2I/(A+B-I)$:				7.87%	
Market Value of Assets Rate of Return:				21.97%	
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)				169,981	

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2024
Actuarial Asset Basis

REVENUES

Contributions:	
Member	286,058.24
City	752,437.03
State	448,982.11
 Total Contributions	 1,487,477.38
 Earnings from Investments:	
Interest & Dividends	604,433.18
Net Realized Gain (Loss)	(59,509.74)
Unrealized Gain (Loss)	3,736,199.69
Change in Actuarial Value	(2,609,338.00)
 Total Earnings and Investment Gains	 1,671,785.13

EXPENDITURES

Distributions to Members:	
Benefit Payments	810,783.10
Lump Sum DROP Distributions	0.00
Lump Sum Share Distributions	0.00
Refunds of Member Contributions	61,493.30
 Total Distributions	 872,276.40
 Expenses:	
Investment related ¹	31,516.65
Administrative	80,390.75
 Total Expenses	 111,907.40
 Change in Net Assets for the Year	 2,175,078.71
 Net Assets Beginning of the Year	 20,612,598.18
 Net Assets End of the Year ²	 22,787,676.89

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

²Net Assets may be limited for actuarial consideration.

DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2023 to September 30, 2024

Beginning of the Year Balance	157,877.35
Plus Additions	119,937.60
Investment Return Earned	46,710.25
Less Distributions	0.00
End of the Year Balance	324,525.20

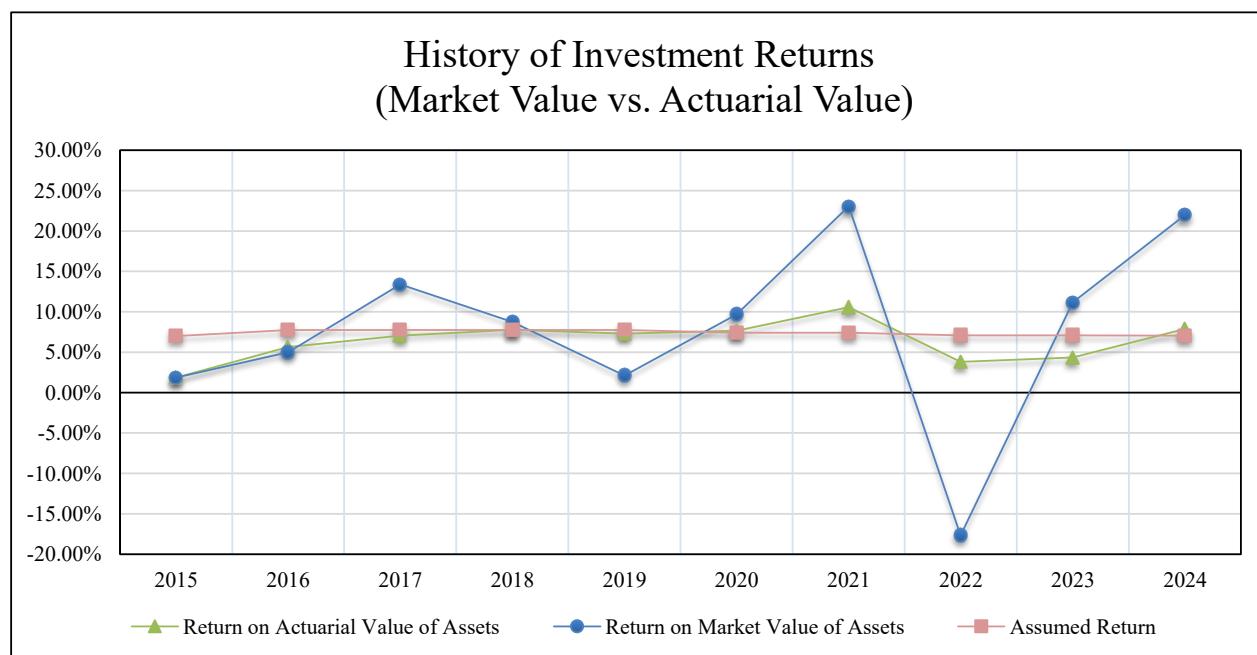
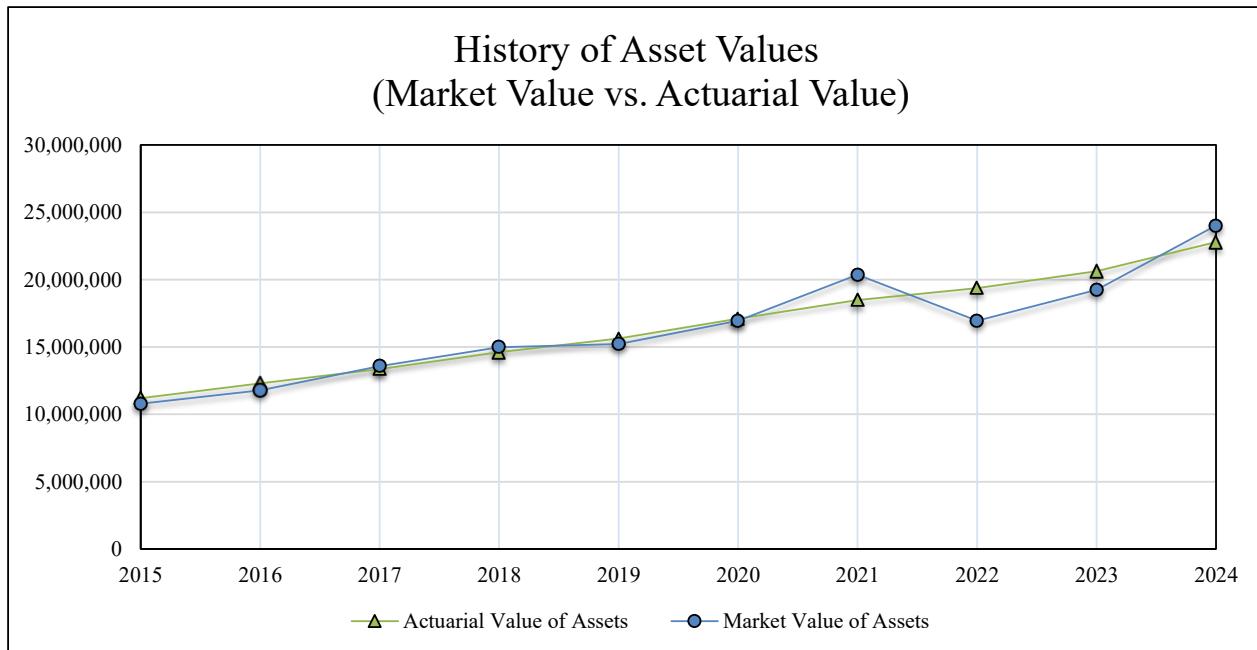
SUPPLEMENTAL CHAPTER 175 SHARE PLAN ACTIVITY
October 1, 2023 through September 30, 2024

9/30/2023 Balance	101,806.77
Prior Year Adjustment	158.16
Plus Additions	87,848.01
Investment Return Earned (Est.)	22,402.00
Administrative Fees (Est.)	(13.25)
Less Distributions	<u>0.00</u>
9/30/2024 Balance (Est.)	212,201.69

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2024

(1) Total Required Contribution Rate	32.1%
(2) Pensionable Payroll Derived from Member Contributions	\$4,086,546.29
(3) Total Required Contribution (1) x (2)	1,311,781.36
(4) Less Actual Member Contributions	(286,058.24)
(5) Less Allowable State Contribution	<u>(273,286.09)</u>
(6) Equals Required City Contribution for Fiscal 2024	752,437.03
(7) Less 2023 Prepaid Contribution	(1,587.67)
(8) Less Actual City Contributions	<u>(699,539.80)</u>
(9) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2024	\$51,309.56

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2024</u>	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>
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Actives

Number	50	51	49	50
Average Current Age	36.6	36.4	37.5	37.0
Average Age at Employment	24.2	24.6	25.0	25.0
Average Past Service	12.4	11.8	12.5	12.0
Average Annual Salary	\$85,939	\$80,542	\$72,489	\$68,401

Service Retirees

Number	13	11	11	11
Average Current Age	63.3	63.7	62.7	61.7
Average Annual Benefit	\$54,192	\$57,101	\$57,101	\$57,101

DROP Retirees

Number	2	2	1	0
Average Current Age	60.9	59.9	57.9	N/A
Average Annual Benefit	\$59,969	\$59,969	\$85,405	N/A

Beneficiaries

Number	2	2	2	1
Average Current Age	55.3	54.3	53.3	54.5
Average Annual Benefit	\$40,533	\$40,533	\$40,533	\$22,877

Disability Retirees

Number	2	2	2	3
Average Current Age	55.8	54.8	53.8	51.6
Average Annual Benefit	\$16,359	\$16,359	\$16,359	\$30,302

Terminated Vested

Number	13	15	13	10
Average Current Age ¹	46.0	46.1	44.7	43.7
Average Annual Benefit ¹	\$29,329	\$29,547	\$27,057	\$27,057

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	3	3	1	1								8
25 - 29		1				4						5
30 - 34				1	5	4						10
35 - 39		1				3	2					6
40 - 44					2	4	3					9
45 - 49							6					6
50 - 54			1					1				2
55 - 59						1	2	1				4
60 - 64												0
65+												0
Total	3	5	1	2	1	9	9	7	12	1	0	50

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2023	51
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	(3)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(1)
f. DROP	0
g. Continuing participants	47
h. New entrants / Rehires	3
i. Total active life participants in valuation	<u>50</u>

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving DROP <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	11	2	2	2	8	7	32
Retired		2			(1)		1
DROP							0
Vested (Deferred Annuity)							0
Vested (Due Refund)							0
Hired/Terminated in Same Year							0
Death, With Survivor							0
Death, No Survivor							0
Disabled							0
Refund of Contributions					(1)	(1)	
Rehires						0	
Expired Annuities							0
Data Corrections							0
b. Number current valuation	13	2	2	2	7	6	32

SUMMARY OF CURRENT PLAN
(Through Ordinance 1753)

<u>Eligibility</u>	Employees who are classified as full-time or Volunteer Firefighters shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Firefighter.
<u>Salary</u>	Fixed compensation for services rendered to the City as a Firefighter, plus all tax deferred, tax sheltered, or tax exempt items of income. Effective October 1, 2023, Salary shall include up to 300 hours of overtime per calendar year earned after October 1, 2023.
<u>Average Final Compensation</u>	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination (determined separately for full-time and volunteer service).
<u>Member Contributions</u>	6.0% of Salary.
<u>City and State Contributions</u>	Remaining amount necessary to pay current costs and amortize past service cost, if any, as provided in Part VII of Chapter 112, Florida Statutes.
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service, or 25 years of Credited Service (regardless of age).
Benefit	3.0% of Average Final Compensation for each year of Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available)
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability

Eligibility	
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	10 years of Credited Service.
Exclusions	Disability resulting from use of drugs, illegal participation in riots, service in military, etc.
Benefit	Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred) or 25% of Average Final Compensation (Not Service Incurred).
Duration	Payable for life (with a 10 year guarantee) or until recovery (as determined by the Board; optional forms available).

Death Benefits

Pre-Retirement	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years at the otherwise Normal or Early Retirement Date.
Non-Vested	Refund of accumulated contributions without interest
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	At the Member's election, either 1.) net investment return credited each quarter (not less than 0%, nor greater than 10%), or 2.) a fixed annual effective rate of 3.0%, compounded and credited monthly. The Member has the option of changing the investment crediting option once during the period of DROP participation.
Distribution	Cash lump sum (options available) at termination of employment.
Supplemental Benefit: <u>Chapter 175 Share Accounts</u>	Effective September 30, 2016, excess Premium tax monies received pursuant to Chapter 175, Florida Statutes will be allocated to individual Member (including DROP participants) share accounts based on years of Credited Service.
Excess Monies	To assist with Plan funding, the City may use the amount of Premium Tax Monies received in fiscal 2013 (\$273,286.09) plus 50% of annual monies received in excess of this amount (to reduce the UAAL, otherwise the City's required contribution if no UAAL). The remaining 50% excess is allocated to the Share Plan, beginning with the fiscal year ending September 30, 2016.
Investment Earnings	Plan earnings, net of investment-related expenses.
Expenses	Based on expenses related to administration of the Share Plan, debited against individual accounts on a pro-rata basis.
<u>Board of Trustees</u>	<ul style="list-style-type: none">a. Two Commission appointees,b. Two Members of the Department elected by the Membership, andc. Fifth Member elected by other 4 and appointed by Commission.