City of St. Augustine Municipal Firefighters' Pension Trust Fund

Actuarial Valuation

(As Revised December 30, 2025)

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

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 30, 2025

Board of Trustees
City of St. Augustine
Firefighters' Pension Board

Re: City of St. Augustine Municipal Firefighter's Pension Trust Fund Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the City of St. Augustine Municipal Firefighter's Pension Trust Fund as of October 1, 2025.

The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the plan year ending September 30, 2027. This report was prepared for use by the Board. Use of the results for other purposes may not be applicable and could produce significantly different results.

DATA AND ASSUMPTIONS

In preparing this report, we have relied on personnel and plan design supplied by City of St. Augustine. Assets were determined based on financial reports supplied by the custodian bank. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated fund experience. Other sets of assumptions and methods could also be reasonable and could produce materially different results. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

DISCLOSURES AND LIMITATIONS

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. Due to the limited scope of this report, we did not provide an analysis of these potential differences.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

ACTUARIAL CERTIFICATION

The valuation has been conducted in accordance with all applicable laws and regulations, as well as generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board; specifically No. 4 for Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, No. 23 for Data Quality, No. 27 for Selection of Economic Assumptions for Measuring Pension Obligations, No. 35 for Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, No. 44, Selection and Use of Asset Valuation Methods for Pension Valuations, and No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on this report has any direct financial interest or indirect material interest in the City of St. Augustine, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Municipal Firefighter's Pension Trust Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,

Foster & Foster, Inc.

Doug Lozen

Douglas H. Lozen, EA, MAAA

Monica San Miguel

Monica San Miguel

TABLE OF CONTENTS

SUMMARY

The regular annual actuarial valuation of the City of St. Augustine Municipal Firefighter's Pension Trust Fund, performed as of October 1, 2025, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2027.

The contribution requirements, compared with those set forth in the October 1, 2024 actuarial report, are as follows:

Valuation Date Applicable to Fiscal Year Ending	10/1/2025 9/30/2027	10/1/2024 9/30/2026
Total Recommended Contribution		
% of Projected Annual Payroll	34.92%	32.46%
Member Contributions (Est.)		
% of Projected Annual Payroll	5.00%	5.00%
City and State Required Contribution		
% of Projected Annual Payroll	29.92%	27.46%
State Contribution (Est.)[1]	$223,122	$223,122
% of Projected Annual Payroll	7.48%	7.48%
City Required Contribution (Est.)[2]		
% of Projected Annual Payroll	22.44%	19.98%

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2024 actuarial valuation report. The increase is attributable to assumption changes and unfavorable plan experience.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an average salary increase of 8.85% which exceeded the 5.00% assumption and inactive mortality experience. These losses were offset in part by a gain associated with an investment return of 7.22% (Actuarial Asset Basis) which exceeded the 7.15% assumption.

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[1] Based on amounts received in Calendar 2025. Per Ordinance 2025-02, the City may use annual State Monies up to $162,412.61. Annual monies received in excess of this amount are allocated 40% to the City and 60% to the Membership Share Plan.

[2] The required contribution from the combination of City and State sources for the year ending September 30, 2027, is 29.92% of the actual payroll realized in that year. As a budgeting tool, the City may contribute 22.44% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the City has access to a prepaid contribution of $310,323.65 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2026.

CHANGES SINCE PRIOR VALUATION

PLAN CHANGES

There has been the following plan change since the prior valuation:

Ordinance 2025-02, adopted June 9, 2025, provides that annual State Monies (for Plan years beginning October 1, 2024 and after) in excess of $162,412.61 will be allocated 40% for use to the City and 60% to the Membership Share Plan. A letter of no Actuarial Impact was submitted for this change.

ACTUARIAL ASSUMPTION/METHOD CHANGES

There has been the following assumption change since the prior valuation:

- The mortality rates were updated as mandated by Chapter 2015-157, Laws of Florida.

There have been 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	34	34	34
Service Retirees	17	17	16
DROP Retirees	3	3	4
Beneficiaries	5	5	5
Disability Retirees	2	2	2
Terminated Vested	7	7	7
Total	68	68	68
Projected Annual Payroll	2,981,435	2,981,435	2,750,621
Annual Rate of Payments to:			
Service Retirees	580,973	580,973	549,532
DROP Retirees	187,088	187,088	218,529
Beneficiaries	123,175	123,175	123,175
Disability Retirees	23,188	23,188	23,188
Terminated Vested	98,516	98,516	98,516
ASSETS			
Actuarial Value (AVA) [1]	19,214,557	19,214,557	17,756,783
Market Value (MVA) [1]	22,736,972	22,736,972	19,751,929
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	14,933,558	14,538,602	12,892,140
Disability Benefits	456,681	444,753	412,033
Death Benefits	189,566	243,631	228,364
Vested Benefits	409,288	394,891	380,476
Refund of Contributions	75,728	75,670	78,182
Service Retirees	6,113,766	6,000,858	5,726,538
DROP Retirees [1]	2,702,254	2,657,511	2,922,605
Beneficiaries	1,096,356	1,095,152	1,124,799
Disability Retirees	226,634	223,048	225,581
Terminated Vested	802,191	774,889	720,925
Share Plan Balances [1]	538,652	538,652	400,278
Total	27,544,674	26,987,657	25,111,921

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
LIABILITIES (CONTINUED)			
Present Value of Future Salaries	26,907,245	26,868,704	26,141,303
Present Value of Future Member Contributions	1,345,362	1,343,435	1,307,065
Normal Cost (Retirement)	492,244	478,646	447,177
Normal Cost (Disability)	25,092	24,583	22,517
Normal Cost (Death)	10,199	13,264	12,201
Normal Cost (Vesting)	30,340	29,244	28,820
Normal Cost (Refunds)	10,839	10,833	10,730
Total Normal Cost	568,714	556,570	521,445
Present Value of Future Normal Costs	4,985,860	4,873,728	4,758,139
Accrued Liability (Retirement)	10,501,345	10,232,553	8,692,772
Accrued Liability (Disability)	234,396	228,107	204,169
Accrued Liability (Death)	98,204	125,660	114,472
Accrued Liability (Vesting)	219,318	211,804	196,458
Accrued Liability (Refunds)	25,698	25,695	25,185
Accrued Liability (Inactives) [1]	10,941,201	10,751,458	10,720,448
Share Plan Balances [1]	538,652	538,652	400,278
Total Actuarial Accrued Liability (EAN AL)	22,558,814	22,113,929	20,353,782
Unfunded Actuarial Accrued Liability (UAAL)	3,344,257	2,899,372	2,596,999
Funded Ratio (AVA / EAN AL)	85.2%	86.9%	87.2%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
Vested Accrued Benefits			
Inactives + Share Plan Balances [1]	11,479,853	11,290,110	11,120,726
Actives	4,652,031	4,544,215	3,647,360
Member Contributions	1,080,730	1,080,730	909,072
Total	17,212,614	16,915,055	15,677,158
Non-vested Accrued Benefits	887,080	861,506	731,938
Total Present Value Accrued Benefits (PVAB)	18,099,694	17,776,561	16,409,096
Funded Ratio (MVA / PVAB)	125.6%	127.9%	120.4%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	323,133	0	
Plan Experience	0	1,025,996	
Benefits Paid	0	(803,072)	
Interest	0	1,144,541	
Other	0	0	
Total	323,133	1,367,465	

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 (with interest)			
% of Projected Annual Payroll [2]	19.76	19.34	19.64
Administrative Expenses (with interest)			
% of Projected Annual Payroll [2]	1.76	1.76	1.69
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2025, with interest)			
% of Projected Annual Payroll [2]	13.40	11.80	11.13
Minimum Required Contribution			
% of Projected Annual Payroll [2]	34.92	32.90	32.46
Expected Member Contributions			
% of Projected Annual Payroll [2]	5.00	5.00	5.00
Expected City and State Contribution			
% of Projected Annual Payroll [2]	29.92	27.90	27.46

PAST CONTRIBTUTIONS

Plan Years Ending:	9/30/2025
City and State Requirement	774,130
Actual Contributions Made:	
City	551,008
State	223,122
Total	774,130

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

[2] Contributions developed as of 10/1/2025 are expressed as a percentage of Projected Annual Payroll at 10/1/2025 of $2,981,435.

Other Information

Illustration of Amortitization of the Total Unfunded Actuarial Accrued Liability

Year	Projected Unfunded Actuarial Accrued Liability
2025	3,344,257
2026	3,170,026
2027	2,983,339
2030	2,339,301
2034	1,244,269
2037	316,437
2040	0

5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	9/30/2025	8.85%	5.00%
Year Ended	9/30/2024	7.03%	5.00%
Year Ended	9/30/2023	11.82%	5.00%
Year Ended	9/30/2022	11.21%	5.00%
Year Ended	9/30/2021	3.42%	4.49%

5 Year Comparison of Investment Return on Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	14.21%	7.22%	7.15%
Year Ended	9/30/2024	26.63%	7.68%	7.15%
Year Ended	9/30/2023	12.90%	4.38%	7.15%
Year Ended	9/30/2022	-19.05%	2.24%	7.15%
Year Ended	9/30/2021	16.15%	10.09%	7.25%

Average Annual Payroll Growth

Valuation Date	Payroll
10/1/2025	$2,981,435
10/1/2015	1,660,699
Total Increase	79.53%
Number of Years	10.00
Average Annual Rate	6.03%

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.

Doug Lozen

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

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

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

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

UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2024	$2,596,999
(2)	Sponsor Normal Cost developed as of October 1, 2024	383,914
(3)	Expected administrative expenses for the year ended September 30, 2025	45,006
(4)	Expected interest on (1), (2) and (3)	214,744
(5)	Sponsor contributions to the System during the year ended September 30, 2025	774,130
(6)	Expected interest on (5)	34,031
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	2,432,502
(8)	Change to UAAL due to Assumption Change	444,885
(9)	Change to UAAL due to Actuarial (Gain)/Loss	466,870
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	3,344,257

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Consolidation Base	10/1/2021	11	867,287	108,749
Actuarial Loss	10/1/2022	12	949,374	112,446
Actuarial Loss	10/1/2023	13	797,885	89,856
Actuarial Gain	10/1/2024	14	(182,044)	(19,602)
Actuarial Loss	10/1/2025	15	466,870	48,294
Assump Change	10/1/2025	15	444,885	46,019
			3,344,257	385,762

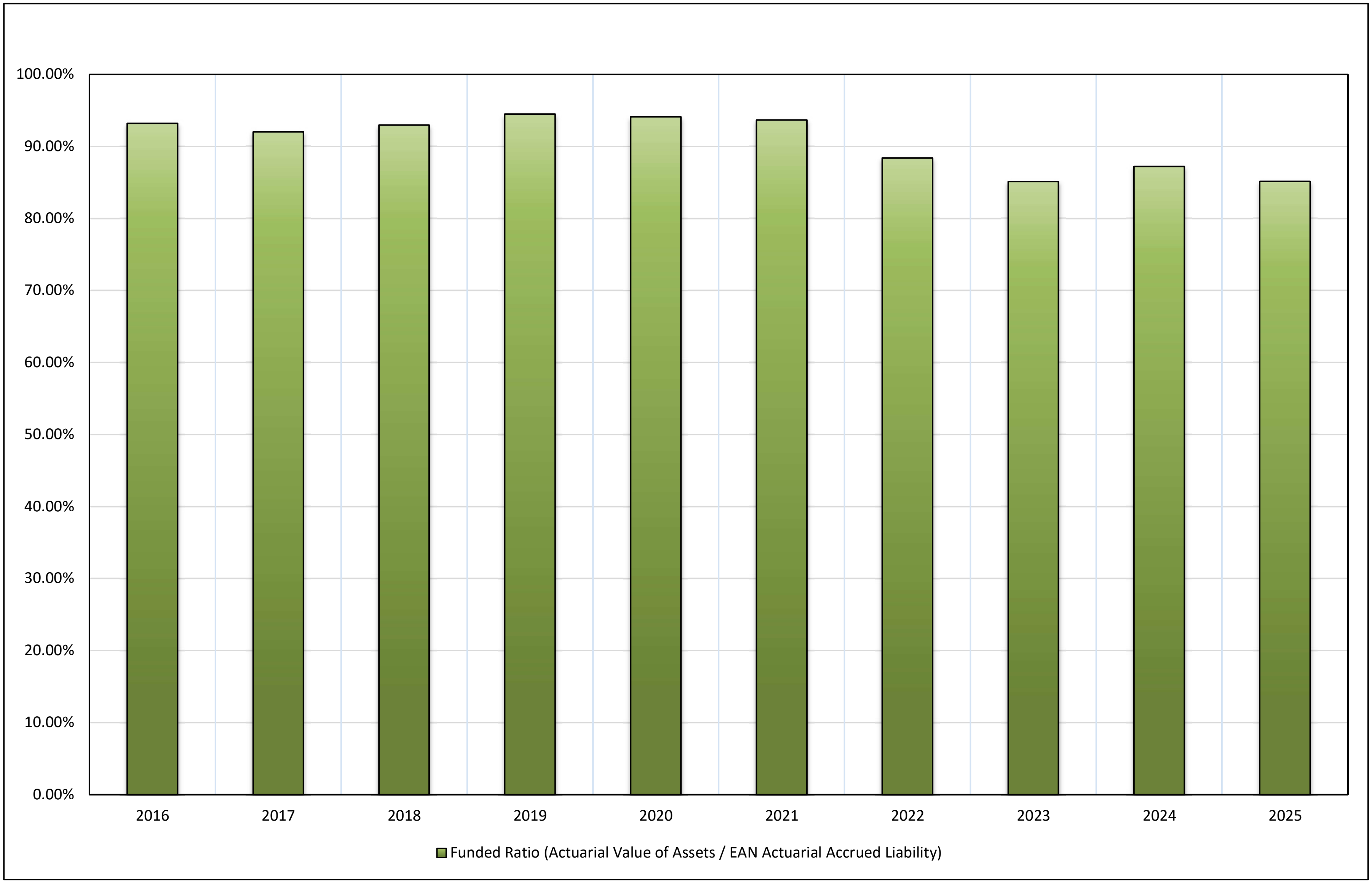
DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	$2,596,999
(2)	Expected UAAL as of October 1, 2025	2,432,502
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(12,721)
	Salary Increases	324,433
	Active Decrements	58,043
	Inactive Mortality	90,839
	Interest Crediting on Share Plan Balances	27,668
	Other	(21,392)
	Increase in UAAL due to (Gain)/Loss	466,870
	Assumption Changes	444,885
(4)	Actual UAAL as of October 1, 2025	$3,344,257

Reconciliation of Changes in Contribution Requirement

(1)	Contribution Determined as of October 1, 2024	19.19%
(2)	Summary of Contribution Impact by component:	
	Change in State Contribution Percentage	0.79%
	Change in Normal Cost Rate	-0.30%
	Change in Administrative Expense Percentage	0.07%
	Payroll Change Effect on UAAL Amortization	-0.85%
	Investment Return (Actuarial Asset Basis)	-0.05%
	Salary Increases	1.17%
	Active Decrements	0.21%
	Inactive Mortality	0.33%
	UAAL Amortization Impact from Contribution Policy	-0.15%
	Assumption Change	2.02%
	Other	0.01%
	Total Change in Contribution	3.25%
(3)	Contribution Determined as of October 1, 2025	22.44%

HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Money Market	452,101.00	452,101.00
Cash	0.30	0.30
Total Cash and Equivalents	452,101.30	452,101.30
Receivables:		
State Contributions	33,971.23	33,971.23
Investment Income	18,357.04	18,357.04
Total Receivable	52,328.27	52,328.27
Investments:		
Fixed Income	6,406,194.23	6,307,707.22
Equities	10,261,865.71	16,259,437.77
Total Investments	16,668,059.94	22,567,144.99
Total Assets	17,172,489.51	23,071,574.56
LIABILITIES		
Payables:		
Investment Expenses	13,979.19	13,979.19
To Broker for Investments Purchased	10,299.65	10,299.65
Prepaid City Contribution	310,323.65	310,323.65
Total Liabilities	334,602.49	334,602.49
NET POSITION RESTRICTED FOR PENSIONS	16,837,887.02	22,736,972.07

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

<u>ADDITIONS</u>			
Contributions:			
Member		141,782.08	
City		551,007.77	
State		314,187.05	
Total Contributions			1,006,976.90
Investment Income:			
Net Realized Gain (Loss)	238,543.85		
Unrealized Gain (Loss)	1,619,796.99		
Net Increase in Fair Value of Investments		1,858,340.84	
Interest & Dividends		1,023,327.09	
Less Investment Expense[1]		(42,337.65)	
Net Investment Income			2,839,330.28
Total Additions			3,846,307.18
<u>DEDUCTIONS</u>			
Distributions to Members:			
Benefit Payments		724,716.09	
Lump Sum DROP Distributions		67,190.28	
Lump Sum Share Distributions		0.00	
Refunds of Member Contributions		11,165.89	
Total Distributions			803,072.26
Administrative Expense			58,191.77
Total Deductions			861,264.03
Net Increase in Net Position			2,985,043.15
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			19,751,928.92
End of the Year			22,736,972.07

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return[1]
09/30/2022	-19.05%
09/30/2023	12.90%
09/30/2024	26.63%
09/30/2025	14.21%

Annualized Rate of Return for prior four (4) years: 7.22%

(A) 10/01/2024 Actuarial Assets, including Prepaid Contributions:		$18,117,359.65
(I) Net Investment Income:		
1. Interest and Dividends	1,023,327.09	
2. Realized Gain (Loss)	238,543.85	
3. Unrealized Gain (Loss)	1,619,796.99	
4. Change in Actuarial Value	(1,527,269.03)	
5. Investment Related Expenses	(42,337.65)	
Total		1,312,061.25
(B) 10/01/2025 Actuarial Assets, including Prepaid Contributions:		$19,524,880.89

Actuarial Asset Rate of Return = 2I/(A+B-I), based on Unlimited Actuarial Assets:	7.22%
10/01/2025 Limited Actuarial Assets	$19,214,557.24
10/01/2025 Market Value of Assets	$22,736,972.07
Actuarial Asset Rate of Return, based on Limited Actuarial Assets:	7.22%
Actuarial Gain/(Loss) due to Investment Return (Limited Actuarial Asset Basis)	$12,720.82

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

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

REVENUES		
Contributions:		
Member	141,782.08	
City	551,007.77	
State	314,187.05	
Total Contributions		1,006,976.90
Earnings from Investments:		
Interest & Dividends	1,023,327.09	
Net Realized Gain (Loss)	238,543.85	
Unrealized Gain (Loss)	1,619,796.99	
Change in Actuarial Value	(1,527,269.03)	
Total Earnings and Investment Gains		1,354,398.90
EXPENDITURES		
Distributions to Members:		
Benefit Payments	724,716.09	
Lump Sum DROP Distributions	67,190.28	
Lump Sum Share Distributions	0.00	
Refunds of Member Contributions	11,165.89	
Total Distributions		803,072.26
Expenses:		
Investment related[1]	42,337.65	
Administrative	58,191.77	
Total Expenses		100,529.42
Change in Net Assets for the Year		1,457,774.12
Net Assets Beginning of the Year		17,756,783.12
Net Assets End of the Year[2]		19,214,557.24

[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	219,034.85
Plus Additions	189,708.03
Investment Return Earned	16,938.44
Less Distributions	(67,190.28)
End of the Year Balance	358,491.04

SUPPLEMENTAL SHARE PLAN ACTIVITY

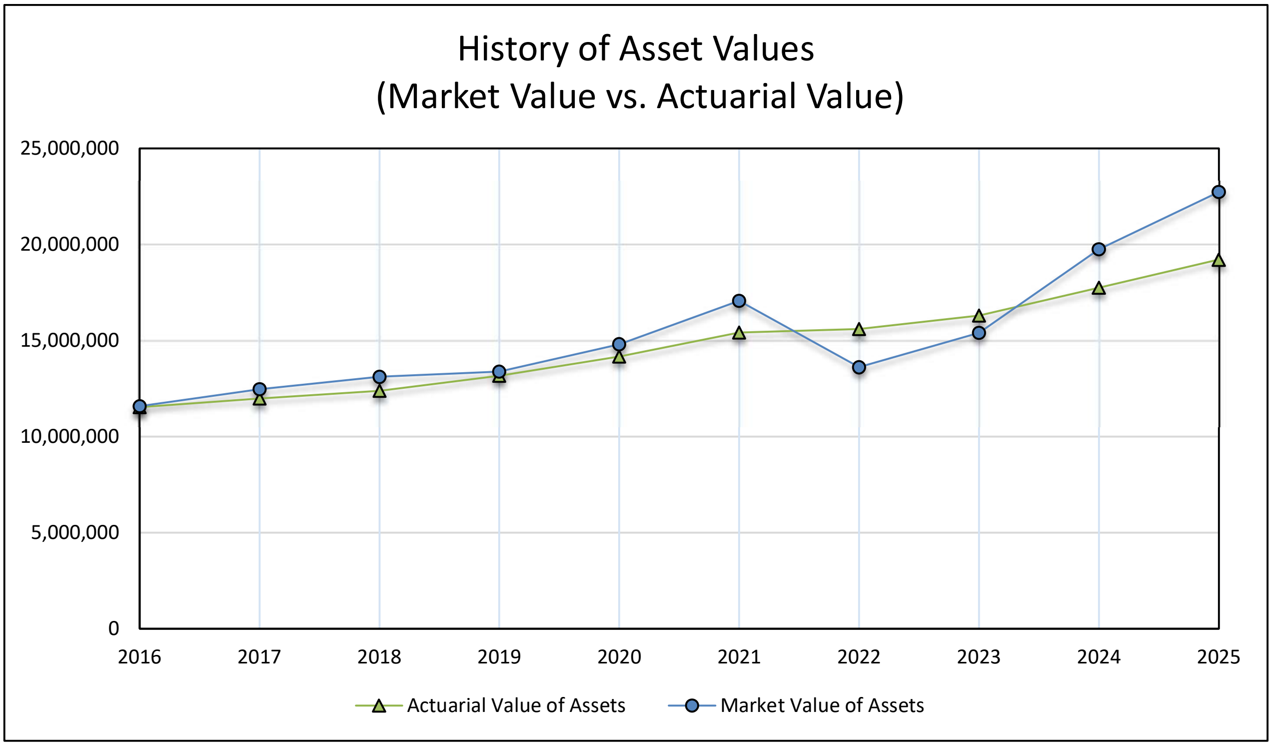
CHAPTER 175

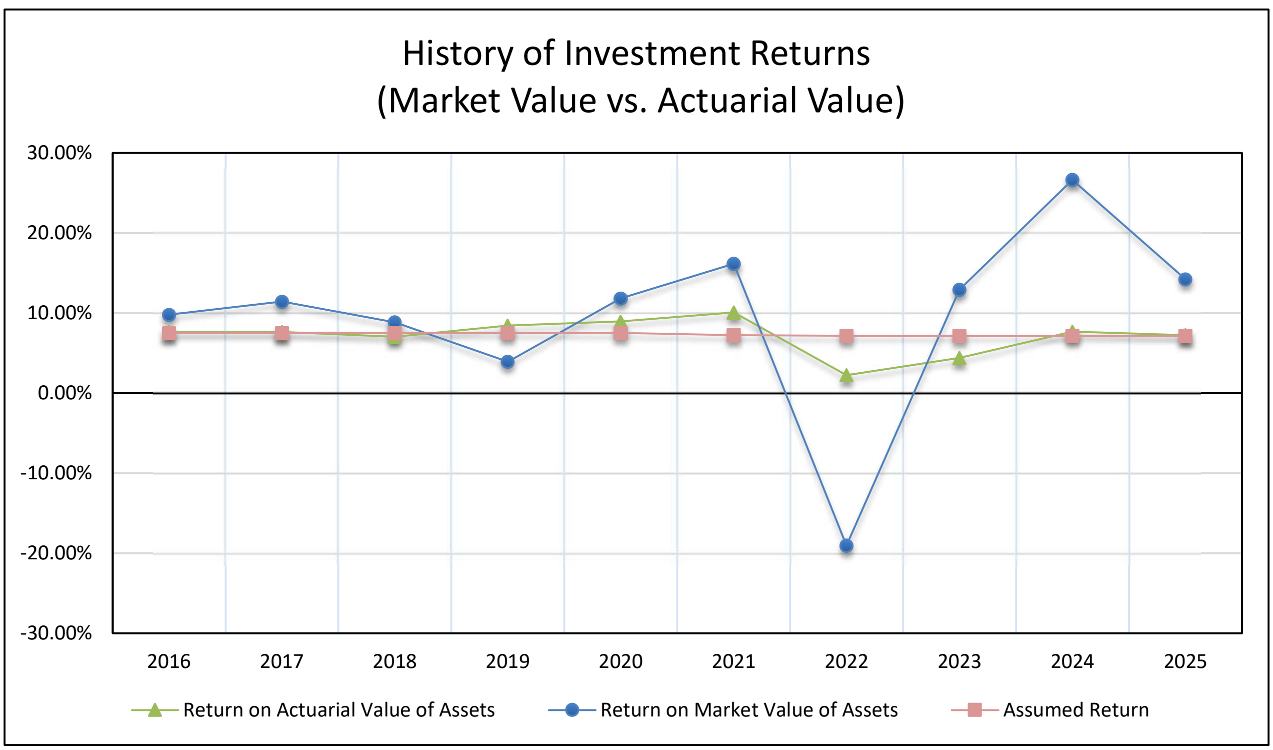
Year Beginning	10/1/2024
Year Ending	9/30/2025
Beginning of Year Balance	400,278.37
Prior Year Adjustment	(8,380.37)
Plus Additions	91,064.66
Investment Return Earned (Est.)	55,689.00
Administrative Fees (Est.)	0.00
Less Distributions	0.00
End of Year Balance (Est.)	538,651.66

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION

Fiscal Year Ended		9/30/2025
(1)	City and State Required Contribution Rate	27.30%
(2)	Pensionable Payroll Derived from Member Contributions	$2,835,641.60
(3)	City and State Required Contribution (1) x (2)	774,130.16
(4)	Less Allowable State Contribution	(223,122.39)
(5)	Equals Required City Contribution for Fiscal 2025	551,007.77
(6)	Less 2024 Prepaid Contribution	(360,576.53)
(7)	Less Actual City Contributions	(500,754.89)
(8)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025	($310,323.65)

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				
Number	34	34	35	33
Average Current Age	38.9	37.5	38.6	39.9
Average Age at Employment	28.5	28.0	27.8	28.5
Average Past Service	10.4	9.5	10.8	11.4
Average Annual Salary	$87,689	$80,901	$80,415	$74,825
SERVICE RETIREES				
Number	17	16	16	17
Average Current Age	71.9	71.6	71.7	71.4
Average Annual Benefit	$34,175	$34,346	$34,206	$33,444
DROP RETIREES				
Number	3	4	2	0
Average Current Age	53.2	53.8	56.6	N/A
Average Annual Benefit	$62,363	$54,632	$39,805	N/A
BENEFICIARIES				
Number	5	5	5	7
Average Current Age	74.4	73.4	79.3	80.5
Average Annual Benefit	$24,635	$24,635	$20,657	$18,663
DISABILITY RETIREES				
Number	2	2	2	2
Average Current Age	64.9	63.9	62.9	61.9
Average Annual Benefit	$11,594	$11,594	$11,594	$11,594
TERMINATED VESTED				
Number	7	7	7	8
Average Current Age [1]	44.2	43.2	44.4	43.4
Average Annual Benefit [1]	$19,703	$19,703	$19,378	$19,378

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

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												0
20 - 24		1										1
25 - 29		2	2			1						5
30 - 34				1	1	3						5
35 - 39	1		1	1		2	2	2				9
40 - 44							2	2	1			5
45 - 49						2		1	2			5
50 - 54				1			1			1		3
55 - 59									1			1
60 - 64												0
65+												0
Total	1	3	3	3	1	8	5	5	4	1	0	34

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2024	34
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	(1)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	0
g. Continuing participants	33
h. New entrants / Rehires	1
i. Total active life participants in valuation	34

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	16	4	5	2	5	2	34
Retired	1	(1)					0
DROP							0
Vested (Deferred Annuity)							0
Vested (Due Refund)							0
Hired/Terminated in Same Year							0
Death, With Survivor							0
Death, No Survivor							0
Disabled							0
Refund of Contributions							0
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	17	3	5	2	5	2	34

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives*:*

Female: PubS-2010 for Employees
Male: PubS-2010 for Employees, set forward 1 year

Healthy Retiree Lives*:*

Female: PubS-2010 for Healthy Retirees
Male: PubS-2010 for Healthy Retirees, set forward 1 year

Beneficiary Lives*:*

Female: PubG.H-2010 for Healthy Retirees
Male: PubG.H-2010 for Healthy Retirees, set back 1 year

Disabled Lives*:*

Female: PubG.H-2010 for Disabled Retirees, set forward 1 year
Male: PubG.H-2010 for Disabled Retirees

All rates are projected generationally with Mortality Improvement Scale MP-2021. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2024 FRS valuation report for special risk employees.

Previously, the following rates were used:

Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.
Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

	Healthy Retiree Lives: *Female:* PubS.H-2010 for Healthy Retirees, set forward one year. *Male:* PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. **Beneficiary Lives:** *Female:* PubG.H-2010 (Below Median) for Healthy Retirees. *Male:* PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. **Disabled Lives:** 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees. All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.
Interest Rate	7.15% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.
Salary Increases	5.00% for all members. These rates are based on results of the August 10, 2021 Experience Study.
Payroll Growth	None.
Normal Retirement	Less than 25 years of service:

% Retiring During the Year	
Number of Years after First Eligibility for Normal Retirement	Rate
0-1	50.0%
2+	100.0%

25 or more years of service:

% Retiring During the Year	
Number of Years after First Eligibility for Normal Retirement	Rate
0-1	33.0%
2+	100.0%

These rates are based on results of the August 10, 2021 Experience Study.

Early Retirement

Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. This assumption is based on results of the August 10, 2021 Experience Study.

Termination Rates

% Terminating During the Year	
Service	Rate
0-14	5.0%
15+	0.0%

These rates are based on results of the August 10, 2021 Experience Study.

Disability Rates

% Becoming Disabled During the Year	
Age	Rate
20	0.07%
25	0.08%
30	0.09%
35	0.12%
40	0.15%
45	0.26%
50	0.50%
55	0.78%
59+	1.05%

These rates are based on results of the August 10, 2021 Experience Study.

Asset Smoothing Methodology	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.
Actuarial Asset Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Funding Method

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

> Interest - A half year
> Salary – None.

Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.
The normal cost accrual rate equals:

> (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
>
> (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future.

Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Administrative Expenses	Average of actual expenses incurred in the prior two fiscal years.
Amortization Method	New UAAL amortization bases are amortized over 15 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.

PLAN PROVISIONS

Most Recent Plan Amendment	Ordinance No. 2025-02
Latest Amendment Date	June 9, 2025
Credited Service	Years and fractional parts of years of service with the City as a Firefighter.
Salary	Fixed monthly compensation, plus all tax deferred, tax sheltered, or tax-exempt items of income.
Average Final Compensation (AFC)	One twelfth of the average of the 5 highest years of Salary.
Normal Retirement	
Eligibility	The earlier of: 1) age 55 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age.
Benefit	3.0% of Average Final Compensation for each year of Credited Service.
Form of Benefit	10 Year Certain and Life Annuity (options available).
Early Retirement	
Eligibility	Age 50 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% for each year prior to Normal Retirement Date.
Contributions	
Employee	5.0% of Salary.
Premium Tax	1.85% tax on premiums for property insurance.
City	Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability

	over 30 years. Additionally, the City contribution rate shall not be less than 2.5% of Members' Salaries.
Disability Benefit	
Eligibility	Total and permanent as determined by the Board of Trustees. Ten years of service required for non-service connected disability.
Benefit	Accrued benefit, but not less than 42% of AFC for service incurred disabilities. Benefit paid in the form of a Ten Year Certain and Life Annuity (optional forms available).
Pre-Retirement Death Benefit	If Member had completed 5 years of Credited Service (0 years for service incurred deaths), Beneficiary receives the actuarial equivalent value of the accrued benefit based upon the Member's Average Final Compensation and Credited Service in effect at the date of death. If the Member is under age 60 Credited Service shall include total projected service to age 60; otherwise, refund of Member contributions, with 3.0% interest.
Vesting (Termination)	
Less than 10 years	Refund of Member Contributions, with 3.0% interest.
10 or more years	Accrued benefit payable at age 50 or later (reduced 3.0% for each year prior to Normal Retirement Date).
Board of Trustees	Two City residents appointed by the City Commission, two Firefighters elected by majority of covered Members, and a fifth Member elected by other 4 and appointed by City Commission (as a ministerial duty).
Deferred Retirement Option Plan	
Eligibility	Satisfaction of Normal Retirement requirements (Age 55 and 10 years of Credited Service or 25 years of Credited Service.)
Participation	Not to exceed 60 months.
Rate of Return	6.5% effective annual rate, compounded monthly.
Form of Distribution	Cash lump sum (options available) at termination of employment.

Chapter 175 Share Plan	Adopted with Ordinance 2025-02. Amounts allocated to this supplemental component are 60% of annual Chapter 175 Premium Tax Monies in excess of $162,412.61.

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.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- <u>Contribution Risk:</u> 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 119.2% on October 1, 2015 to 106.3% 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 48.5%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in lower volatility in contribution requirements when compared to a more mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has decreased from 96.3% on October 1, 2015 to 85.2% on October 1, 2025.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, increased from -1.4% on October 1, 2015 to 0.6% on October 1, 2025. The current Net Cash Flow Ratio of 0.6% indicates that contributions are generally 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 7 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 $31,663,244. The LDROM should not be considered the "correct" liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. Given that plan benefits are paid over time through the combination of contributions and investment returns, prudent investments selected by the Board help to balance asset accumulation through these two sources.

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

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

Plan Maturity Measures and Other Risk Metrics

	10/1/2025	10/1/2024	10/1/2020	10/1/2015
Support Ratio				
Total Actives	34	34	34	31
Total Inactives [1]	32	32	28	26
Actives / Inactives [1]	106.3%	106.3%	121.4%	119.2%
Asset Volatility Ratio				
Market Value of Assets (MVA)	22,736,972	19,751,929	14,815,019	10,809,134
Total Annual Payroll	2,981,435	2,750,621	2,269,767	1,660,699
MVA / Total Annual Payroll	762.6%	718.1%	652.7%	650.9%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	10,941,201	10,720,448	7,576,150	7,564,286
Total Accrued Liability (EAN)	22,558,814	20,353,782	15,051,737	11,397,931
Inactive AL / Total AL	48.5%	52.7%	50.3%	66.4%
Funded Ratio				
Actuarial Value of Assets (AVA)	19,214,557	17,756,783	14,168,707	10,976,795
Total Accrued Liability (EAN)	22,558,814	20,353,782	15,051,737	11,397,931
AVA / Total Accrued Liability (EAN)	85.2%	87.2%	94.1%	96.3%
Net Cash Flow Ratio				
Net Cash Flow [2]	145,713	171,280	(174,733)	(147,038)
Market Value of Assets (MVA)	22,736,972	19,751,929	14,815,019	10,809,134
Ratio	0.6%	0.9%	-1.2%	-1.4%

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

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

Partial History of Premium Tax Refunds

Received During Fiscal Year	Amount	Increase from Previous Year
1998	147,427.00	_____%
1999	105,669.00	-28.3%
2000	118,223.00	11.9%
2001	128,099.29	8.4%
2002	120,606.84	-5.8%
2003	140,928.35	16.8%
2004	151,978.40	7.8%
2005	169,200.73	11.3%
2006	212,014.31	25.3%
2007	252,226.25	19.0%
2008	294,801.03	16.9%
2009	248,631.49	-15.7%
2010	186,762.74	-24.9%
2011	171,674.62	-8.1%
2012	160,772.44	-6.4%
2013	160,679.50	-0.1%
2014	174,314.68	8.5%
2015	220,718.43	26.6%
2016	157,403.65	-28.7%
2017	163,451.35	3.8%
2018	176,355.80	7.9%
2019	184,433.58	4.6%
2020	194,689.66	5.6%
2021	196,818.82	1.1%
2022	201,143.35	2.2%
2023	263,950.05	31.2%
2024	292,565.84	10.8%
2025	314,187.05	7.4%