Town of Medley
Defined Benefit Plan

Actuarial Valuation

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

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

March 9, 2026

Board of Trustees
Town of Medley
General Employees' Pension Board

Re: Town of Medley Defined Benefit Plan Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the Town of Medley Defined Benefit Plan 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 Town of Medley. 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 Town of Medley, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Defined Benefit Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,

Foster & Foster, Inc.

Sara Carlson

Sara E. Carlson, ASA, EA, MAAA

Tyler Koftan

Tyler A. Koftan, EA, MAAA

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SUMMARY

The regular annual actuarial valuation of the Town of Medley Defined Benefit Plan, 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	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2026
Minimum Required Contribution	$1,257,485	$1,335,242

As you can see, the Minimum Required Contribution shows a decrease when compared to the results set forth in the October 1, 2024 actuarial valuation report. The decrease is attributable to favorable experience described below as well as a statutorily mandated change of actuarial assumptions.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included an investment return of 9.82% (Actuarial Asset Basis) which exceeded the 6.50% assumption and favorable turnover experience. These gains were offset in part by losses associated with unfavorable retirement experience and an average salary increase of 7.97% which exceeded the 5.81% assumption. Additionally, prior service was reported for one member which increased liabilities.

CHANGES SINCE PRIOR VALUATION

PLAN CHANGES

Since the previous valuation, the plan was amended by Resolution C-2213 to include new provisions related to composition of the Board of Trustees, including staggered terms. This had no impact on the plan's funding requirements as set forth in the November 15, 2024 Letter of No Impact.

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	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
PARTICIPANT DATA			
Actives	81	81	92
Service Retirees	52	52	48
DROP Retirees	4	4	4
Beneficiaries	8	8	5
Disability Retirees	2	2	2
Terminated Vested	18	18	16
Total	165	165	167
Projected Annual Payroll	3,753,320	3,753,320	3,668,396
Annual Rate of Payments to:			
Service Retirees	1,736,880	1,736,880	1,508,065
DROP Retirees	150,053	150,053	164,521
Beneficiaries	137,302	137,302	62,725
Disability Retirees	21,740	21,740	21,655
Terminated Vested	202,499	202,499	145,501
ASSETS			
Actuarial Value (AVA) [1]	33,729,028	33,729,028	31,491,741
Market Value (MVA) [1]	36,847,961	36,847,961	34,141,551
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	16,537,364	16,592,607	20,045,636
Disability Benefits	1,213,713	1,178,846	1,151,752
Death Benefits	243,953	246,187	230,659
Vested Benefits	806,848	804,445	901,592
Service Retirees	19,458,125	19,571,495	16,261,805
DROP Retirees [1]	2,291,562	2,298,952	2,570,408
Beneficiaries	840,019	842,108	500,761
Disability Retirees	199,352	195,037	181,560
Terminated Vested	1,500,166	1,498,590	1,273,077
Total	43,091,102	43,228,267	43,117,250

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
LIABILITIES (CONTINUED)			
Present Value of Future Salaries	36,222,880	36,229,679	41,046,427
Present Value of Future Member Contributions	0	0	0
Normal Cost (Retirement)	747,751	750,925	702,884
Normal Cost (Disability)	65,720	64,084	58,755
Normal Cost (Death)	13,123	13,222	11,603
Normal Cost (Vesting)	47,504	47,400	50,389
Total Normal Cost	874,098	875,631	823,631
Present Value of Future Normal Costs	7,819,594	7,825,192	8,542,216
Accrued Liability (Retirement)	9,893,719	9,924,074	12,767,700
Accrued Liability (Disability)	601,655	585,897	541,412
Accrued Liability (Death)	124,872	125,914	111,527
Accrued Liability (Vesting)	362,038	361,008	366,784
Accrued Liability (Inactives) [1]	24,289,224	24,406,182	20,787,611
Total Actuarial Accrued Liability (EAN AL)	35,271,508	35,403,075	34,575,034
Unfunded Actuarial Accrued Liability (UAAL)	1,542,480	1,674,047	3,083,293
Funded Ratio (AVA / EAN AL)	95.6%	95.3%	91.1%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
Vested Accrued Benefits			
Inactives [1]	24,289,224	24,406,182	20,787,611
Actives	6,344,572	6,344,879	8,940,068
Member Contributions	0	0	0
Total	30,633,796	30,751,061	29,727,679
Non-vested Accrued Benefits	1,231,084	1,236,687	1,362,369
Total Present Value Accrued Benefits (PVAB)	31,864,880	31,987,748	31,090,048
Funded Ratio (MVA / PVAB)	115.6%	115.2%	109.8%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	(122,868)	0	
Plan Experience	0	1,211,373	
Benefits Paid	0	(2,261,042)	
Interest	0	1,947,369	
Other	0	0	
Total	(122,868)	897,700	

Contribution Requirements

	New Assump	Old Assump	
Valuation Date	10/1/2025	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2027	9/30/2026

Calculation of Contribution Requirement

Normal Cost [2]	$958,101	$959,781	$902,954
Administrative Expenses [2]	54,626	54,626	49,927
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2025) [2]	244,758	257,048	382,361
Minimum Required Contribution	1,257,485	1,271,455	1,335,242
Expected Member Contributions [2]	0	0	0
Expected Town Contribution	1,257,485	1,271,455	1,335,242

Past Contribtutions

Plan Years Ending:	9/30/2025
Town Requirement	1,436,038
Actual Contributions Made:	
Town	1,500,000

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

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

Other Information

Illustration of Amortitization of the Total Unfunded Actuarial Accrued Liability

Year	Projected Unfunded Actuarial Accrued Liability
2025	1,542,480
2026	1,404,929
2027	1,259,919
2032	653,660
2036	10,708
2045	0

5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2025	7.97%	5.81%
Year Ended	9/30/2024	4.86%	6.02%
Year Ended	9/30/2023	7.38%	5.95%
Year Ended	9/30/2022	0.56%	3.50%
Year Ended	9/30/2021	9.02%	3.50%

5 Year Comparison of Investment Return on Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	10.45%	9.82%	6.50%
Year Ended	9/30/2024	23.58%	9.05%	6.50%
Year Ended	9/30/2023	12.65%	4.79%	6.50%
Year Ended	9/30/2022	-16.61%	5.54%	6.50%
Year Ended	9/30/2021	21.19%	10.45%	6.50%

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.

Sara Carlson

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

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

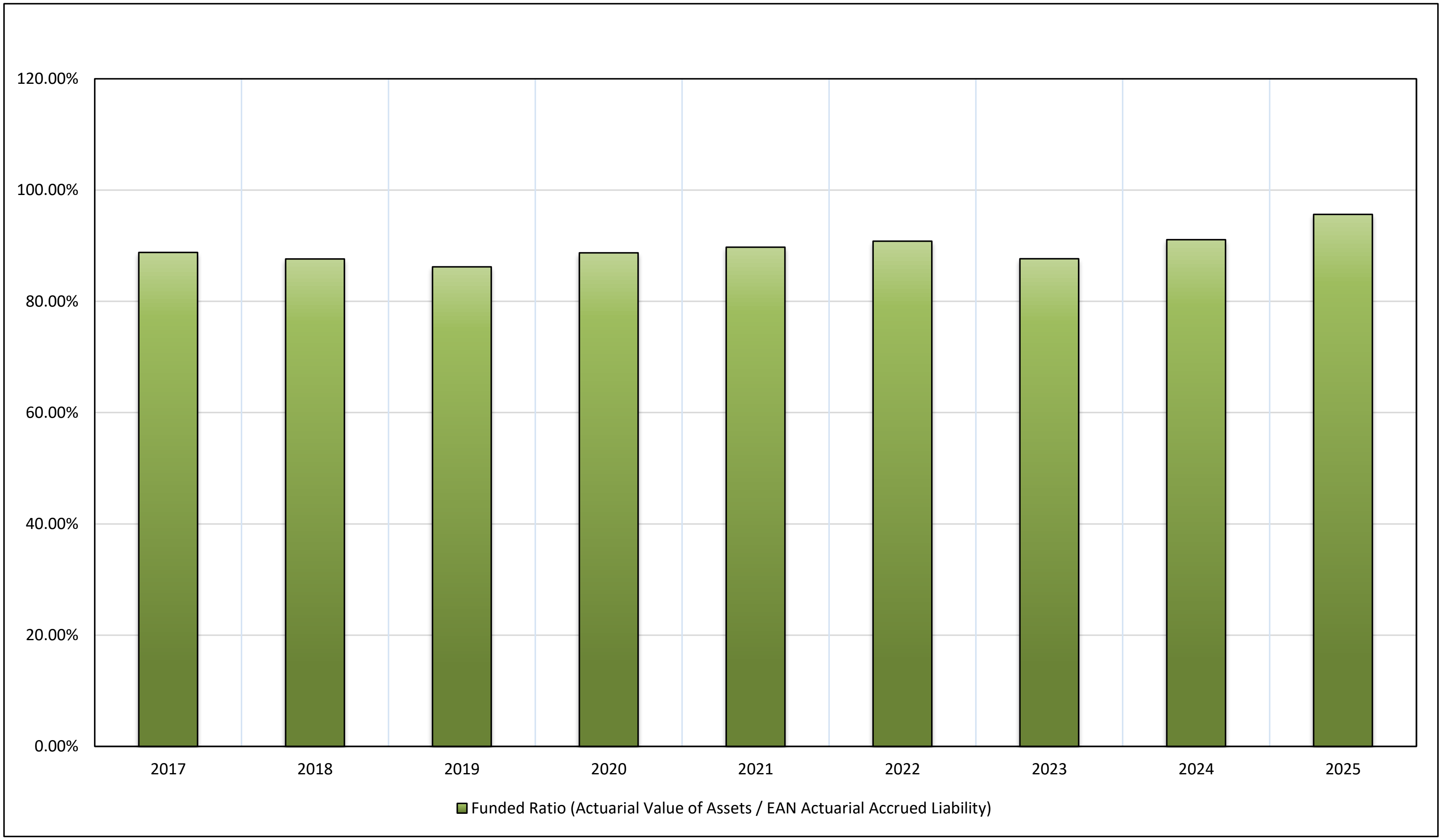
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2024	$3,083,293
(2)	Sponsor Normal Cost developed as of October 1, 2024	823,631
(3)	Expected administrative expenses for the year ended September 30, 2025	45,541
(4)	Expected interest on (1), (2) and (3)	255,430
(5)	Sponsor contributions to the System during the year ended September 30, 2025	1,500,000
(6)	Expected interest on (5)	48,750
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	2,659,145
(8)	Change to UAAL due to Assumption Change	(131,567)
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(985,098)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	1,542,480

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Initial Base	10/1/2018	13	1,652,357	180,413
Actuarial Loss	10/1/2019	14	220,243	22,943
Benefits Change	10/1/2019	14	294,255	30,652
Actuarial Gain	10/1/2020	15	(141,665)	(14,147)
Assump Change	10/1/2020	15	(22,823)	(2,279)
Benefits Change	10/1/2020	15	86,529	8,641
Actuarial Gain	10/1/2021	16	(187,231)	(17,998)
Early Incentive	10/1/2021	1	1,392	1,392
Resolution C-1968[1]	10/1/2021	16	305,672	29,384
Resolution C-2004	10/1/2021	16	15,022	1,444
Actuarial Loss	10/1/2022	17	94,171	8,746
Assump Change	10/1/2022	17	(243,524)	(22,616)
Benefits Change	10/1/2022	2	87,309	45,029
Actuarial Loss	10/1/2023	18	1,319,196	118,733
Actuarial Gain	10/1/2024	19	(821,758)	(71,879)
Actuarial Gain	10/1/2025	20	(985,098)	(83,947)
Assump Change	10/1/2025	20	(131,567)	(11,212)
			1,542,480	223,299

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	$3,083,293
(2)	Expected UAAL as of October 1, 2025	2,659,145
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(1,032,490)
	Salary Increases	120,836
	Active Decrements	(482,079)
	Inactive Mortality	42,306
	Prior Service Reported for One Member	287,277
	Other	79,052
	Increase in UAAL due to (Gain)/Loss	(985,098)
	Assumption Changes	(131,567)
(4)	Actual UAAL as of October 1, 2025	$1,542,480

HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

ASSETS	MARKET VALUE
Receivables:	
From The Standard	3,045.97
Total Receivable	3,045.97
Investments:	
Mutual Funds:	
Fixed Income	9,775,232.25
Equity	27,075,771.38
Total Investments	36,851,003.63
Total Assets	36,854,049.60
LIABILITIES	
Payables:	
Administrative Expenses	6,089.04
Total Liabilities	6,089.04
NET POSITION RESTRICTED FOR PENSIONS	36,847,960.56

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

<u>ADDITIONS</u>		
Contributions:		
Town	1,500,000.00	
Total Contributions		1,500,000.00
Investment Income:		
Net Increase in Fair Value of Investments	3,522,067.33	
Less Investment Expense[1]	0.00	
Net Investment Income		3,522,067.33
Total Additions		5,022,067.33
<u>DEDUCTIONS</u>		
Distributions to Members:		
Benefit Payments	1,779,746.57	
Lump Sum DROP Distributions	481,295.14	
Total Distributions		2,261,041.71
Administrative Expense		54,616.42
Total Deductions		2,315,658.13
Net Increase in Net Position		2,706,409.20
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		34,141,551.36
End of the Year		36,847,960.56

[1]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 recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth 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.

Gains/Losses Not Yet Recognized

Plan Year		Amounts Not Yet Recognized by Valuation Year				
Ending	Gain/(Loss)	2025	2026	2027	2028	2029
09/30/2021	3,711,236	0	0	0	0	0
09/30/2022	(7,016,323)	(1,403,263)	0	0	0	0
09/30/2023	1,537,420	614,968	307,484	0	0	0
09/30/2024	4,739,548	2,843,728	1,895,818	947,908	0	0
09/30/2025	1,329,375	1,063,500	797,625	531,750	265,875	0
Total		3,118,933	3,000,927	1,479,658	265,875	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2024	34,141,551
Contributions Less Benefit Payments & Admin Expenses	(815,658)
Expected Investment Earnings*	2,192,692
Actual Net Investment Earnings	3,522,067
2025 Actuarial Investment Gain/(Loss)	1,329,375

*Expected Investment Earnings = 0.065 * (34,141,551 - 0.5 * 815,658)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2025	36,847,961
(2) Gains/(Losses) Not Yet Recognized	3,118,933
(3) Actuarial Value of Assets, 09/30/2025, (1) - (2)	33,729,028
(4) Limited Actuarial Value of Assets, 09/30/2025	33,729,028
(A) 09/30/2024 Actuarial Assets:	31,491,741
(I) Net Investment Income:	
1. Earnings and Investment Gains	3,522,067
2. Change in Actuarial Value	(469,123)
3. Investment Expenses	0
Total	3,052,944
(B) 09/30/2025 Actuarial Assets:	33,729,028
Actuarial Assets Rate of Return = 2I/(A+B-I):	9.82%
Market Value of Assets Rate of Return:	10.45%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	1,032,490

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

	REVENUES	
Contributions:		
Town	1,500,000.00	
Total Contributions		1,500,000.00
Earnings from Investments:		
Earnings and Investment Gains	3,522,067.33	
Change in Actuarial Value	(469,123.00)	
Total Earnings and Investment Gains		3,052,944.33
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	1,779,746.57	
Lump Sum DROP Distributions	481,295.14	
Total Distributions		2,261,041.71
Expenses:		
Investment related[1]	0.00	
Administrative	54,616.42	
Total Expenses		54,616.42
Change in Net Assets for the Year		2,237,286.20
Net Assets Beginning of the Year		31,491,741.36
Net Assets End of the Year[2]		33,729,027.56

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

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

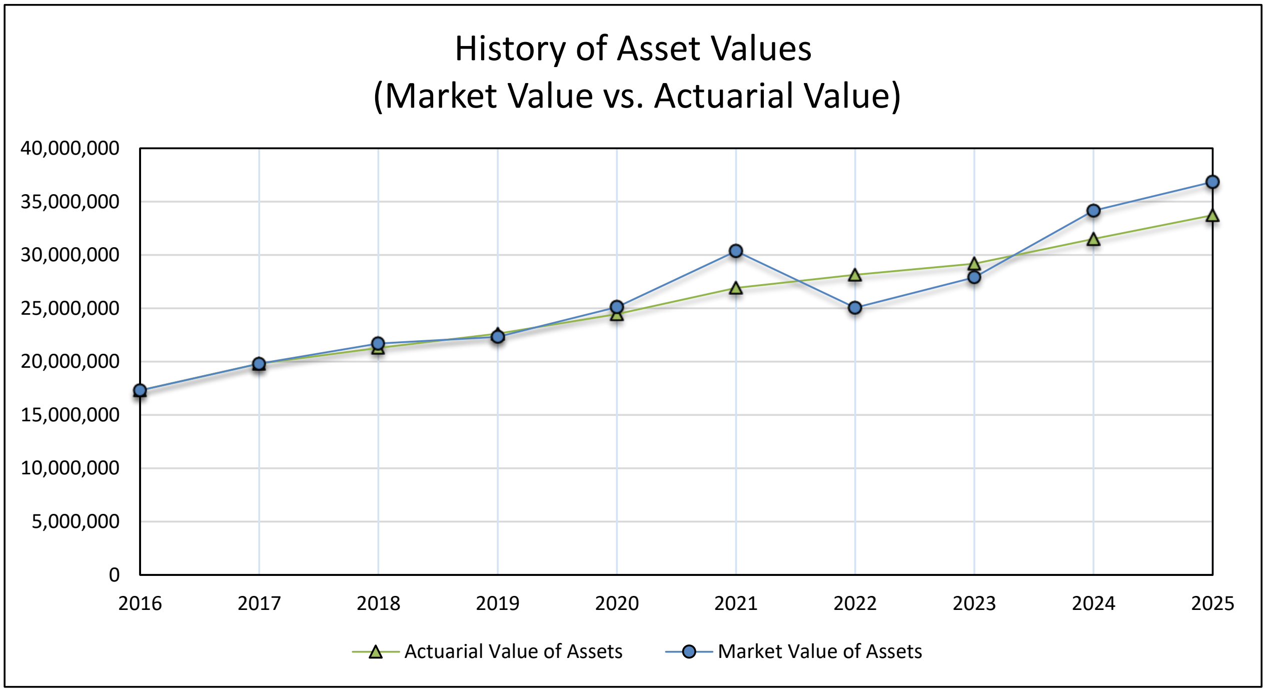
Beginning of the Year Balance	410,012.35
Plus Additions	180,276.59
Investment Return Earned	43,299.41
Less Distributions	(481,295.14)
End of the Year Balance	152,293.21

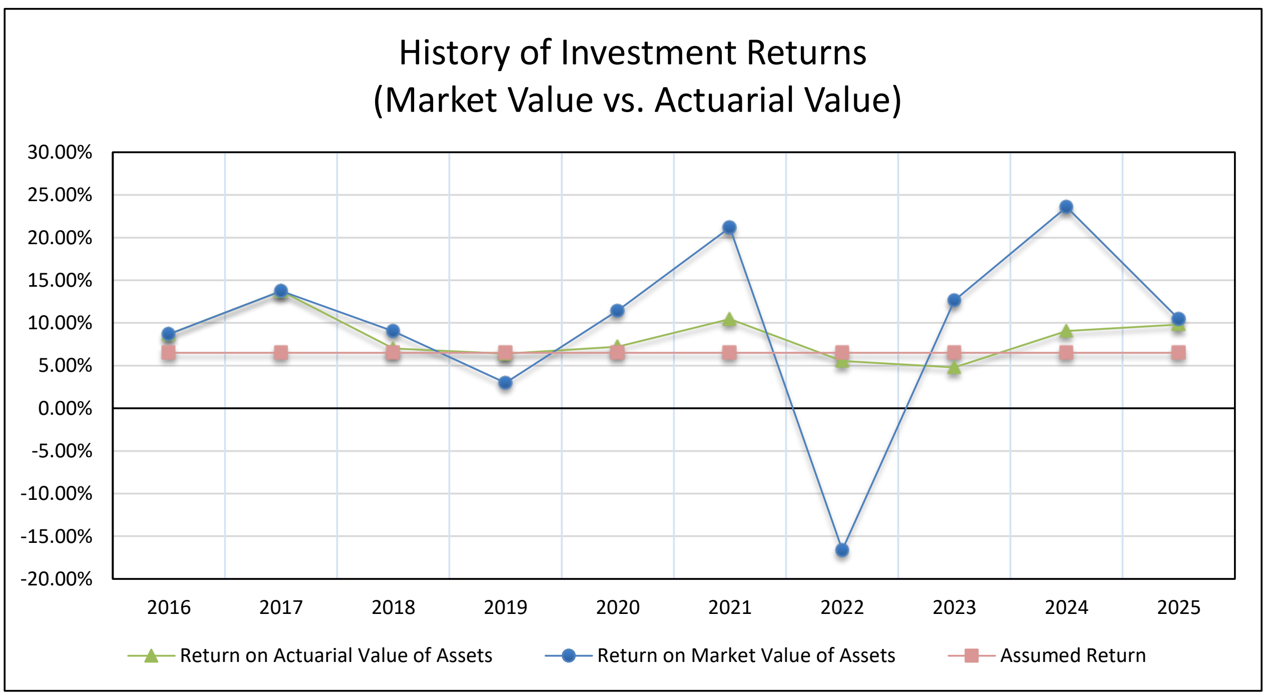
Note: Investment Return Earned includes earnings for the Quarter ending September 30, 2024.

TOWN CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT

(1)	Required Town Contributions	1,436,038.00
(2)	Less 2024 Prepaid Contribution	0.00
(3)	Less Actual Town Contributions	(1,500,000.00)
(4)	Town Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2025	($63,962.00)

History of Asset Values and Investment Returns





Participant Statistics

Statistical Data

Valuation Date	10/1/2025	10/1/2024	10/1/2023	10/1/2022
Actives - Full-Time General Employees and Elected Officials				
Number	55	63	66	66
Average Current Age	50.9	49.4	49.3	47.2
Average Age at Employment	40.5	38.9	39.2	37.7
Average Past Service	10.4	10.5	10.1	9.5
Average Annual Salary	$70,575	$67,843	$62,844	$54,439
Actives - Part-Time Employees				
Number	26	29	27	31
Average Current Age	52.9	49.2	51.4	49.4
Average Age at Employment	38.1	36.6	38.2	37.7
Average Past Service	14.8	12.6	13.2	11.7
Average Annual Salary	N/A	N/A	N/A	N/A
Service Retirees				
Number	52	48	47	44
Average Current Age	74.5	75.8	75.4	73.2
Average Annual Benefit	$33,402	$31,418	$30,610	$29,476
DROP Retirees				
Number	4	4	3	4
Average Current Age	62.2	61.6	63.5	62.5
Average Annual Benefit	$37,513	$41,130	$47,893	$40,247
Beneficiaries				
Number	8	5	4	3
Average Current Age	62.8	60.0	60.4	57.3
Average Annual Benefit	$17,163	$12,545	$18,668	$16,048
Disability Retirees				
Number	2	2	2	3
Average Current Age	58.8	57.8	56.8	60.6
Average Annual Benefit	$10,870	$10,828	$10,574	$7,395
Terminated Vested				
Number	18	16	16	16
Average Current Age	47.4	49.3	48.3	49.7
Average Annual Benefit	$11,250	$9,094	$9,061	$9,884

AGE AND SERVICE DISTRIBUTION

ACTIVE EMPLOYEES

						PAST SERVICE						
AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19		2										2
20 - 24		4	1		1							6
25 - 29						2						2
30 - 34					1	3	1					5
35 - 39						1	3					4
40 - 44		1						3				4
45 - 49		1		1		3	2		2			9
50 - 54		1				1	5					7
55 - 59	1			1	2	6	4	2	1		1	18
60 - 64	1			1	1		2	3	1		2	11
65+	1					1	3		1	4	3	13
Total	3	9	1	3	5	17	20	8	5	4	6	81

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2024	92
b. Terminations	
i. Vested (partial or full) with deferred annuity	(5)
ii. Non-Vested	(6)
iii. Part-Time to Non-Participating Full-Time	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	(2)
f. DROP	(2)
g. Continuing participants	77
h. New entrants / Rehires	4
i. Total active life participants in valuation	81

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

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	48	4	5	2	16	0	75
Retired	6	(2)			(2)		2
DROP		2					2
Vested (Deferred Annuity)					5		5
Vested (Due Refund)							0
Hired/Terminated in Same Year							0
Death, With Survivor	(1)		3				2
Death, No Survivor	(1)						(1)
Disabled							0
Refund of Contributions							0
Rehires					(1)		(1)
Expired Annuities							0
Data Corrections							0
b. Number current valuation	52	4	8	2	18	0	84

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate	**Healthy Active Lives***:*

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 for Employees, set back one year.

Healthy Retiree Lives:

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

Beneficiary Lives:

Female: PubG.H-2010 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.

Interest Rate

6.50% per year compounded annually, net of investment related expenses. This is approximately supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

See table below.

Salary Scale	
Service	Rate
0-1	8.00%
2-9	6.50%
10-14	5.50%
15+	4.50%

This assumption is based on the May 31, 2022 experience study.

Payroll Growth

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

Administrative Expenses	Based on the average of actual expenses incurred in the prior two fiscal years.
Cost of Living Increases	2.50% per year.
Termination Rates	0% for Elected Officials. Otherwise, see tables below.

General Employees % Terminating During the Year Service	 Rate
0-4	4.0%
5-9	2.5%
10+	1.0%

Part Time Employees % Terminating During the Year Service	 Rate
0-4	20%
5-9	15%
10+	10%

These rates are based on the May 31, 2022 experience study.

Disability Rates

See sample rates below (1987 Commissioner's Group Disability Table, six month elimination period, male and female).

% Becoming Disabled During the Year	
Age	Rate
20	0.0000%
25	0.0854%
30	0.0986%
35	0.1242%
40	0.1760%
45	0.2944%
50	0.5396%
55	0.9770%
60	1.4774%
65	1.6710%

Retirement Rate

See below. These rates are based on the May 31, 2022 experience study.

Elected Officials: 100% at first eligibility for early retirement.

General Employees: generally, 15% per year. At 30 Years of Service (35 Years of Service if hired on or after January 1, 2022) or age 70 and above, 100%.

Part Time Employees: 15% at ages 65-69, then 5% at ages 70-74, then 100% at age 75 and above.

Deferred Benefits

For terminated vested participants benefits are assumed to commence at Normal Retirement Date. For beneficiaries receiving pre-retirement death benefits, benefits are assumed to commence on the date the participant would have reached Normal Retirement Date.

Amortization Method

New UAAL amortization bases are amortized over 20 years.

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

Funding Method	Entry Age Normal Cost Method. The following loads are applied for determining the minimum required contribution: Interest - A half year, based on current 6.50% assumption. Salary - A full year, based on current 6.16% assumption. Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation. The normal cost accrual rate equals: (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age. In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation. The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.
Actuarial Asset Method	Effective October 1, 2018, all assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

PLAN PROVISIONS

Most Recent Plan Amendment	Resolution C-2213
Eligibility	Eligible Employees enter the plan on October 1st or April 1st next following completion of one Year of Service and attainment of age 21. Age and service requirements are waived for Elected Officials, who enter the Plan at hire.
Compensation	Wages as defined in Code Section 3401(a) and all other payments of compensation by the Employer for a Plan Year for which the Employer is required to furnish the Participant a written statement under Code Sections 6041(d), 6051(a)(3) and 6052. Certain items of compensation are excluded such as overtime, bonuses, amounts attributable to sick pay, and any remuneration that is not a part of the Employee's regular or base salary or wages.
Average Monthly Compensation	Monthly compensation averaged over the 5 Plan Years which produce the highest monthly average within the last 10 completed years of employment.
Period of Service	The aggregate of all periods as an Eligible Employee commencing with the Employee's first day of employment or reemployment and ending on the date the Employee terminates service with the Employer. Fractional periods of a year will be expressed in terms of complete months.
Year of Service	Effective October 1, 2007, a period of 12 consecutive months during which an Employee has at least 1,750 Hours of Service. Prior to October 1, 2007, a Year of Service meant 1,500 Hours of Service during the 12-month consecutive period.
Normal Retirement	
Date	For benefits accrued as an Elected Official, the attainment of age 55 with 8 years as an Elected Official. For General Employees hired before January 1, 2011, the earlier of attainment of age 62 or completion of 30 Years of Service.

For General Employees hired on or after January 1, 2011, the earlier of attainment of age 62 or completion of 35 Years of Service.

Part-time employees become eligible for Normal Retirement under age and service conditions shown in a table below. They are not eligible for any other benefits from the plan.

Benefit

For benefits accrued as the Mayor, $5,500 times Periods of Service as the Mayor earned before October 1, 2017, and $8,500 times Periods of Service as the Mayor earned on and after that date.

For benefits accrued as a Councilperson, $2,500 times Periods of Service as a Councilperson earned before October 1, 2017, and $3,800 times Periods of Service as a Councilperson earned on and after October 1, 2017.

For benefits accrued as a General Employee, Average Monthly Compensation times Periods of Service times a benefit rate determined based on Periods of Service and date of hire. Benefit rates shown apply to all Periods of Service and are subject to a maximum benefit percentage of 75% of Average Monthly Compensation. See below.

General Employees Hired Before January 1, 2011

Periods of Service	Benefit Rate
0 to 10	2.00%
10 to 15	2.25%
15+	2.75%

General Employees Hired On or After January 1, 2011

Periods of Service	Benefit Rate
0 to 15	2.00%
15 to 20	2.25%
20+	2.75%

The normal retirement benefit for part-time employees is a monthly flat dollar amount payable upon attainment of age and service conditions as shown below.

Age	Periods of Service	Benefit
65	20	$470
65	25	$490
70	15	$450
70	20	$510
70	25	$530

Form of Benefit

For General Employees and Elected Officials, lifetime benefits with 20 years guaranteed. Options available.

For part-time employees, lifetime benefits, ceasing upon death with no options available.

Early Retirement

Date

For General Employees, age 50. For Elected Officials, age 50 with 8 years of Vesting Service. Part-time employees are not eligible.

Benefit

Accrued Benefit on Early Retirement Date, reduced for each year prior to the Normal Retirement Date. The reduction is 6 2/3% for the first 5 years, 3 1/3% for years 6 to 10, and 2.50% for years 11 to 15. For Early Retirement Dates more than 15 years prior to the Normal Retirement Date, the benefit is further actuarially adjusted. There is no reduction for Elected Officials.

Form of Benefit

Same as for Normal Retirement.

Pre-Retirement Death Benefit

Eligibility

Death in active service while vested. Part-time employees are not eligible.

Benefit

Monthly benefit accrued through date of death, payable for 20 years.

Disability

Eligibility

Totally and Permanently Disabled prior to retirement or separation from service. Part-time employees are not eligible.

Amount	Benefit accrued to date of disability. Vesting Service includes service to date of disability and time while Totally and Permanently Disabled.

Termination of Employment

Vesting Service Requirement	5 years for General Employees. Elected Officials are immediately vested. Part-time employees are vested only upon attainment of Normal Retirement eligibility requirements.
Benefit	Vested accrued benefit.

Cost of Living Adjustment	Automatic COLA adjustment each January 1st according to the change in Consumer Price Index, limited to a maximum of 3%. The COLA adjustment cannot increase benefits beyond 75% of Average Monthly Compensation for General Employees or 100% of Average Monthly Compensation for Elected Officials.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements as a General Employee.
Participation	Not to exceed 36 months.
Rate of Return	Actual net rate of investment return (total return net of investment management fees, brokerage commissions and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.

SUPPLEMENTARY INFORMATION

GLOSSARY

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

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

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

Discussion of Risk

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

Throughout this report, actuarial results are determined 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.

- <u>Investment Return</u>: 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.

- <u>Salary Increases</u>: 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.

- <u>Demographic Assumptions:</u> 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 248.9% on October 1, 2017 to 96.4% 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 68.9%. 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 increased from 88.8% on October 1, 2017 to 95.6% 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 0.7% on October 1, 2017 to -2.2% on October 1, 2025. The current Net Cash Flow Ratio of -2.2% 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 $44,720,495. 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	10/1/2017
Support Ratio				
Total Actives	81	92	110	112
Total Inactives [1]	84	75	53	45
Actives / Inactives [1]	96.4%	122.7%	207.5%	248.9%
Asset Volatility Ratio				
Market Value of Assets (MVA)	36,847,961	34,141,551	25,106,130	19,819,278
Total Annual Payroll	3,884,221	4,274,124	4,175,566	3,267,389
MVA / Total Annual Payroll	948.7%	798.8%	601.3%	606.6%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	24,289,224	20,787,611	13,799,634	10,981,711
Total Accrued Liability (EAN)	35,271,508	34,575,034	27,553,674	22,321,389
Inactive AL / Total AL	68.9%	60.1%	50.1%	49.2%
Funded Ratio				
Actuarial Value of Assets (AVA)	33,729,028	31,491,741	24,445,314	19,819,278
Total Accrued Liability (EAN)	35,271,508	34,575,034	27,553,674	22,321,389
AVA / Total Accrued Liability (EAN)	95.6%	91.1%	88.7%	88.8%
Net Cash Flow Ratio				
Net Cash Flow [2]	(815,658)	(304,798)	195,932	135,647
Market Value of Assets (MVA)	36,847,961	34,141,551	25,106,130	19,819,278
Ratio	-2.2%	-0.9%	0.8%	0.7%

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

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