



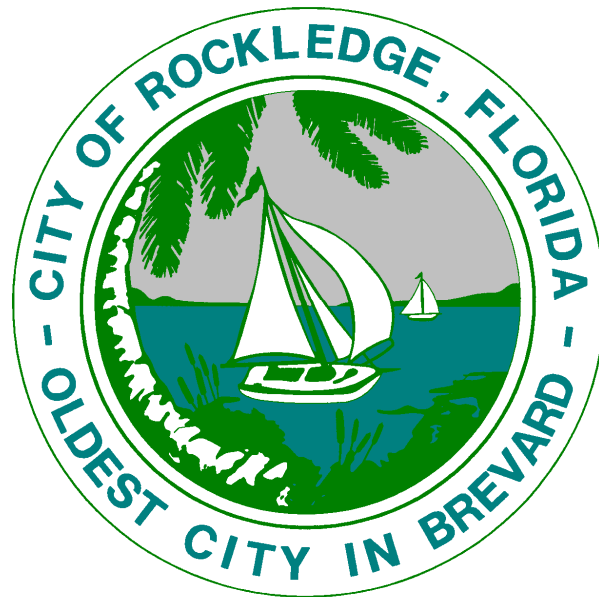
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City of Rockledge

Fire Employees Retirement Plan

Actuarial Valuation as of October 1, 2024



January 27, 2025

REPORT TO DETERMINE MINIMUM FUNDING REQUIREMENTS
FOR THE PLAN AND FISCAL YEAR
BEGINNING OCTOBER 1, 2025



January 27, 2025

Board of Trustees
City of Rockledge Fire Employees Retirement Plan
Rockledge, Florida

RE: Actuarial Valuation as of October 1, 2024

Dear Board Members:

We are pleased to present the actuarial valuation as of October 1, 2024 for the City of Rockledge Fire Employees Retirement Plan (the Plan). This report provides a review of the current funded status of the Plan, establishes the minimum funding requirements for the fiscal year ending September 30, 2026, and provides an analysis of experience since the last valuation. In addition to providing the summary and derivation of actuarial findings, this report describes the data, assumptions, and methods used to create these results.

In producing our work product, we rely on various models, internal and external, which were used for their intended purposes. Underlying data, assumptions, methodologies, model inputs and resulting outputs have been reviewed. The 7.35% net assumed return is a prescribed assumption set by another party, as it is set by the Board. While we find all other inputs and outputs to be reasonable individually and in aggregate, this prescribed assumption significantly conflicts with our judgment regarding what would constitute a reasonable assumption for the purpose of the measurement. We continue to recommend lowering the net assumed return.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors 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 or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

Statement by Enrolled Actuary:

"This actuarial valuation and/or cost determination 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."

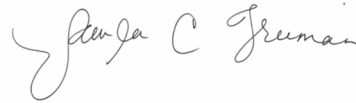
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We look forward to the presentation of these results to you in person and we are always available to answer any questions you may have.

Sincerely,



Chad M. Little, ASA, EA
Partner, Consulting Actuary
Enrollment Number 23-6619



Paula C. Freiman, ASA, EA
Partner, Consulting Actuary
Enrollment Number 23-5796

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Section

1

Board Summary

A summary of the key valuation findings are compared with the results of the prior valuation below.

Summary of Principal Valuation Results

Fiscal Year Ending September 30,	2025	2026
Minimum Funding Requirements		
<u>As a Dollar Amount</u>		
Estimated Minimum Required City Contribution	\$379,534	\$456,575
Estimated State Contribution	<u>285,645</u>	<u>292,501</u>
Total Minimum Funding Requirement (City plus State)	\$665,179	\$749,076
<u>As a Percent of Valuation Payroll</u>		
Estimated Minimum Required City Contribution	18.39%	19.80%
Estimated State Contribution	<u>13.85%</u>	<u>12.68%</u>
Total Minimum Funding Requirement (City plus State)	32.24%	32.48%

Note: \$749,076 is the minimum funding requirement for fiscal 2026 including both contributions from the City and those from the State of Florida. We have estimated the City portion as \$456,575 which must be deposited on December 15, 2025.

The annual contribution paid by the City should take into account the actual amount of premium tax revenues received from the State of Florida that may be applied toward the actuarially determined contribution so that the total deposit for fiscal 2026 is \$749,076.

Funded Status

Valuation as of October 1,	2023	2024
Accrued Liability (AL)	\$17,665,868	\$19,124,934
Actuarial Value of Assets	<u>(14,533,937)</u>	<u>(15,559,165)</u>
Unfunded Accrued Liability (UAL)	\$3,131,931	\$3,565,769
Funded Percentage	82.27%	81.36%

Key Assumptions

Valuation as of October 1,	2023	2024
Assumed Investment Return, Net of Expenses	7.45%	7.35%
Salary Increase Assumption		
Year 0-10	6.00%	6.00%
Year 11+	4.50%	4.50%

Summary of Significant Events

Determination of the funded status of the Plan and minimum funding requirements are based on funding policy, participant data, asset information, Plan provisions, actuarial methods and assumptions, as well as contributions made to the Plan by the State of Florida. Any significant events associated with these items are discussed in the following.

In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Plan Administrator and the City. This information includes, but is not limited to, statutory provisions, employee census, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

Participant Data

During the year active membership increased from 36 to 37 members due to one new hire. The number of terminated members due future monthly benefits stayed the same at 5 and the number of members receiving payments remained at 27.

The following provides a summary comparing the actual and expected pay increases for the 12-month periods ending on the date specified.

Year Ended September 30,	Individual		Total Payroll Increase
	Actual	Expected	
2023	9.7%	5.6%	11.8%
2023	7.1%	5.7%	(3.0%)
2022	11.5%	5.7%	10.1%
2021	7.4%	6.0%	6.4%
2020	4.5%	6.0%	(1.3%)
2019	7.5%	6.0%	16.9%
2018	3.9%	6.0%	(1.2%)
2017	5.2%	6.0%	4.1%
2016	5.8%	6.0%	7.1%
2015	6.4%	6.0%	0.8%
Average:	6.9%	5.9%	5.0%

Pay increases were more than expected with the actual average pay increase amongst continuing actives at 9.7% in comparison to the 5.6% salary increase assumption. In addition, total payroll increased 5.0% on average over the last 10 years. Florida Statutes 112.64(5)(a) requires that the payroll growth assumption not exceed the average payroll growth for the prior ten years. This requirement is met in that the Unfunded Accrued Liability is amortized on a level dollar basis.

Overall, there was a demographic loss primarily due to pay increases more than expected. Should a pattern of consistent gains or losses develop, assumptions will be adjusted as needed. The last experience review was performed for the 10-year period preceding October 1, 2020. We recommend an experience review be performed.

Assets

The investment return on the Market Value of Assets was 20.81% and the return on the Actuarial Value of Assets was 8.32%, each in comparison to the 7.45% net investment return assumption expected for the year ending September 30, 2024. Because the return on the Actuarial Value of Assets was more than the net assumed investment return, there was an actuarial investment gain.

Note only a portion of actual investment gains or losses are recognized in the current year Actuarial Value of Assets with the remainder recognized over the next four years. Even if all assumptions are realized in the next several years, the Plan will experience changes in the required contribution rate until prior gains and losses are fully recognized.

The table below provides a comparison of the investment return on the Market Value of Assets and the Actuarial Value of Assets in comparison to the investment return assumed in the valuation of the Plan.

12-Month Period Ended September 30,	% Market Return	% Actuarial Return	% Assumed Return
2024	20.81%	8.32 %	7.45 %
2023	11.68 %	4.68 %	7.55 %
2022	(14.30)%	5.93 %	7.65 %
2021	20.26 %	11.07 %	7.75 %
2020	10.66 %	8.71 %	7.80 %
2019	3.49 %	7.14 %	7.80 %
2018	9.59 %	8.16 %	7.90 %
2017	12.17 %	7.44 %	7.90 %
2016	9.14 %	6.98 %	8.00 %
2015	0.23 %	4.67 %	8.00 %
Average	7.91 %	7.29 %	7.78 %

Investment returns less than the assumed rate of return result in increased annual minimum required contributions in the future.

Plan Provisions

There were no changes in Plan provisions since the prior actuarial valuation.

Assumptions and Methods

The net assumed rate of investment return was revised from 7.45% used in the October 1, 2023 actuarial valuation to 7.35% for this October 1, 2024 actuarial valuation of the Plan as directed by the Board of Trustees. The 7.35% net assumed return is a prescribed assumption set by another party, as it is set by the Board. The prescribed assumption significantly conflicts with our judgment regarding what would constitute a reasonable assumption for the purpose of the measurement. As discussed with the Board we recommend lowering the net assumed return.

See the Required Disclosure Under F.S. 112.664(1) found near the end of section 2 of this report which provides the funding results using a net assumed return assumption 2% higher and 2% lower than the 7.35% net assumed return used in this actuarial valuation. The Reasonable Actuarially Determined Contribution (RADC) is roughly half-way between the result for the 7.35% net assumed return and that for the 5.35% net assumed return assumption.

The impact of the change in assumptions may be found in the reconciliation of the funded status and minimum funding requirements found at the end of Section 2 of this report. See "Reconciliations" in the table of contents.

State Contributions

The Estimated Minimum Required City Contribution shown on page 1 assumes that the premium tax money received from the State will be the same amount received in the prior year. Should the amount received be less than expected or should a portion of the State contribution be used towards the DC component of the Plan, the City will need to contribute any potential shortfall to the Plan.

Assessment and Disclosure of Risk

This section is meant to address the assessment and disclosure of risk in a pension funding valuation. This is not meant to be a comprehensive summary but should provide information regarding risks related to this plan. Additional historical information provided in this report also contains relevant information regarding asset size, asset mix, pay increases, benefits and contributions. This information can be used to understand the changes over time to identify trends.

Actuarial Standards of Practice define risk as "The potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience...." The following provides examples of potential risk.

Investment Risk: As noted previously, investment returns less than the assumed rate of return result in increased annual minimum required contributions payable in a subsequent year.

Interest Rate Risk: Interest rates are used to discount the value of benefits. If the long-term expectation of returns is higher or lower than the assumed net investment return, the assumed net investment return should be adjusted. When the assumed net investment return is increased the estimated liability is decreased. When the assumed net investment return is decreased the estimated liability is increased. The chart below shows what the funded status of the plan is on a market value of assets basis after changing the net assumed return by 1% or 2%.

Funded Status on Market Value of Assets Basis						
As of	Valuation Net		Valuation Net Assumed			Valuation Net Assumed
10/1	2% Decrease	1% Decrease	Assumed Return	1% Increase	2% Increase	Return Assumption
2024	67.47%	76.18%	85.30%	94.77%	104.55%	7.35%
2023	61.43%	69.22%	77.35%	85.79%	94.50%	7.45%
2022	60.25%	67.73%	75.52%	83.58%	91.87%	7.55%
2021	77.97%	87.27%	96.89%	106.80%	116.93%	7.65%
2020	68.16%	76.30%	84.71%	93.39%	102.27%	7.75%
2019	63.86%	71.81%	80.06%	88.57%	97.29%	7.80%
2018	64.39%	72.31%	80.51%	88.95%	97.57%	7.80%
2017	62.21%	69.69%	77.40%	85.30%	93.34%	7.90%
2016		65.10%	72.44%	79.98%		7.90%
2015		64.56%	71.60%	78.86%		8.00%
2014		67.86%	75.37%	83.12%		8.00%

Longevity and Other Demographic Risks: The estimated liability of the Plan is based on assumptions related to mortality, retirement, disability and termination. To the extent that Plan experience is different than these assumptions the gains and losses affect future required contributions and estimated liability.

Contribution Risk: The possibility that the plan sponsor does not make contributions to the plan according to the funding policy.

Intergenerational equity risk: Intergenerational equity is the concept that resources do not belong to a specific generation and they must be preserved for future generations. One way to alleviate this risk is to pay for benefits over the average future service of the group receiving benefits. Members may feel there are inequities when one is paying more than others, receiving less than others, or paying more than others in relation to what they are receiving.

Plan maturity measures may help understand the risks associated with the plan. As the Plan matures, the ratio of the Market Value of Assets to the Covered Payroll increases. As this ratio gets larger, the impact of asset volatility has a larger effect on the volatility of the Minimum Required Contribution as a percentage of pay.

Year Ending 9/30	Market Value of Assets	Payroll	Asset Volatility Ratio
2024	\$16,313,191	\$2,452,695	6.7
2023	13,664,254	2,292,727	6.0
2022	12,763,145	2,063,835	6.2
2021	15,517,529	1,977,033	7.8
2020	13,200,675	1,857,899	7.1
2019	12,122,748	1,867,373	6.5
2018	12,099,256	1,668,674	7.3
2017	11,652,598	1,513,002	7.7
2016	10,449,992	1,554,319	6.7
2015	9,790,114	1,366,711	7.2
2014	10,087,057	1,424,542	7.1
2013	9,600,740	1,512,764	6.3
2012	8,568,635	1,541,232	5.6
2011	7,408,817	1,592,229	4.7
2010	7,354,559	1,704,570	4.3
2009	6,551,286	1,875,511	3.5
2008	6,117,865	1,847,639	3.3
2007	6,856,342	1,817,193	3.8
2006	5,949,223	1,696,370	3.5
2005	5,159,717	1,637,147	3.2

Another measure of a pension plan's maturity is the Ratio of Benefit Payments to Contributions. Over the life of a pension plan, it is expected that the majority of the benefits will be paid for by returns rather than contributions. For this to happen, as a plan matures, the plan will eventually pay out more in benefits than it receives in contributions. It is important to understand the magnitude of this difference so that steps can be taken, if necessary, to manage cash flows going forward. The table below provides the Ratio of Benefit Payments to Contributions. Note that there are other cash flows to be considered such as interest and dividends earned or expenses paid by a pension plan.

Year Ending 9/30	<u>Benefit Payments</u>	<u>Contributions</u>	Ratio of Benefit Payments to <u>Contributions</u>
2024	\$973,705	\$870,254	1.12
2023	1,161,496	672,466	1.73
2022	1,232,133	729,875	1.69
2021	1,037,051	783,399	1.32
2020	866,650	730,290	1.19
2019	1,107,999	784,632	1.41
2018	1,315,062	740,435	1.78
2017	675,538	679,288	0.99
2016	815,013	649,426	1.25
2015	806,383	636,621	1.27
2014	936,323	665,730	1.41
2013	214,827	609,213	0.35
2012	228,085	554,662	0.41
2011	231,470	537,354	0.43
2010	75,850	401,526	0.19
2009	148,046	521,807	0.28
2008	111,371	383,659	0.29
2007	74,217	436,587	0.17
2006	79,712	381,948	0.21
2005	28,687	357,772	0.08

When looking at Net Cash Flows, it is useful to understand the relative size of the cash flows in comparison to the Market Value of Assets. The following table provides the ratio of the Net Cash Flows divided by the Market Value of Assets. As mentioned previously, there are other cash flows to be considered such as interest and dividends earned or expenses paid by a pension plan.

Year Ending 9/30	<u>Contributions</u>	<u>Disbursements</u>	<u>Assets</u>	Net Cash Flow Divided by <u>Assets</u>
2024	\$870,254	\$1,046,681	\$16,313,191	(0.01)
2023	672,466	1,230,105	13,664,254	(0.04)
2022	729,875	1,306,742	12,763,145	(0.05)
2021	783,399	1,108,673	15,517,529	(0.02)
2020	730,290	933,776	13,200,675	(0.02)
2019	784,632	1,176,081	12,122,748	(0.03)
2018	740,435	1,380,574	12,099,256	(0.05)
2017	679,288	744,105	11,652,598	(0.01)
2016	649,426	874,293	10,449,992	(0.02)
2015	636,621	877,661	9,790,114	(0.02)
2014	665,730	1,004,398	10,087,057	(0.03)
2013	609,213	281,807	9,600,740	0.03
2012	554,662	256,822	8,568,635	0.03
2011	537,354	283,717	7,408,817	0.03
2010	401,526	121,828	7,354,559	0.04
2009	521,807	179,244	6,551,286	0.05
2008	383,659	151,126	6,117,865	0.04
2007	436,587	116,838	6,856,342	0.05
2006	381,948	99,682	5,949,223	0.05
2005	357,772	45,149	5,159,717	0.06

Low-Default-Risk Obligation Measure

This section aims to address the evaluation and disclosure of a Low-Default-Risk Obligation Measure (LDROM) within a pension funding valuation. The LDROM involves a calculation of liability, assuming that the Plan's investments are in low-default-risk securities. Importantly, the LDROM serves as a supplementary calculation and is not intended to replace the funding measures outlined in this report.

Instead, the LDROM offers an additional perspective by providing a measure of the Plan's cost if its investments were shifted to low-default-risk fixed income securities. This adjustment aligns with return profiles that essentially mirror future cash flows, potentially mitigating contribution volatility. Furthermore, the LDROM serves to illustrate the potential savings the Plan experiences by diversifying its portfolio.

The table below depicts the Actuarial Accrued Liability for funding purposes in comparison to the LDROM. The net assumed rate of return for funding purposes is shown as well as the rate used to determine the LDROM based on the S&P Municipal Bond 20 Year High Grade Rate Index (yield to maturity). All other assumptions and methods are the same as described at the end of this report.

It's essential to understand that the LDROM is not the definitive measure of the Plan's liability. Instead, it provides an estimate of the Plan's cost under the scenario where the Board opts for a portfolio exclusively comprised of low-default-risk fixed income investments.

Valuation Date	Funding Accrued Liability	Funding Net Assumed Return	LDROM Accrued Liability	LDROM Rate
10/1				
2024	\$19,124,934	7.35%	\$28,673,186	4.06%
2023	\$17,665,868	7.45%	\$23,932,395	4.87%

Section

2

Results Derivation

In this section, the assets and liabilities of the Plan are shown in detail. Assets and liabilities are then compared to determine the funded status and minimum funding requirements.

While asset information is based on the fair market value of assets, along with any techniques used to smooth out market fluctuations, liabilities are determined through a combination of the benefit provisions, participant census data which contains information for the members who will receive those benefits, and the methods and assumptions used with regard to how benefits will be paid to members. A summary of participant data, an outline of the benefit provisions, and a description of the methods and assumptions used in this valuation are described in Section 4.

Financial Information

Over the life of the Plan, the majority of assets are typically generated from investment return. In this section, we describe how the assets of the Plan are invested, show how the actuarial value of assets is derived, and review the investment results since the prior valuation.

Investment Allocation

Valuation Date	October 1, 2023		October 1, 2024	
Equity	\$9,193,943	68%	\$10,428,185	64%
Fixed Income Securities	1,398,980	10%	1,837,302	11%
Cash and Cash Equivalents	238,502	2%	185,413	1%
Real Estate	1,257,232	9%	1,964,302	12%
Infrastructure	1,782,057	13%	1,957,176	12%
Net Receivables	<u>(206,460)</u>	<u>(2%)</u>	<u>(59,187)</u>	<u>0%</u>
Fair Market Value of Assets	\$13,664,254	100%	\$16,313,191	100%

Reconciliation of Market Value of Assets

Year Ending September 30,	2023	2024
1. Market Value of Assets at Beginning of Year	\$12,763,145	\$13,664,254
2. Contributions		
a. Employer	\$226,330	\$406,064
b. State	285,645	292,501
c. Plan Members	<u>160,491</u>	<u>171,689</u>
d. Total Contributions	\$672,466	\$870,254
3. Investment Income		
a. Realized Appreciation (Depreciation)	\$96,382	\$291,408
b. Unrealized Appreciation (Depreciation)	1,107,905	2,202,874
c. Interest plus Dividends	318,283	401,306
d. Investment Expense	<u>(63,822)</u>	<u>(70,224)</u>
e. Net Investment Income	\$1,458,748	\$2,825,364
4. Deductions		
a. Monthly Benefits	(\$921,132)	(\$973,705)
b. Refund of Contributions	(2,291)	0
c. DROP Balance Disbursement	(238,073)	0
d. Administrative Expense	<u>(68,609)</u>	<u>(72,976)</u>
e. Total Deductions	(\$1,230,105)	(\$1,046,681)
5. Net Increase	<u>\$901,109</u>	<u>\$2,648,937</u>
6. Market Value of Assets at End of Year	\$13,664,254	\$16,313,191
7. Return on Market Value of Assets = 2I / (A + B - I)	11.68%	20.81%

Development of Actuarial Value of Assets

The Market Value of Assets is adjusted to recognize investment earnings greater than (or less than) the assumed net investment return over a five-year period. The Actuarial Value of Assets is no more than 120% and no less than 80% of the Market Value of Assets.

1.	Market Value of Assets as of October 1, 2024			\$16,313,191
2.	Phase-In Gains (Losses) Over Five Year Period			
	<u>Year Ending</u>	<u>Original Gain (Loss)</u>	<u>Percent Unrecognized</u>	<u>Unrecognized Gain (Loss)</u>
a.	September 30, 2024	\$1,815,918	80%	\$1,452,734
b.	September 30, 2023	521,923	60%	313,154
c.	September 30, 2022	(3,343,839)	40%	(1,337,536)
d.	September 30, 2021	1,628,368	20%	<u>325,674</u>
e.	Total			\$754,026
3.	Preliminary Actuarial Value of Assets			\$15,559,165
4.	Corridor Around Market Value			
a.	Minimum = 80% of Market Value of Assets			\$13,050,553
b.	Maximum = 120% of Market Value of Assets			\$19,575,829
c.	Corridor Adjustment to Preliminary Actuarial Value			\$0
5.	Actuarial Value of Assets as of October 1, 2024			\$15,559,165

Development of Historical Gain or Loss on Market Value of Assets

Fiscal Year End	2024	2023
1. Market Value of Assets - Beginning of Year	\$13,664,254	\$12,763,145
2. Expected Interest on Assets	1,017,987	963,617
3. Contributions	870,254	672,466
4. Benefit Payments + Administrative Expenses	(1,046,681)	(1,230,105)
5. Interest on items (3) and (4)	<u>(8,541)</u>	<u>(26,792)</u>
6. Expected Value of Assets at End of Year	\$14,497,273	\$13,142,331
7. Market Value of Assets - End of Year	\$16,313,191	\$13,664,254
8. Gain (Loss) for Plan Year = (7) - (6)	\$1,815,918	\$521,923

Fiscal Year End	2022	2021
1. Market Value of Assets - Beginning of Year	\$15,517,529	\$13,200,675
2. Expected Interest on Assets	1,187,091	1,023,052
3. Contributions	729,875	783,399
4. Benefit Payments + Administrative Expenses	(1,306,742)	(1,108,673)
5. Interest on items (3) and (4)	<u>(20,769)</u>	<u>(9,292)</u>
6. Expected Value of Assets at End of Year	\$16,106,984	\$13,889,161
7. Market Value of Assets - End of Year	\$12,763,145	\$15,517,529
8. Gain (Loss) for Plan Year = (7) - (6)	\$(3,343,839)	\$1,628,368

Historical Asset Values

<u>Year Ending September 30,</u>	<u>Actuarial Value of Assets</u>	<u>Market Value of Assets</u>	<u>% Market Return</u>	<u>% Actuarial Return</u>	<u>% Assumed Return</u>
2024	\$ 15,559,165	\$ 16,313,191	20.81 %	8.32 %	7.45 %
2023	14,533,937	13,664,254	11.68 %	4.68 %	7.55 %
2022	14,429,595	12,763,145	(14.30)%	5.93 %	7.65 %
2021	14,182,066	15,517,529	20.26 %	11.07 %	7.75 %
2020	13,077,499	13,200,675	10.66 %	8.71 %	7.80 %
2019	12,224,500	12,122,748	3.49 %	7.14 %	7.80 %
2018	11,787,843	12,099,256	9.59 %	8.16 %	7.90 %
2017	11,514,438	11,652,598	12.17 %	7.44 %	7.90 %
2016	10,779,413	10,449,992	9.14 %	6.98 %	8.00 %
2015	10,293,985	9,790,114	0.23 %	4.67 %	8.00 %

Historical Contribution Amounts

<u>Year Ending September 30,</u>	<u>Employer</u>	<u>State</u>	<u>Members</u>	<u>Total</u>
2024	\$406,064	\$292,501	\$171,689	870,254
2023	226,330	285,645	160,491	672,466
2022	389,496	195,911	144,468	729,875
2021	459,417	185,590	138,392	783,399
2020	459,690	140,547	130,053	730,290
2019	498,650	155,266	130,716	784,632
2018	479,284	144,344	116,807	740,435
2017	434,969	138,409	105,910	679,288
2016	390,264	154,239	104,923	649,426
2015	362,979	173,333	100,309	636,621

Historical Deductions from Fund

<u>Year Ending September 30,</u>	<u>Benefits</u>	<u>Refunds</u>	<u>Administrative Expense</u>	<u>Total</u>
2024	\$973,705	\$0	\$72,976	\$1,046,681
2023	1,159,205	2,291	68,609	1,230,105
2022	1,222,438	9,695	74,609	1,306,742
2021	1,009,782	27,269	71,622	1,108,673
2020	836,142	30,508	67,126	933,776
2019	1,094,763	13,236	68,082	1,176,081
2018	1,291,828	23,234	65,512	1,380,574
2017	673,973	1,565	68,567	744,105
2016	805,753	9,260	59,280	874,293
2015	722,075	84,308	71,278	877,661

Historical State Contributions

Year Ending September 30	State Contributions		
	Regular	Supplemental	Total
2024	\$186,298	\$106,203	\$292,501
2023	197,714	87,931	285,645
2022	194,241	1,670	195,911
2021	185,590	0	185,590
2020	139,351	1,196	140,547
2019	155,266	0	155,266
2018	141,704	2,640	144,344
2017	134,986	3,423	138,409
2016	133,157	21,082	154,239
2015	135,220	38,113	173,333
2014	133,388	51,626	185,014
2013	134,063	44,898	178,961
2012	133,555	41,896	175,451
2011	138,034	31,405	169,439
2010	129,388	33,498	162,886
2009	125,721	133,266	258,987
2008	123,083	0	123,083
2007	114,831	66,820	181,651
2006	110,777	26,327	137,104
2005	107,444	14,272	121,716
2004	96,823	9,247	106,070
2003	89,380	2,684	92,064
2002	86,480	0	86,480
2001	75,807	0	75,807
2000	74,000	0	74,000
1999	69,146	0	69,146
1998	59,994	0	59,994

Present Value of Benefits

Valuation as of October 1,	2023	2024
1. Active Members		
a. Retirement Benefits	\$7,929,276	\$9,521,637
b. Deferred Benefits	434,530	482,588
c. Survivor Benefits	125,275	142,743
d. Disability Retirement	<u>243,836</u>	<u>279,877</u>
e. Total for Active Members	\$8,732,917	\$10,426,845
2. Inactive Members		
a. Retired Members	\$11,660,249	\$11,823,945
b. Terminated members	557,065	610,646
c. Beneficiaries	143,722	142,745
d. Disability Retirement	<u>74,487</u>	<u>73,590</u>
e. Total for Inactive Members	\$12,435,523	\$12,650,926
3. Present Value of Benefits	\$21,168,440	\$23,077,771

Accrued Liability

Valuation as of October 1,	2023	2024
1. Active Members		
a. Retirement Benefits	\$5,031,535	\$6,239,514
b. Deferred Benefits	39,486	45,934
c. Survivor Benefits	53,071	62,475
d. Disability Retirement	<u>106,253</u>	<u>126,085</u>
e. Total for Active Members	\$5,230,345	\$6,474,008
2. Inactive Members		
a. Retired Members	\$11,660,249	\$11,823,945
b. Terminated members	557,065	610,646
c. Beneficiaries	143,722	142,745
d. Disability Retirement	<u>74,487</u>	<u>73,590</u>
e. Total for Inactive Members	\$12,435,523	\$12,650,926
3. Accrued Liability	\$17,665,868	\$19,124,934

Normal Cost

Valuation as of October 1,		2023	2024
1.	Preliminary Normal Cost		
a.	Retirement Benefits	\$294,566	\$336,549
b.	Deferred Benefits	41,661	46,272
c.	Survivor Benefits	7,388	8,266
d.	Disability Retirement	<u>14,619</u>	<u>16,474</u>
e.	Total	\$358,234	\$407,561
2.	Total Normal Cost		
a.	Preliminary Normal Cost	\$358,234	\$407,561
b.	Estimated Administrative Expense	<u>68,609</u>	<u>72,976</u>
c.	Total Normal Cost	\$426,843	\$480,537
d.	Total Normal Cost as a Percent of Pay	20.69 %	20.84 %
3.	Employer Normal Cost		
a.	Preliminary Normal Cost	\$358,234	
b.	Actual Administrative Expense	72,976	
c.	Actual Employee Contributions	<u>(171,689)</u>	
d.	Employer Normal Cost	\$259,521	
4.	Valuation Payroll	\$2,062,896	\$2,306,052

Unfunded Accrued Liability

Unfunded Accrued Liability

1. Accrued Liability	\$19,124,934
2. Actuarial Value of Assets	<u>(15,559,165)</u>
3. Unfunded Accrued Liability	\$3,565,769

Determination of Expected Unfunded Accrued Liability

1. Unfunded Accrued Liability as of Prior Year	\$3,131,931
2. Interest for a full year on (1)	233,329
3. Employer Normal Cost (Including Administrative Expenses) Prior Yr.	259,521
4. Interest for a full year on (3)	19,334
5. City Plus State Contribution	(698,565)
6. Interest on Contribution for Time on Deposit	(24,053)
7. Change in Plan, Methods or Assumptions	<u>206,796</u>
8. Expected Unfunded Accrued Liability	\$3,128,293

Calculation of (Gain) or Loss

1. Actual Unfunded Accrued Liability	\$3,565,769
2. Expected Unfunded Accrued Liability	<u>3,128,293</u>
3. Total (Gain) or Loss	\$437,476

Reconciliation of Unfunded Accrued Liability

1. Unfunded Accrued Liability as of Prior Year	\$3,131,931
2. Total Change in Unfunded Accrued Liability	
a. Expected Change in Unfunded Accrued Liability	\$(210,434)
b. Change in Plan, Methods or Assumptions	206,796
c. Change Due to (Gain) or Loss	
i. Portion of (Gain) / Loss Due to Investments	\$(127,418)
ii. Portion of (Gain) / Loss Due to Demographic Experience	<u>564,894</u>
iii. Total (Gain) or Loss	\$437,476
d. Total Change in Unfunded Accrued Liability	\$433,838
3. Unfunded Accrued Liability	\$3,565,769

Determination of Investment Gain (Loss)

1. Actuarial Value of Assets - Beginning of Year	\$14,533,937
2. Expected Interest on Beginning Value	1,082,778
3. Contributions (Employer)	406,064
4. Contributions (State)	292,501
5. Contributions (Employee)	171,689
6. Benefit Payments	(973,705)
7. Administrative Expenses	(72,976)
8. Interest on Contributions and Disbursements	<u>(8,541)</u>
9. Expected Value of Assets at End of Year	\$15,431,747
10. Actuarial Value of Assets - End of Year	\$15,559,165
11. Gain (Loss) for Plan Year = (10) - (9)	\$127,418
12. Actuarial Investment Income	\$1,201,655
13. Return on Actuarial Value of Assets	8.32 %

Amortization of Unfunded Liability

The Unfunded Actuarial Accrued Liability is being amortized as a level dollar amount based on the net assumed return assumption. Changes in the Unfunded Actuarial Accrued Liability due to plan changes, assumption changes, method changes, or gains and losses are all amortized over a 25-year period.

Amortization Bases

	10/1	Source	Original Balance	Remaining Balance	Adjusted Remaining Balance	Years Remain	Level \$ Amort
1.	2005	Method Change	\$712,901	\$372,173	\$357,129	11	\$45,141
2.	2006	Actuarial Gain	(389,008)	(209,175)	(200,722)	12	(23,982)
3.	2007	Actuarial Loss	146,070	80,352	77,105	13	8,765
4.	2007	Assumption Change	109,095	60,016	57,591	13	6,547
5.	2008	Actuarial Loss	1,281,746	717,209	688,227	14	74,853
6.	2008	Method Change	(1,048)	(585)	(561)	14	(61)
7.	2008	Method Change	(1,111,615)	(622,011)	(596,876)	14	(64,918)
8.	2009	Actuarial Loss	332,686	188,428	180,814	15	18,904
9.	2010	Actuarial Loss	717,799	409,752	393,194	16	39,677
10.	2011	Actuarial Loss	668,509	388,725	373,017	17	36,458
11.	2011	Assumption Change	436,124	253,597	243,349	17	23,784
12.	2012	Actuarial Gain	(149,835)	(88,766)	(85,179)	18	(8,088)
13.	2012	Asmp/Method Chg	905,104	536,191	514,524	18	48,858
14.	2013	Actuarial Loss	173,126	104,583	100,357	19	9,284
15.	2013	Assumption Change	10,903	6,586	6,320	19	585
16.	2014	Actuarial Gain	(56,425)	(39,689)	(38,085)	20	(3,440)
17.	2014	Assumption Change	11,756	8,269	7,935	20	717
18.	2015	Actuarial Loss	100,723	67,383	64,660	16	6,525
19.	2015	Assumption Change	12,388	8,289	7,954	16	803
20.	2016	Actuarial Loss	31,933	22,182	21,286	17	2,080
21.	2016	Assumption Change	307,379	213,520	204,892	17	20,026
22.	2017	Actuarial Gain	(56,192)	(40,043)	(38,425)	18	(3,649)
23.	2017	Assumption Change	(59)	(41)	(39)	18	(4)
24.	2018	Actuarial Gain	(330,276)	(245,748)	(235,817)	19	(21,815)
25.	2018	Assumption Change	154,133	114,684	110,050	19	10,180
26.	2019	Actuarial Gain	(112,849)	(89,682)	(86,058)	20	(7,774)
27.	2019	Plan Change	(12,971)	(10,308)	(9,891)	20	(894)
28.	2020	Actuarial Gain	(114,145)	(94,225)	(90,417)	21	(7,993)
29.	2020	Assumption Change	(249,721)	(206,146)	(197,816)	21	(17,488)
30.	2020	Plan Change	64,519	53,261	51,109	21	4,518
31.	2021	Actuarial Gain	(438,160)	(388,689)	(372,982)	22	(32,328)
32.	2021	Assumption Change	(44,778)	(39,722)	(38,117)	22	(3,304)
33.	2022	Actuarial Loss	657,022	642,636	616,667	23	52,494
34.	2022	Assumption Change	175,537	171,694	164,756	23	14,025
35.	2023	Actuarial Loss	522,407	514,666	493,869	24	41,352
36.	2023	Assumption Change	187,944	185,159	177,677	24	14,877
37.	2024	Actuarial Loss	437,476	437,476	437,476	25	36,079
38.	2024	Assumption Change	206,796	<u>206,796</u>	<u>206,796</u>	25	<u>17,055</u>
Scheduled Amortization Payment							\$337,849
Outstanding Bases				\$3,688,797	\$3,565,769		
Unfunded Accrued Liability					3,565,769		



Projected Unfunded Actuarial Liability and Amortization Payments

Plan Year Beginning October 1	Total Outstanding Bases	Total Amortization Payment
2024	\$3,565,769	\$337,849
2025	3,465,172	337,849
2026	3,357,181	337,849
2027	3,241,253	337,849
2028	3,116,805	337,849
2029	2,983,209	337,849
2030	2,839,794	337,849
2031	2,685,838	337,849
2032	2,520,566	337,849
2033	2,343,146	337,849
2034	2,152,687	337,855
2035	1,948,222	292,707
2036	1,777,195	316,695
2037	1,567,847	301,391
2038	1,359,541	291,506
2039	1,146,535	272,575
2040	938,197	225,614
2041	764,958	143,265
2042	667,388	106,131
2043	602,509	107,883
2044	530,982	119,312
2045	441,927	140,248
2046	323,853	175,869
2047	158,861	109,353
2048	53,147	53,147
2049	0	0

Actions Taken to Reduce Unfunded Actuarial Accrued Liability

The required contributions calculated each year include a payment for the amortization of the unfunded actuarial accrued liability. This payment is designed to reduce the unfunded actuarial accrued liability in an orderly fashion over the next 25 years.

Minimum Funding Requirements

Determination of Required Contribution

Valuation as of October 1, Funding for Year Ending September 30,	2023 2025	2024 2026
1. Minimum Required Contribution		
a. Total Normal Cost	\$426,843	\$480,537
b. Amortization of Unfunded Accrued Liability	<u>298,495</u>	<u>337,849</u>
c. Beginning of Year Contribution	\$725,338	\$818,386
d. Interest	<u>84,244</u>	<u>92,114</u>
e. Minimum Required Contribution	\$809,582	\$910,500
2. Contribution by Source - \$ Amount		
a. City Policy Contribution	\$379,534	\$456,575
b. Expected State Contribution	285,645	292,501
c. Expected Member Contributions	<u>144,403</u>	<u>161,424</u>
d. Total	\$809,582	\$910,500
3. Contribution by Source - % Pay		
a. City Policy Contribution	18.39 %	19.80 %
b. Expected State Contribution	13.85 %	12.68 %
c. Expected Member Contributions	<u>7.00 %</u>	<u>7.00 %</u>
d. Total	39.24 %	39.48 %
5. Valuation Payroll	\$2,062,896	\$2,306,052
6. Net Assumed Rate of Return		
a. Net Assumed Rate of Return	7.45 %	7.35 %
b. Assumed Valuation Payroll Increase	0.00 %	0.00 %

Note: The \$456,575 minimum funding requirement for fiscal 2026 must be deposited on December 15, 2025. The actual premium tax distribution for the fiscal years ending September 30, 2025 and 2026 are not yet known. If state contributions are less than expected the City contributions must be increased to make up the difference.

Reconciliations

Reconciliation of Funded Status

	Unfunded Accrued Liability	Funded Percentage	Change in Unfunded Accrued Liability	Change in Funded Percentage
As of Prior Valuation	\$3,131,931	82.27 %		
Changes in due to:				
Normal Operation of Plan	2,921,497	84.08 %	\$(210,434)	1.81 %
Investment Experience	2,794,079	84.78 %	(127,418)	0.70 %
Demographic Experience	3,358,973	82.24 %	564,894	(2.54)%
Net Return 7.35%	3,565,769	81.36 %	<u>206,796</u>	<u>(0.88)%</u>
Total Changes			\$433,838	(0.91)%
As of Current Valuation	\$3,565,769	81.36 %		

Reconciliation of City Minimum Funding Requirement

	Dollar Amount	% of Pay
City Required Contribution for Fiscal 2025	\$379,534	18.39 %
Changes in Contribution due to:		
Normal Operation of Plan	\$0	0.00 %
Change in Expenses	4,760	0.24 %
Change in State \$	(6,473)	(0.32)%
Investment Experience	(11,545)	(0.56)%
Demographic Experience	65,409	0.97 %
Net Return 7.35%	<u>24,890</u>	<u>1.08 %</u>
Total Changes	\$77,041	1.41 %
City Required Contribution for Fiscal 2026	\$456,575	19.80 %

Note: The City required contributions shown above must be deposited on December 15.

Section
3

Accounting Information

Information Required by GASB 67/68

A supplemental report provides information under the Governmental Accounting Standards Board No. 67/68.

Statement of Accumulated Plan Benefits

The following table is based on prior accounting standards and is required by the State. The present value of accrued benefits is an estimate of the liability for all benefits accrued to date.

Valuation as of October 1,	2023	2024
1. Actuarial present value of accumulated benefits		
a. Participants currently receiving benefits	\$11,878,458	\$12,040,280
b. Other participants	<u>3,111,788</u>	<u>3,939,918</u>
c. Vested participants	\$14,990,246	\$15,980,198
d. Nonvested participants	<u>951,997</u>	<u>1,010,029</u>
e. Total	\$15,942,243	\$16,990,227
2. Change in actuarial present value of accumulated benefits		
a. Actuarial present value of accumulated benefits beginning of year		\$15,942,243
b. Increase (decrease) during year attributable to:		
i. Plan amendment		\$0
ii. Change in assumptions or methods		176,517
iii. Increase for interest and probability of payment due to decrease in discount period and benefits accrued		1,845,172
iv. Benefits paid		(973,705)
v. Other		<u>0</u>
vi. Net increase (decrease)		\$1,047,984
c. Actuarial present value of accumulated benefits end of year		\$16,990,227

Other Disclosures Required by the State of Florida

Valuation as of October 1,	2023	2024
Present value of active member:		
Future salaries (attained age)	\$20,416,290	\$22,646,743
Future contributions (attained age)	\$1,429,140	\$1,585,272
Balance of contributions with interest for actives	\$1,135,630	\$1,324,353

Required Disclosure Under F.S. 112.664(1)

As required under F.S. Section 112.664(1) we have produced the following information:

- (a) Total pension liability calculated based on mortality used in one of the last two Florida Retirement System (FRS) valuations. This actuarial valuation assumes mortality as used in one of the last two actuarial valuations for special risk members of FRS.
- (b) Total pension liability calculated using an assumed interest rate that is 200 basis points lower than that assumed in the valuation of the Plan.
- (c) Determination of the number of months or years for which the current market value of assets is adequate to sustain the payment of expected retirement benefits.
- (d) Recommended contribution to the Plan using the most recent valuation and the contributions necessary prepared pursuant to (a) and (b) stated as a dollar amount and % of payroll.

	2% Decrease (5.35%)	Current Discount Rate (7.35%)	2% Increase (9.35%)
Total pension liability	\$24,178,666	\$19,124,934	\$15,603,431
Plan fiduciary net position	<u>(16,313,191)</u>	<u>(16,313,191)</u>	<u>(16,313,191)</u>
Net pension liability	<u>\$7,865,475</u>	<u>\$2,811,743</u>	<u>\$(709,760)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 67.47%	 85.30%	 104.55%
 Years of benefit payments:			
Expected for current members:	99	99	99
Paid for with current assets:	15.88	19.69	28.70
 City Plus State Contribution Requirement, Plus Expected Employee Contributions			
Dollar Amount	\$1,473,114	\$910,500	\$451,702
Percent of Payroll	63.88%	39.48%	19.59%
 Increase (Decrease)	 \$562,614		 \$(458,798)

Required Disclosure Under F.S. 112.664(2)(b)2.

F.S. Section 112.664(2)(b)2. - For the previous five years, beginning with 2013, a side-by-side comparison of the plan's assumed rate of return compared to the actual rate of return, as well as the percentages of cash, equity, bond and alternative investments in the plan portfolio.

Year Ending September 30,	2024	2023	2022	2021	2020
Assumed rate of return	7.45%	7.55%	7.65%	7.75%	7.8%
Actual rate of return	20.8%	11.7%	(14.3%)	20.3%	10.7%
Percentages of assets in:					
Cash	1%	0%	2%	2%	2%
Equity	64%	68%	63%	69%	71%
Bond	11%	10%	10%	17%	18%
Alternative	24%	22%	25%	12%	9%
Total	100%	100%	100%	100%	100%

Section 4 Supplementary Information

Summary of Participant Data

Member Statistics

Valuation as of October 1,	2023	2024
<u>Active Participants</u>		
Number	36	37
Average Age	36.2	36.8
Average Credited Service	7.8	8.6
Percent Male	91.7	89.2
Average Valuation Salary	\$61,752	\$67,012
Total Valuation Salary	\$2,223,069	\$2,479,444
Payroll Covered in Valuation	\$2,062,896	\$2,306,052
<u>Terminated with Rights to Deferred Benefits</u>		
Number	5	5
Average Age	45.6	46.6
Percent Male	100.0	100.0
Average Monthly Benefit	\$1,630	\$1,630
Total Benefits	\$97,824	\$97,824
<u>Retirements (DROP and Service Retirees)</u>		
Number	25	25
Average Age	62.8	63.8
Percent Male	100.0	100.0
Average Monthly Benefit	\$3,515	\$3,515
Total Benefits	\$1,054,400	\$1,054,400
Total of DROP Account Balances September 30	\$105,164	\$238,856
<u>Beneficiaries</u>		
Number	1	1
Average Age	63.4	64.4
Percent Male	0.0	0.0
Average Monthly Benefit	\$1,120	\$1,120
Total Benefits	\$13,440	\$13,440
<u>Disability Retirements</u>		
Number	1	1
Average Age	62.7	63.7
Percent Male	100.0	100.0
Average Monthly Benefit	\$722	\$722
Total Benefits	\$8,663	\$8,663

Number of Active Members by Age and Service as of October 1, 2024

Age	Service						Total		
	< 1	< 5	< 10	< 15	< 20	< 25		< 30	< 35
< 20									
< 25	1	2							3
< 30		5	2						7
< 35		1	6	1					8
< 40		1	5	1					7
< 45			1	2	2				5
< 50				1		2			3
< 55				1					1
< 60							1		1
< 65			1	1					2
Total	1	9	15	7	2	3			37

Active Valuation Pay by Age and Service as of October 1, 2024

Age	Service						Total		
	<1	<5	<10	<15	<20	<25		<30	<35
< 20									
< 25	42,000	48,875							46,584
< 30		49,339	57,253						51,600
< 35		51,330	61,271	56,769					59,465
< 40		48,423	64,710	67,222					62,742
< 45			81,462	86,865	89,540				86,855
< 50				81,462		90,036			87,178
< 55				79,080					79,080
< 60						105,281			105,281
< 65			115,296	68,111					91,703
Total	42,000	49,356	66,829	75,196	89,540	95,118			67,012

DROP Balance Reconciliation

Year Ending September 30,	2023	2024
1. Beginning Balance	\$227,961.29	\$105,163.78
2. Additions	\$104,711.76	\$102,797.52
3. Interest	\$10,563.71	\$30,895.12
4. Distributions	\$238,072.98	\$0.00
5. Ending Balance	\$105,163.78	\$238,856.42

Reconciliation of Plan Participants

	Active	Retired	DROP	Deferred Vested	Disabled	Survivor	Total
October 1, 2023	36	23	2	5	1	1	68
Additions	1						1
October 1, 2024	37	23	2	5	1	1	69

Outline of Plan Provisions

Plan Type: Single-employer Defined Benefit Pension Plan

Effective Date: November 1, 1969. Plan amendment and restatement adopted December 4, 2019 effective December 14, 2019 with Ordinance No. 1763-2019. Subsequently amended by Ordinance No. 1768-2019, 1770-2020, 1774-2020, 1778-2020, 1793-2020, and 1818-2021.

Plan Administrator: The Board of Trustees

Board Composition: Two members are elected from among the fire employees of the City, who are members of the plan, two city residents appointed by the Commission and one person is chosen by a majority of the previous four members.

Funding Requirements: Employer contributions are actuarially determined and subject to State statute. Employee contributions are as described below and may be amended by ordinance.

Plan Year: The 12-month period from October 1st to the next September 30th.

Member: Full-time firefighters participate in the Plan immediately upon hire.

Credited Service: Employee service computed in years and completed calendar months. See Ordinance 1778-2020 regarding the "cross-credit" of service.

Members may purchase a total of 5 years of combined Credited Service for eligible military service or fire service prior to employment with the City and receive credit for that time upon full payment and vesting in the Plan.

Vesting: Members become 100% vested after earning 10 years of Credited Service.

Basic Compensation: Total compensation actually paid in a Plan Year by the City including tax deferred compensation and excluding overtime, commissions, bonuses, expense allowances and payment for accrued annual leave, accrued sick leave, and accrued compensatory leave.

Employee Contributions: 7.0% of Basic Compensation. Members receive benefits under the Plan no less than the value of their accumulated Employee Contributions with interest.

Members who terminate non-vested are entitled to the return of Employee Contributions accumulated with interest to the first day of the month in which termination occurs. The interest rate for accumulation was 5% from October 1, 1984 until October 1, 2019 when it was revised to 1.5%. Prior to October 1, 1984 a different interest rate was credited to Employee Contributions.

Average Monthly Compensation: The sum of the highest five successive Plan Years of Basic Compensation in the last ten Plan Years of employment divided by 60.

Normal Retirement Date: The first day of the month coincident with or next following the earlier of attainment of age 52 and 25 years of Credited Service or age 55 and 10 years of Credited Service.

Accrued Benefit: The amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formulas, but no less than 2% x Average Monthly Compensation x Credited Service. For Members hired before October 1, 2012, the amount of monthly retirement income payable at the Normal Retirement Date is determined according to the following formula:

3% x Average Monthly Compensation x Credited Service up to 25 years

Plus

1.5% x Average Monthly Compensation x Credited Service between 25 and 30 years

Per Ordinance No. 1818-2021 adopted May 19, 2021, the accrued benefit for Members hired on or after October 1, 2012 is determined according to the following formula:

3.00% x Average Monthly Compensation x Credited Service up to 25 years (Maximum 75%)

Prior to Ordinance No. 1818-2021 the accrued benefit for Members hired on or after October 1, 2012 was as follows:

2.75% x Average Monthly Compensation x Credited Service up to 25 years

Plus

1.25% x Average Monthly Compensation x Credited Service between 25 and 30 years

The Accrued Benefit is payable in the form of a 10-year certain and continuous annuity. However, any member with a spouse shall receive an actuarially equivalent 50% joint and survivor annuity unless the member chooses another Optional Form of Retirement Income.

Members who terminate employment 100% vested prior the Normal Retirement Date are eligible to receive their Accrued Benefit once the age requirements for the Normal Retirement Date are met, provided Employee Contributions remain in the Plan.

Late Retirement Benefit: The amount of monthly retirement income payable to a Member who retires after the Normal Retirement Date is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit payable if he had retired at the Normal Retirement Date, accumulated with interest from the Normal Retirement Date to the date the monthly retirement income payments are to commence, and (ii) the monthly retirement income computed as described for the Accrued Benefit using Credited Service and Average Monthly Compensation determined at the Member's actual retirement date.

Early Retirement Date: The first day of the month coincident with or next following the date an employee retires prior to the Normal Retirement Date after the earlier of attainment of age 45 and 25 years of Credited Service or age 50 and 10 years of Credited Service.

Early Retirement Benefit: The Accrued Benefit is reduced for commencement earlier than the Normal Retirement Date at a rate of 0.25% per month. However, the minimum monthly retirement income for a Member who retires before the Normal Retirement Date with 25 years Credited Service is 50% x Average Monthly Compensation.

Members who terminate employment 100% vested prior to reaching the Early Retirement Date age requirements may elect to receive an Early Retirement Benefit once the age requirements are met, provided Employee Contributions remain in the Plan.

Members who terminate employment 100% vested prior the Normal Retirement Date but on or after their Early Retirement Date but do not commence receipt of an Early Retirement Benefit at that time will receive a monthly retirement income not less than the monthly retirement income which can be provided by the single-sum value of the monthly early retirement income which would have been payable if he had

retired immediately upon termination, accumulated with interest from termination to the date the monthly retirement income payments are to commence.

Members who recover from Disability Retirement and who were eligible for an Early Retirement Benefit at the date of disability may elect to receive this benefit upon recovery from disability.

Disability Retirement: This benefit is payable from the first day of the month coincident with or next following the date the Retirement Committee approves the Member's Disability Retirement. The benefit is payable in the form of a 10 year certain and continuous annuity. The last payment is that due next preceding the earlier of (1) the date of recovery prior to the Normal Retirement Date and (2) the later of the date of death or the 120th payment. The amount of monthly retirement income is determined as follows:

(a) Non-Line of Duty: Members with less than 10 years of Credited Service upon disability receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding disability. The monthly retirement income which can be provided by (ii) is limited to 60% x Anticipated Monthly Retirement Income at the Normal Retirement Date. In no event shall the benefit payable be less than the benefit required under section 175.191 of the Florida Statutes.

(b) Non-Line of Duty: Members with 10 years of Credited Service or more upon disability receive a monthly retirement income which is the greater of (i) the monthly retirement income which can be provided by the single-sum value of the Accrued Benefit and (ii) 30% x Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed 100 x the Anticipated Monthly Retirement Income at the Normal Retirement Date. In no event shall the benefit payable be less than the benefit required under section 175.191 of the Florida Statutes.

(c) Line of Duty: Members receive a monthly retirement income which is 50% x Basic Compensation paid in the Plan Year immediately preceding disability where the single-sum value of this monthly amount does not exceed 100 x the Anticipated Monthly Retirement Income at the Normal Retirement Date. In no event shall the benefit payable be less than the benefit required under section 175.191 of the Florida Statutes.

Members who recover from disability and re-enter the service of the City within 30 days of recovery will be deemed to have continuous service except that the period beginning with the first month for which Disability Retirement income was received and ending with the date of service re-entry is not considered as Credited Service.

Anticipated Monthly Retirement Income at the Normal Retirement Date: Determined as described for the Accrued Benefit, but instead using Anticipated Credited Service and Anticipated Average Monthly Compensation. Anticipated Credited Service is employee service computed in years and completed calendar months as if the member remains employed to the Normal Retirement Date. Anticipated Average Monthly Compensation is computed assuming that the last complete Plan Year of Basic Compensation is paid in each Plan Year, without change, to the Normal Retirement Date.

Survivor Benefit at Death of Disabled Member Prior to Disability Retirement: The designated beneficiary of a disabled Member who dies prior to receipt of Disability Retirement benefits is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the date of the disabled Member's death. The designated beneficiary will receive a monthly retirement income which can be provided by the greater of (i) the single-sum value of the Accrued Benefit and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding disability not more than 100 x Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Vested Terminated Members: The designated beneficiary of vested Member who dies prior to retirement is eligible to receive a monthly retirement income payable in the form of a 10 year certain and continuous annuity payable commencing on the first of the month coincident with or next following the Member's death, which can be provided by the single-sum value of the Member's Accrued Benefit or Early Retirement Benefit.

Survivor Benefit at Death of Active Employee Prior to Normal Retirement Date: The designated beneficiary of a Member who dies while in active service prior to the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the greater of (i) the single-sum value of the Accrued Benefit as of the date of death, not less than the single-sum value of the Early Retirement Benefit which would have been payable if the Member had retired early on the date of death, and (ii) 2 x Basic Compensation paid in the Plan Year immediately preceding death not more than 100 x Anticipated Monthly Retirement Income at the Normal Retirement Date.

Survivor Benefit at Death of Active Employee After Normal Retirement Date: The designated beneficiary of a Member who dies while in active service after the Normal Retirement Date is eligible to receive, commencing on the first of the month coincident with or next following the Member's death, a monthly retirement income (payable in the form of a 10 year certain and continuous annuity) which can be provided by the single-sum value of the Late Retirement Benefit.

Optional Forms of Retirement Income: In addition to the 10 year certain and continuous form of annuity, also available under the terms of the Plan are the life only annuity and the joint and 50%, 66 2/3%, 75%, or 100% survivor annuity. With the joint and survivor options, the member may also elect the pop-up feature. The Plan also allows for other amounts and forms of retirement income that will meet the circumstances of the Participant, in the opinion of the Retirement Committee, and will not substantially affect the actuarial soundness of the Plan.

Deferred Retirement Option Program (DROP): Members are eligible to enter the DROP at the Normal Retirement Date. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates with interest in the DROP account and is payable as a single-lump sum (or as an actuarially equivalent annuity) upon DROP exit. The DROP account earns interest at a rate equal to the funds net rate of investment return minus 1% in administration fees, unless the DROP participant, as a one-time irrevocable option, elects a self-directed DROP as approved by the board of trustees. The maximum DROP participation duration is 5 years and participation will end if the employee resigns, dies or is terminated with cause prior to completion of the 5 years.

Defined Contribution (DC) Component: Ordinance 1709-2017 was adopted effective June 7, 2017 creating a DC component which will be funded by a portion of the premium tax revenues if the City and the collective bargaining representative do not reach mutual consent to use the premium tax revenues for an alternative means.

Description of Assumptions and Methods

Assumed Rate of Investment Return: 7.35% per year, net of investment expenses (revised from 7.45% used in the prior actuarial valuation).

Inflation: 2.0% per year. Note this assumption is not used directly in the valuation.

Salary Increase – Individual: 6.0% per year for 0-10 years of service and 4.5% per year at service levels over 10 years.

Salary Increase – Total Payroll: Based on individual salary increase assumptions and other decrements assumed in the valuation of Plan liabilities.

Unfunded accrued liability is amortized as a level dollar amount.

Mortality: Mortality rates are those required by state statute. Mortality is as assumed in one of the last two valuations for the Florida Retirement System (FRS) for special risk employees, as follows:

The following sex distinct tables are used with fully generational mortality improvements using sex distinct Scale MP-2018.

Active:	Male:	PubS.H-2010(B) male employee set forward 1 year
	Female:	PubS.H-2010 female employee set forward 1 year
Healthy Retiree:	Male:	PubS.H-2010(B) male healthy retiree set forward 1 year
	Female:	PubS.H-2010 female healthy retiree set forward 1 year

The following sex distinct tables are used with no mortality improvement projection.

Disabled Retiree:	Male:	80% PubG.H-2010 male disabled retiree + 20% PubS.H-2010 male disabled retiree
	Female:	80% PubG.H-2010 female disabled retiree + 20% PubS.H-2010 female disabled retiree

Juvenile rates are used for ages 15-17.

The active tables reference the healthy retiree rates, above, at ages 80+.

The healthy retiree tables reference the active mortality rates, above, before age 44.

Retirement: 100% at the earlier of age 55 with 10 years of service or age 52 with 25 years of service.

Termination: Unisex rates based on the experience of the Rockledge firefighters from 1999 through 2005, as follows:

Service	Rate	Service	Rate	Service	Rate	Service	Rate
0	0.2000	7	0.0500	14	0.0175	21	0.0100
1	0.2000	8	0.0250	15	0.0175	22	0.0100
2	0.2000	9	0.0250	16	0.0175	23	0.0100
3	0.2000	10	0.0250	17	0.0150	24	0.0100
4	0.1000	11	0.0200	18	0.0150	>=25	0.0000
5	0.0500	12	0.0200	19	0.0150		
6	0.0500	13	0.0200	20	0.0100		

Disability: Sex distinct rates as used for special risk employees in the Florida Retirement System actuarial valuation report as of July 1, 2005. Linear interpolation has been used between the rates shown in five year age increments, as follows:

Age	Line-of-Duty		Age	Not Line-of-Duty	
	Male	Female		Male	Female
20	0.012%	0.008%	20	0.037%	0.036%
25	0.012%	0.008%	25	0.037%	0.036%
30	0.017%	0.016%	30	0.043%	0.046%
35	0.029%	0.037%	35	0.055%	0.075%
40	0.051%	0.068%	40	0.087%	0.118%
45	0.087%	0.106%	45	0.140%	0.259%
50	0.138%	0.153%	50	0.292%	0.318%
55	0.215%	0.230%	55	0.446%	0.492%
60	0.301%	0.285%	60	0.628%	0.597%
65+	0.231%	0.143%	65+	0.698%	0.380%

Funding Method: Entry Age Normal (level percent of salary)

A description of the funding method is found on the next page entitled "Glossary of Actuarial Terms."

Glossary of Actuarial Terms

Present Value of Benefits (PVB): The present value, as of the valuation date, of all benefits that will become payable by the Plan for the current group of members in the census.

Normal Cost (NC): Under the Individual Entry Age Normal Cost Method, the annual normal cost for each individual active member is determined as the amount, from the date of employment to the date of retirement, sufficient to accumulate the value of the member's benefit at the time of retirement. The annual normal cost is a constant percentage of the member's projected covered pay.

Accrued Liability (AL): This is the portion of the PVB attributable to the past at the valuation date. For active members, AL is the annual NC accumulated from date of entry to the valuation date for each member. For retired and terminated members, the PVB and the AL are equal. The AL is the estimated liability owed by the pension fund at the valuation date.

Unfunded Accrued Liability (UAL): Any excess of the Accrued Liability over the fund assets. A negative UAL indicates fund assets are greater than the Accrued Liability, otherwise known as a surplus. Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Actuarial Value of Assets: The value of assets used in the actuarial valuation of the Plan which is compared to the AL to determine the UAL and minimum funding requirements. A method may be used to smooth out short term volatility in the fair market value of assets. In this valuation, the Actuarial Value of Assets has been calculated to smooth out unexpected fluctuations in the fair market value of assets over a 5-year period.