

CITY OF FORT MEADE
FIREFIGHTERS' RETIREMENT PLAN
ACTUARIAL VALUATION
AS OF OCTOBER 1, 2024
CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2025



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

May 9, 2025

Board of Trustees
City of Fort Meade
Firefighters' Pension Board

Re: City of Fort Meade FireFighters' Retirement Plan

Dear Board:

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

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

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the City of Fort Meade, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

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

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


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


To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the City of Fort Meade, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the FireFighters' Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

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

Respectfully submitted,

Foster & Foster, Inc.

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

By: 
Kevin H. Peng, ASA, EA, MAAA
Enrolled Actuary #23-7783

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Enclosures

TABLE OF CONTENTS

Section	Title	Page
I	Introduction	
	a. Summary of Report	6
	b. Changes Since Prior Valuation	7
	c. Comparative Summary of Principal Valuation Results	8
II	Valuation Information	
	a. Reconciliation of Unfunded Actuarial Accrued Liabilities	14
	b. Detailed Actuarial (Gain)/Loss Analysis	15
	c. History of Funding Progress	16
	d. Actuarial Assumptions and Methods	17
	e. Glossary	20
	f. Discussion of Risk	22
III	Trust Fund	26
IV	Member Statistics	
	a. Statistical Data	32
	b. Age and Service Distribution	33
	c. Valuation Participant Reconciliation	34
V	Summary of Current Plan	35

SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Fort Meade FireFighters' Retirement Plan, performed as of October 1, 2024, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2025.

The contribution requirements, compared with those set forth in the October 1, 2023 actuarial valuation report, are as follows:

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2024</u>
Minimum Required Contribution ¹	\$48,174	\$30,326

¹ Please note that the City has access to a prepaid contribution of \$89,395.38 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2025.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2023 actuarial valuation report. The increase is primarily attributable to an increase in the active member headcount from 19 to 20, combined with net unfavorable actuarial experience described in the next paragraph.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial loss was an average salary increase of 65.28%, exceeding the 2.75% assumption. There were no significant sources of actuarial gain.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There were no changes in methods or assumptions since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	<u>10/1/2024</u>	<u>10/1/2023</u>
A. Participant Data		
Actives	20	19
Service Retirees	7	7
Beneficiaries	2	2
Disability Retirees	0	0
Terminated Vested	<u>7</u>	<u>8</u>
Total	36	36
Projected Annual Payroll	280,483	152,228
Annual Rate of Payments to:		
Service Retirees	18,425	18,425
Beneficiaries	1,894	1,894
Disability Retirees	0	0
Terminated Vested	13,988	14,273
B. Assets		
Actuarial Value (AVA)	410,466	404,612
Market Value (MVA)	428,833	375,598
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	226,514	130,632
Disability Benefits	20,137	10,413
Death Benefits	2,337	1,202
Vested Benefits	32,767	20,473
Service Retirees	139,533	144,037
Beneficiaries	11,856	12,428
Disability Retirees	0	0
Terminated Vested	<u>133,822</u>	<u>128,942</u>
Total	566,966	448,127

C. Liabilities - (Continued)	<u>10/1/2024</u>	<u>10/1/2023</u>
Present Value of Future Salaries	1,847,399	1,021,777
Present Value of Future Member Contributions	0	0
Normal Cost (Retirement)	11,769	6,099
Normal Cost (Disability)	1,877	1,067
Normal Cost (Death)	158	87
Normal Cost (Vesting)	<u>1,938</u>	<u>1,321</u>
Total Normal Cost	15,742	8,574
Present Value of Future Normal Costs	102,072	57,067
Accrued Liability (Retirement)	150,509	90,260
Accrued Liability (Disability)	8,279	3,467
Accrued Liability (Death)	1,310	622
Accrued Liability (Vesting)	19,585	11,304
Accrued Liability (Inactives)	<u>285,211</u>	<u>285,407</u>
Total Actuarial Accrued Liability (EAN AL)	464,894	391,060
Unfunded Actuarial Accrued Liability (UAAL)	54,428	(13,552)
Funded Ratio (AVA / EAN AL)	88.3%	103.5%

D. Actuarial Present Value of Accrued Benefits	<u>10/1/2024</u>	<u>10/1/2023</u>
Vested Accrued Benefits		
Inactives	285,211	285,407
Actives	<u>77,484</u>	<u>62,277</u>
Total	362,695	347,684
Non-vested Accrued Benefits	<u>8,195</u>	<u>9,311</u>
Total Present Value Accrued Benefits (PVAB)	370,890	356,995
Funded Ratio (MVA / PVAB)	115.6%	105.2%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	14,880	
Benefits Paid	(23,428)	
Interest	22,443	
Other	<u>0</u>	
Total	13,895	

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	<u>9/30/2025</u>	<u>9/30/2024</u>
E. Pension Cost		
Normal Cost ¹	\$16,254	\$8,853
Administrative Expenses ¹	26,377	21,473
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2024) ¹	5,543	(1,397)
Minimum Required Contribution	48,174	30,326
F. Past Contributions		
Plan Years Ending:	<u>9/30/2024</u>	
City Requirement	30,326	
Actual Contributions Made:		
City	30,326	
G. Net Actuarial (Gain)/Loss	69,801	

¹ Contributions developed as of 10/1/2024 displayed above an interest adjustment to account for the timing of sponsor contributions.

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

<u>Year</u>	<u>Projected Unfunded Actuarial Accrued Liability</u>
2024	54,428
2025	52,248
2026	49,926
2029	42,016
2033	28,852
2036	16,558
2039	0

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

	<u>Actual</u>	<u>Assumed</u>
Year Ended 9/30/2024	65.28%	2.75%
Year Ended 9/30/2023	-26.65%	3.00%
Year Ended 9/30/2022	33.52%	3.00%
Year Ended 9/30/2021	-18.36%	3.00%
Year Ended 9/30/2020	13.93%	3.00%

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

	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Assumed</u>
Year Ended 9/30/2024	19.80%	6.68%	6.50%
Year Ended 9/30/2023	8.60%	3.85%	6.75%
Year Ended 9/30/2022	-13.17%	4.82%	6.75%
Year Ended 9/30/2021	19.31%	9.86%	7.00%
Year Ended 9/30/2020	6.24%	7.61%	7.00%

STATEMENT BY ENROLLED ACTUARY

This actuarial valuation was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.



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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

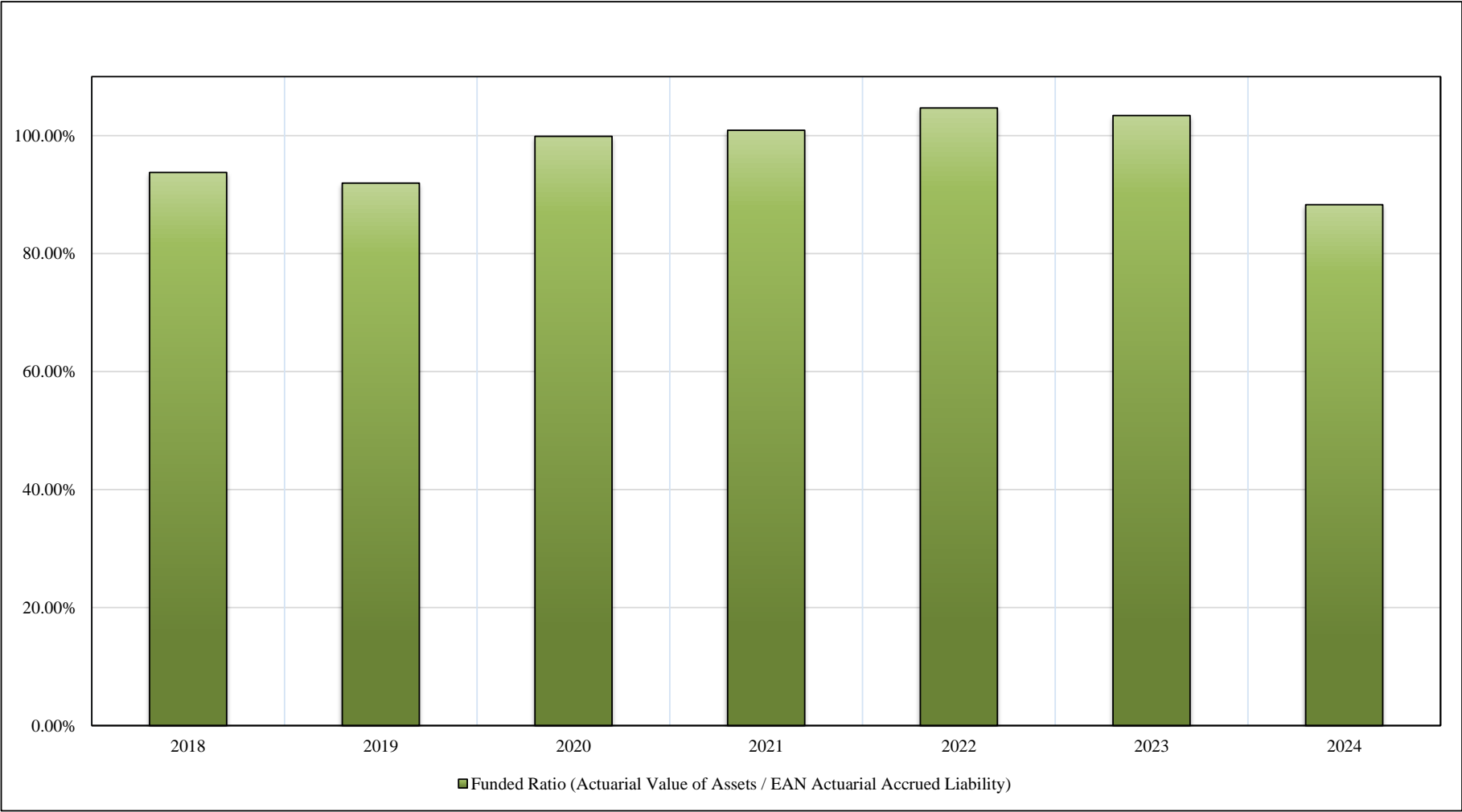
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2023	(\$13,552)
(2)	Sponsor Normal Cost developed as of October 1, 2023	8,574
(3)	Expected administrative expenses for the year ended September 30, 2024	20,797
(4)	Expected interest on (1), (2) and (3)	352
(5)	Sponsor contributions to the System during the year ended September 30, 2024	30,326
(6)	Expected interest on (5)	1,218
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6)	(15,373)
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	69,801
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2024	54,428

Type of <u>Base</u>	Date <u>Established</u>	Years <u>Remaining</u>	10/1/2024 <u>Amount</u>	Amortization <u>Amount</u>
EAN Cost Method	10/1/2023	14	(15,373)	(1,601)
Actuarial Loss	10/1/2024	15	<u>69,801</u>	<u>6,970</u>
			54,428	5,369

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2023	(\$13,552)
(2) Expected UAAL as of October 1, 2024	(15,373)
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(815)
Salary Increases	57,892
Active Decrements	(2,231)
Inactive Mortality	5,399
New Hires	2,372
Other	<u>7,184</u>
Increase in UAAL due to (Gain)/Loss	69,801
Assumption/Method Changes	<u>0</u>
(4) Actual UAAL as of October 1, 2024	\$54,428

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

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

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

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

Beneficiary Lives:

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

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

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

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

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2023 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

6.50% 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

2.75% per year. This assumption was adopted based on the November 27, 2023 actuarial experience study.

Payroll Growth

None.

Administrative Expenses

\$25,547 annually, based on the 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.

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

Funding Method

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

Interest - A half year, based on current 6.50% assumption.

Salary - None.

Retirement Age

100% retirement is assumed at the earliest of:

- (a) any age with 40 years of service;
- (b) age 55 with 30 years of service;
- (c) age 60 with 10 years of service; or
- (d) age 65.

This assumption was adopted based on the November 27, 2023 actuarial experience study.

Disability Rate

See sample rates later in this section. It is assumed that 100% of disablements are service-related. This assumption was carried over from the prior actuary and adopted based on the November 27, 2023 actuarial experience study.

Termination Rate

See sample rates later in this section. This assumption was adopted based on the November 27, 2023 actuarial experience study.

Marriage assumption

100% assumed married with spouse's same age as Member.

Actuarial Asset Method

All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Low-Default-Risk Obligation Measure

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

% Terminating During the Year		% Becoming Disabled During the Year		
Service	Assumption	Age	Male	Female
0	15.5%	20	0.03%	0.03%
5	13.0%	25	0.04%	0.05%
10	10.5%	30	0.05%	0.08%
15	8.0%	35	0.07%	0.14%
20	5.5%	40	0.12%	0.21%
25+	3.0%	45	0.20%	0.32%
		50	0.36%	0.53%
		55	0.72%	0.95%
		60	1.26%	1.16%
		65	1.75%	1.36%

GLOSSARY

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets (see below), with adjustments according to the plan's Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Entry Age Normal Cost Method - 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.

(a) 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.

(b) 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.

(c) 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. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.

(d) 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.

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

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded. Under the Entry Age Normal cost method, it is determined for each participant as the present value of future benefits, determined as of the Member's entry age, amortized as a level percentage of compensation over the anticipated number of years of participation, determined as of the entry age.

Payroll Under Assumed Ret. Age is the projected annual rate of pay for the fiscal year beginning on the valuation date of all covered Members, excluding any Members who are assumed to retire with 100% probability on the valuation date.

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

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

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

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

Unfunded Actuarial Accrued Liability (UAAL) is the difference between the actuarial accrued liability (described above) and the Actuarial Value of Assets. Under the Entry Age Normal Actuarial Cost Method, an actuarial gain or loss, based on actual versus expected UAAL, is determined in conjunction with each valuation of the plan.

DISCUSSION OF RISK

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

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

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

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

Impact of Plan Maturity on Risk

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has increased from 82.4% on October 1, 2021 to 125.0% on October 1, 2024, indicating that the plan has experienced a significant growth in active population.
- 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 61.3%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has decreased from 100.9% on October 1, 2021 to 88.3% on October 1, 2024.
- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from -4.6% on October 1, 2021 to -5.5% on October 1, 2024. The current Net Cash Flow Ratio of -5.5% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 9 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.06%, resulting in an LDROM of \$644,368. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

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

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	<u>10/1/2024</u>	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>
<u>Support Ratio</u>				
Total Actives	20	19	14	14
Total Inactives ¹	16	17	18	17
Actives / Inactives ¹	125.0%	111.8%	77.8%	82.4%
<u>Asset Volatility Ratio</u>				
Market Value of Assets (MVA)	428,833	375,598	365,371	450,491
Total Annual Payroll	286,069	159,215	87,747	86,715
MVA / Total Annual Payroll	149.9%	235.9%	416.4%	519.5%
<u>Accrued Liability (AL) Ratio</u>				
Inactive Accrued Liability	285,211	285,407	314,771	265,505
Total Accrued Liability (EAN)	464,894	391,273	391,261	413,223
Inactive AL / Total AL	61.3%	72.9%	80.5%	64.3%
<u>Funded Ratio</u>				
Actuarial Value of Assets (AVA)	410,466	404,612	409,604	416,975
Total Accrued Liability (EAN)	464,894	391,273	391,261	413,223
AVA / Total Accrued Liability (EAN)	88.3%	103.4%	104.7%	100.9%
<u>Net Cash Flow Ratio</u>				
Net Cash Flow ²	(23,630)	(20,520)	(26,950)	(20,560)
Market Value of Assets (MVA)	428,833	375,598	365,371	450,491
Ratio	-5.5%	-5.5%	-7.4%	-4.6%

¹ Excludes terminated participants awaiting a refund of member contributions.

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	6,980.48
Total Cash and Equivalents	6,980.48
Receivables:	
City Contributions in Transit	19,622.83
Total Receivable	19,622.83
Investments:	
Pooled/Common/Commingled Funds:	
Fixed Income	146,091.55
Equity	298,664.98
Real Estate	46,868.96
Total Investments	491,625.49
Total Assets	518,228.80
<u>LIABILITIES</u>	
Prepaid City Contribution	89,395.38
Total Liabilities	89,395.38
NET POSITION RESTRICTED FOR PENSIONS	428,833.42

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

ADDITIONS

Contributions:

City	30,326.00	
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Total Contributions		30,326.00
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Investment Income:

Net Increase in Fair Value of Investments	77,700.15	
Less Investment Expense ¹	(834.91)	

Net Investment Income		76,865.24
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Total Additions		107,191.24
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DEDUCTIONS

Distributions to Members:

Benefit Payments	20,319.60	
Lump Sum DROP Distributions	0.00	
Lump Sum Benefit Distributions	3,108.61	

Total Distributions		23,428.21
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Administrative Expense		30,528.00
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Total Deductions		53,956.21
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Net Increase in Net Position		53,235.03
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NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year		375,598.39
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End of the Year		428,833.42
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¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
September 30, 2024

Actuarial Assets for funding purposes are developed by recognizing the total actuarial investment gain or loss for each Plan Year over a five year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of Market Value of Assets.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2024	2025	2026	2027	2028
09/30/2020	(2,759)	0	0	0	0	0
09/30/2021	47,684	9,536	0	0	0	0
09/30/2022	(87,853)	(35,140)	(17,569)	0	0	0
09/30/2023	6,469	3,881	2,587	1,293	0	0
09/30/2024	50,112	40,090	30,068	20,046	10,024	0
Total		18,367	15,086	21,339	10,024	0

<u>Development of Investment Gain/Loss</u>	
Market Value of Assets, including Prepaid Contributions, 09/30/2023	382,742
Contributions Less Benefit Payments & Admin Expenses	58,621
Expected Investment Earnings*	26,753
Actual Net Investment Earnings	76,865
2024 Actuarial Investment Gain/(Loss)	<u>50,112</u>

*Expected Investment Earnings = $0.065 * 382,742 + -58,621 * [(1 + 0.065) ^ 0.5 - 1]$

<u>Development of Actuarial Value of Assets</u>	
(1) Market Value of Assets, 09/30/2024	428,833
(2) Gains/(Losses) Not Yet Recognized	<u>18,367</u>
(3) Actuarial Value of Assets, 09/30/2024, (1) - (2)	410,466
(4) Limited Actuarial Value of Assets, 09/30/2024	410,466
(A) 09/30/2023 Actuarial Assets, including Prepaid Contributions:	411,756
(I) Net Investment Income:	
1. Net Increase in Fair Value of Investments	77,700
2. Change in Actuarial Value	(47,381)
3. Investment Expenses	<u>(835)</u>
Total	29,484
(B) 09/30/2024 Actuarial Assets, including Prepaid Contributions:	499,862
Actuarial Assets Rate of Return = $2I/(A+B-I)$:	6.68%
Market Value of Assets Rate of Return:	19.80%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) 815

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

REVENUES

Contributions:		
City	30,326.00	
Total Contributions		30,326.00
Earnings from Investments:		
Net Increase in Fair Value of Investments	77,700.15	
Change in Actuarial Value	(47,381.00)	
Total Earnings and Investment Gains		30,319.15
	EXPENDITURES	
Distributions to Members:		
Benefit Payments	20,319.60	
Lump Sum DROP Distributions	0.00	
Lump Sum Benefit Distributions	3,108.61	
Total Distributions		23,428.21
Expenses:		
Investment related ¹	834.91	
Administrative	30,528.00	
Total Expenses		31,362.91
Change in Net Assets for the Year		5,854.03
Net Assets Beginning of the Year		404,612.39
Net Assets End of the Year ²		410,466.42

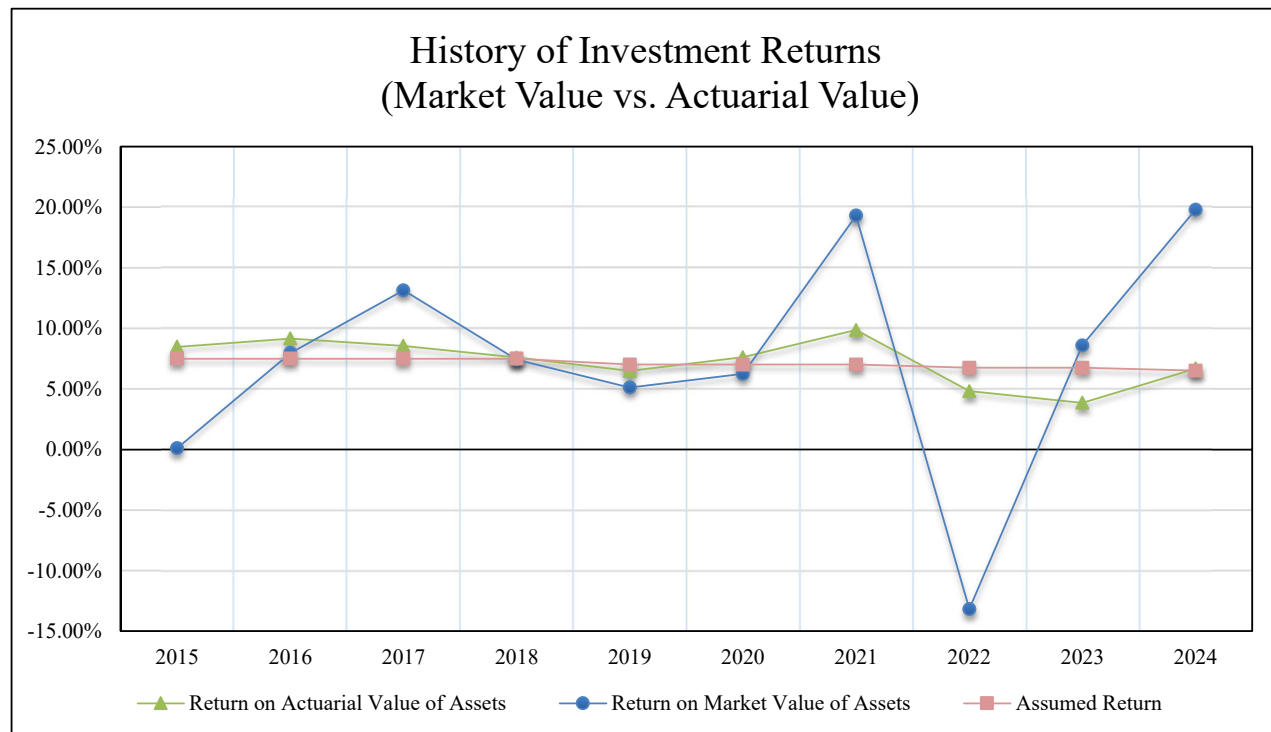
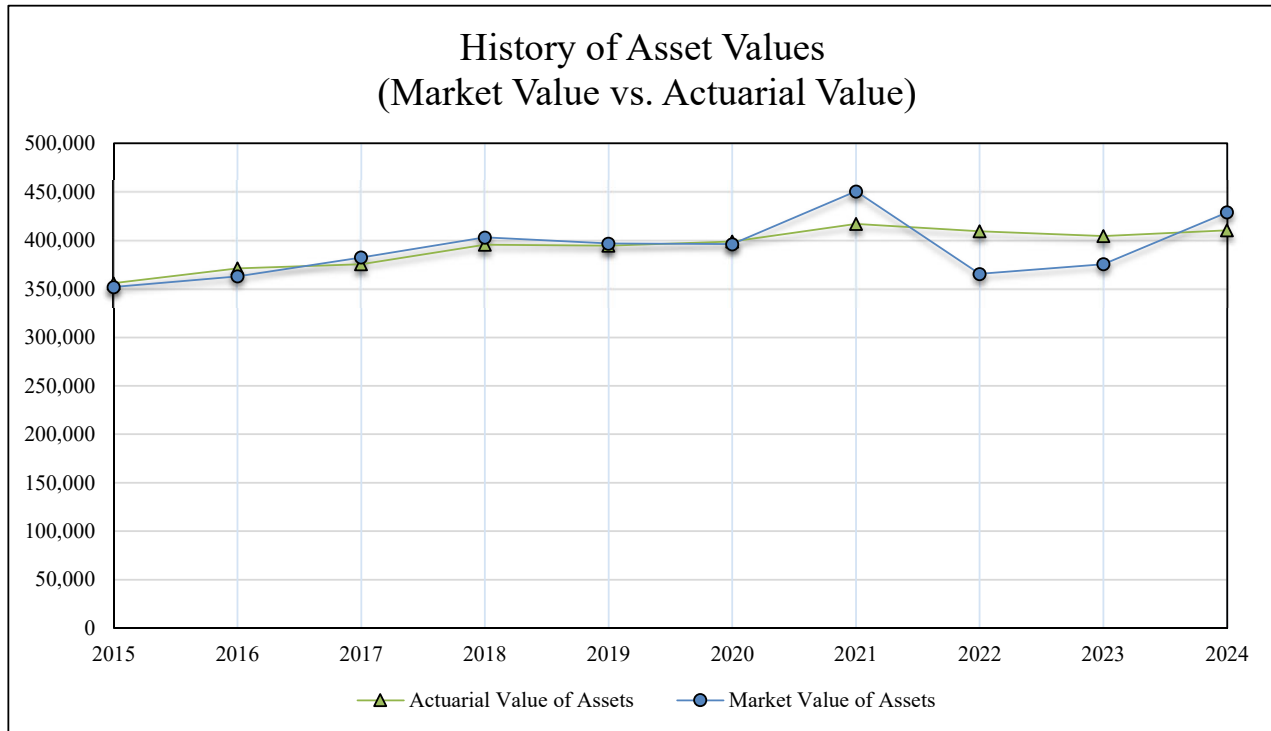
¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

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

(1) Required City Contribution for Fiscal 2024	30,326.00
(2) Less 2023 Prepaid Contribution	(7,143.72)
(3) Less Actual City Contributions	<u>(112,577.66)</u>
(4) Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2024	(\$89,395.38)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

	<u>10/1/2024</u>	<u>10/1/2023</u>	<u>10/1/2022</u>	<u>10/1/2021</u>
<u>Actives</u>				
Number	20	19	14	14
Average Current Age	38.1	36.6	32.2	38.0
Average Age at Employment	33.9	32.2	26.9	29.6
Average Past Service	4.2	4.4	5.3	8.4
Average Annual Salary	\$14,303	\$8,380	\$6,268	\$6,194
<u>Service Retirees</u>				
Number	7	7	7	8
Average Current Age	73.1	72.1	71.1	71.4
Average Annual Benefit	\$2,632	\$2,632	\$2,632	\$2,497
<u>Beneficiaries</u>				
Number	2	2	3	2
Average Current Age	83.1	82.1	81.5	80.6
Average Annual Benefit	\$947	\$947	\$2,566	\$3,331
<u>Disability Retirees</u>				
Number	0	0	0	0
Average Current Age	N/A	N/A	N/A	N/A
Average Annual Benefit	N/A	N/A	N/A	N/A
<u>Terminated Vested</u>				
Number	7	8	8	7
Average Current Age	54.6	54.3	53.3	51.8
Average Annual Benefit	\$1,998	\$1,784	\$1,784	\$1,118

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2023	19
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Non-vested Terminations	(6)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Continuing participants	13
g. New entrants / Rehires	<u>7</u>
h. Total active life participants in valuation	20

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

	Service Retirees, Vested Receiving <u>Benefits</u>	Receiving Death <u>Benefits</u>	Receiving Disability <u>Benefits</u>	Vested (Deferred Annuity) <u> </u>	<u>Total</u>
a. Number prior valuation	7	2	0	8	17
Retired					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
Rehires					0
Expired Annuities ¹				(1)	(1)
Data Corrections					0
b. Number current valuation	7	2	0	7	16

¹ Lump sum cashout for a former Vested Member.

SUMMARY OF CURRENT PLAN

<u>Plan Effective Date</u>	January 1, 1969.
<u>Participation Requirement</u>	All full-time and volunteer firefighters of the City of Fort Meade, Florida participate in the plan as of the first day of the month.
<u>Credited Service</u>	The elapsed time from the participant's date of hire until his date of termination, retirement, or death, calculated to the nearest full month.
<u>Compensation</u>	Total cash remuneration, including overtime and payments for accrued vacation and longevity, but excluding bonuses; annual compensation in excess of \$200,000 (as indexed) is excluded in accordance with Internal Revenue Code (IRC) §401(a)(17).
<u>Average Final Compensation</u>	Average of the last 5 years of compensation paid preceding termination of employment.
<u>Normal Retirement</u>	
Eligibility	The earlier of: 1) Age 65, or 2) Age 60 and 10 years of Credited Service, or 3) Age 55 and 30 years of Credited Service, or 4) 40 years of Credited Service, regardless of age.
Benefit Amount	1.75% of Average Final Compensation times Credited Service.
Form of Benefit	Ten Year Certain and Life thereafter (options available).
<u>Early Retirement</u>	
Eligibility	Age 50 and 10 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 5% for each year prior to age 60.

Disability

Eligibility	Total and permanent as determined by the commission. Coverage from date of employment for service incurred disabilities; 10 years of Credited Service required for non-service.
Benefit Amount	
Service Incurred	Accrued benefit (1.75% rate), but not less than 30% of Compensation in effect at the time of disability.
Non-service Incurred	Accrued benefit (1.75% rate).
Duration	Benefit commences on first day of the month following establishment of disability. Benefits are paid for life with 120 months guaranteed, or, if earlier, until recovery (as determined by the commission).

Pre-Retirement Death

Eligibility	Coverage from date of employment.
Benefit Amount	
Death prior to Normal Retirement Date	Spouse will receive a single lump sum payment equal to the actuarially equivalent value of 75% of the participant's vested accrued benefit.
Death on or after Normal Retirement Date	Spouse will receive 66½% of the participant's accrued 66½% joint and contingent annuity payable for life. Alternatively, his spouse may choose to receive the 75% lump sum benefit that is payable in the case of a pre- retirement death prior to reaching Normal Retirement Age.

<u>Post-Retirement Death</u>	According to option selected, if any.
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Vesting (Termination)

Eligibility	10 years or more of Credited Service.
Benefit Amount	Accrued benefit (1.75% rate) payable at the Member's election, on his otherwise Early or Normal Retirement Date.