City of Fort Meade Police Officers' Retirement Plan

Actuarial Valuation

As of October 1, 2025
Contributions Applicable to the Plan/
Fiscal Year Ending September 30, 2026

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

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January 11, 2026

Board of Trustees
City of Fort Meade
Police Officers' Pension Board

Re: City of Fort Meade Police Officers' Retirement Plan Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the City of Fort Meade Police Officers' Retirement Plan as of October 1, 2025.

The valuation was performed to measure the plan's liability and funding levels and to determine the actuarially appropriate funding requirements for the plan year ending September 30, 2026. 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 Fort Meade. 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 Fort Meade, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Police Officers' Retirement Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,

Foster & Foster, Inc.

Douglas H. Lozen, EA, MAAA

Kevin H. Peng, ASA, EA, MAAA

TABLE OF CONTENTS

SUMMARY

The regular annual actuarial valuation of the City of Fort Meade Police Officers' Retirement Plan, performed as of October 1, 2025, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2026.

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

Valuation Date	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2026	9/30/2025
Minimum Required Contribution[1]	$17,393	$17,513

As you can see, the Minimum Required Contribution shows a slight decrease when compared to the results set forth in the October 1, 2024 actuarial valuation report. The decrease is attributable to a reduction in the level of administrative expenses.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included an investment return of 8.05% (Actuarial Asset Basis) which exceeded the 6.75% assumption and inactive mortality experience. There were no significant sources of actuarial loss.

[1] Please note that the City has access to a prepaid contribution of $4,038.00 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2026. The Minimum Required Contribution is based on the statutory Normal Cost Minimum plus expected Administrative Expenses. Please refer to the Funding Method description in the Actuarial Assumptions and Methods section for additional information.

CHANGES SINCE PRIOR VALUATION

PLAN CHANGES

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES

Since the previous valuation, as mandated by Chapter 2015-157, Laws of Florida, the mortality rates were updated to align with those outlined in Milliman's July 1, 2024 FRS valuation report for special-risk employees.

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	0	0	0
Service Retirees	7	7	6
Beneficiaries	1	1	0
Disability Retirees	0	0	0
Terminated Vested	1	1	3
Total	9	9	9
Projected Annual Payroll	0	0	0
Annual Rate of Payments to:			
Service Retirees	75,275	75,275	68,719
Beneficiaries	7,028	7,028	0
Disability Retirees	0	0	0
Terminated Vested	18,401	18,401	30,682
ASSETS			
Actuarial Value (AVA)	1,261,736	1,261,736	1,235,382
Market Value (MVA)	1,316,003	1,316,003	1,286,303
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	0	0	0
Disability Benefits	0	0	0
Death Benefits	0	0	0
Vested Benefits	0	0	0
Refund of Contributions	0	0	0
Service Retirees	719,561	702,305	628,532
Beneficiaries	33,722	34,045	0
Disability Retirees	0	0	0
Terminated Vested	218,559	212,562	333,606
Total	971,842	948,912	962,138

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
LIABILITIES (CONTINUED)			
Present Value of Future Salaries	0	0	0
Present Value of Future Member Contributions	0	0	0
Normal Cost (Retirement)	0	0	0
Normal Cost (Disability)	0	0	0
Normal Cost (Death)	0	0	0
Normal Cost (Vesting)	0	0	0
Normal Cost (Refunds)	0	0	0
Total Normal Cost	0	0	0
Present Value of Future Normal Costs	0	0	0
Accrued Liability (Retirement)	0	0	0
Accrued Liability (Disability)	0	0	0
Accrued Liability (Death)	0	0	0
Accrued Liability (Vesting)	0	0	0
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives)	971,842	948,912	962,138
Total Actuarial Accrued Liability (EAN AL)	971,842	948,912	962,138
Unfunded Actuarial Accrued Liability (UAAL)	(289,894)	(312,824)	(273,244)
Funded Ratio (AVA / EAN AL)	129.8%	133.0%	128.4%

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	971,842	948,912	962,138
Actives	0	0	0
Member Contributions	0	0	0
Total	971,842	948,912	962,138
Non-vested Accrued Benefits	0	0	0
Total Present Value Accrued Benefits (PVAB)	971,842	948,912	962,138
Funded Ratio (MVA / PVAB)	135.4%	138.7%	133.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	22,930	0	
Plan Experience	0	(3,543)	
Benefits Paid	0	(72,191)	
Interest	0	62,508	
Other	0	0	
Total	22,930	(13,226)	

CONTRIBUTION REQUIREMENTS

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

CALCULATION OF CONTRIBUTION REQUIREMENT

Normal Cost [1]	$0	$0	$0
Administrative Expenses [1]	17,393	17,393	17,513
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2025) [1]	(32,734)	(35,133)	(29,479)
Minimum Required Contribution [2]	17,393	17,393	17,513
Expected Member Contributions [1]	0	0	0
Expected City and State Contribution	17,393	17,393	17,513

PAST CONTRIBTUTIONS

Plan Years Ending:	9/30/2025
City and State Requirement	17,513
Actual Contributions Made:	
City	17,513

[1] Contributions developed as of 10/1/2025 displayed above includes an interest adjustement to account for the timing of sponsor contributions.

[2] Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes.

Other Information

Illustration of Amortitization of the Total Unfunded Actuarial Accrued Liability

Year	Projected Unfunded Actuarial Accrued Liability
2025	(289,894) [1]

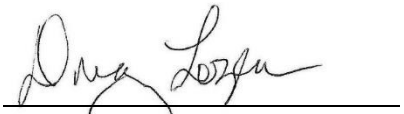
5 Year Comparison of Investment Return on Actuarial Value

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	8.01%	8.05%	6.75%
Year Ended	9/30/2024	19.63%	6.87%	6.75%
Year Ended	9/30/2023	8.59%	3.83%	6.75%
Year Ended	9/30/2022	-13.27%	4.81%	6.75%
Year Ended	9/30/2021	19.40%	10.06%	7.00%

[1] Based on current State law and the existing UAAL bases, the UAAL is projected to never be positive.

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

UNFUNDED ACTUARIAL ACCRUED LIABILITIES

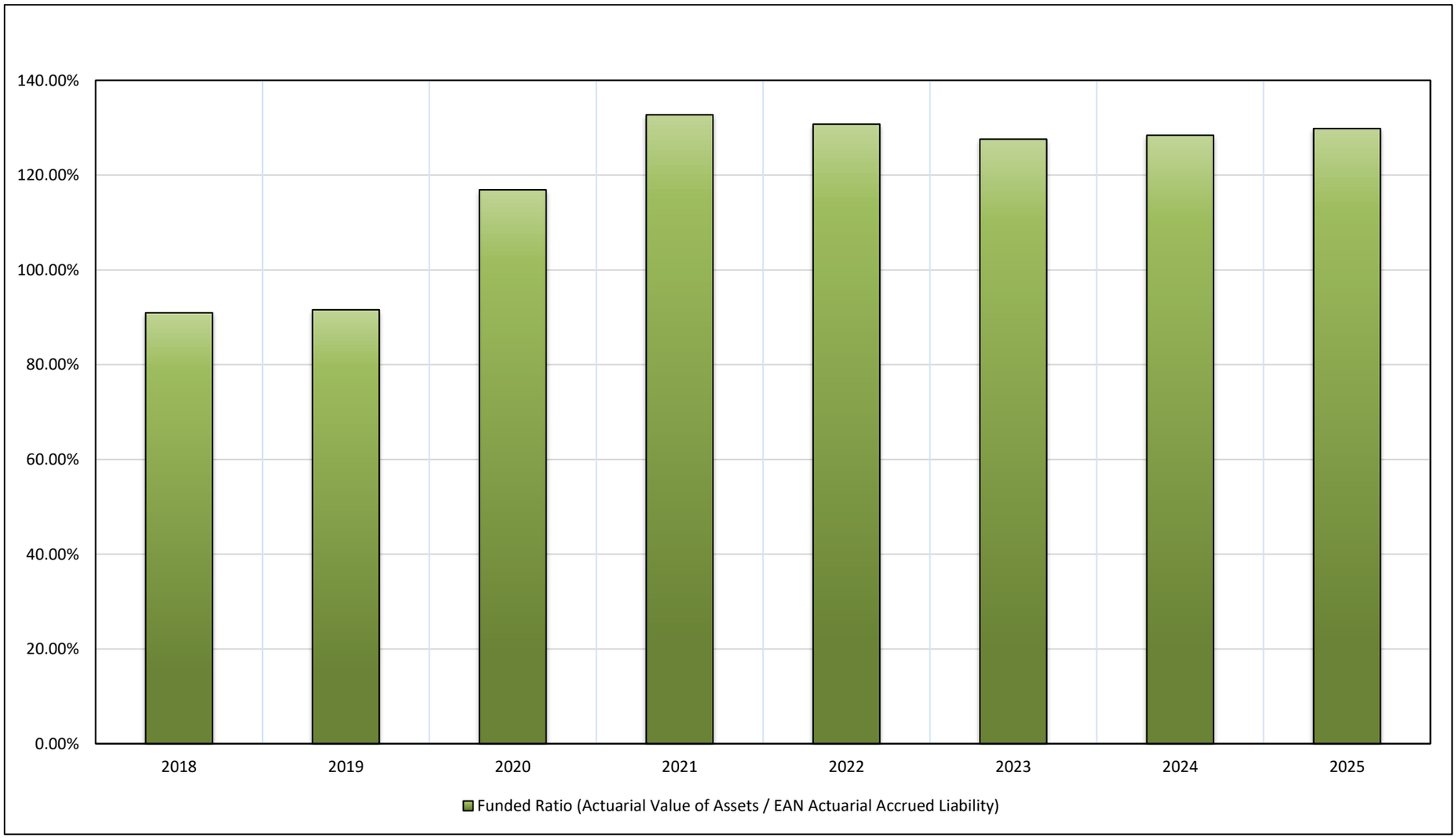
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2024	($273,244)
(2)	Sponsor Normal Cost developed as of October 1, 2024	0
(3)	Expected administrative expenses for the year ended September 30, 2025	16,941
(4)	Expected interest on (1), (2) and (3)	(17,872)
(5)	Sponsor contributions to the System during the year ended September 30, 2025	17,513
(6)	Expected interest on (5)	727
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	(292,415)
(8)	Change to UAAL due to Assumption Change	22,930
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(20,409)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	(289,894)

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Initial	10/1/2016	6	103,657	20,215
Amendment	10/1/2017	7	513	88
Assumption	10/1/2018	8	61,687	9,584
Actuarial Gain	10/1/2019	9	(57,416)	(8,168)
Actuarial Gain	10/1/2020	10	(310,017)	(40,872)
Assumption	10/1/2020	10	(47,698)	(6,288)
Actuarial Gain	10/1/2021	11	(174,982)	(21,588)
Assumption	10/1/2021	11	25,728	3,174
Actuarial Loss	10/1/2022	12	43,663	5,081
Actuarial Loss	10/1/2023	13	53,037	5,861
Actuarial Loss	10/1/2024	14	9,413	993
Actuarial Gain	10/1/2025	15	(20,409)	(2,066)
Assump Change	10/1/2025	15	22,930	2,321
			(289,894)	(31,665)

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	($273,244)
(2)	Expected UAAL as of October 1, 2025	(292,415)
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(15,664)
	Inactive Mortality	(5,471)
	Other	726
	Increase in UAAL due to (Gain)/Loss	(20,409)
	Assumption Changes	22,930
(4)	Actual UAAL as of October 1, 2025	($289,894)

HISTORY OF FUNDING PROGRESS



ASSET INFORMATION

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

ASSETS	MARKET VALUE
Cash and Cash Equivalents:	
Cash	10,560.33
Total Cash and Equivalents	10,560.33
Total Receivable	0.00
Investments:	
Pooled/Common/Commingled Funds:	
Fixed Income	406,572.71
Equity	795,984.88
Real Estate	106,923.34
Total Investments	1,309,480.93
Total Assets	1,320,041.26
LIABILITIES	
Prepaid City Contribution	4,038.00
Total Liabilities	4,038.00
NET POSITION RESTRICTED FOR PENSIONS	1,316,003.26

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

ADDITIONS		
Contributions:		
City	17,513.00	
Total Contributions		17,513.00
Investment Income:		
Net Increase in Fair Value of Investments	103,070.10	
Less Investment Expense[1]	(2,781.18)	
Net Investment Income		100,288.92
Total Additions		117,801.92
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	72,191.47	
Total Distributions		72,191.47
Administrative Expense		15,910.00
Total Deductions		88,101.47
Net Increase in Net Position		29,700.45
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		1,286,302.81
End of the Year		1,316,003.26

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

ACTUARIAL ASSET VALUATION
September 30, 2025

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

Gains/Losses Not Yet Recognized

Plan Year Ending	Gain/(Loss)	Amounts Not Yet Recognized by Valuation Year 2025	2026	2027	2028	2029
09/30/2021	143,596	0	0	0	0	0
09/30/2022	(261,906)	(52,382)	0	0	0	0
09/30/2023	20,027	8,012	4,007	0	0	0
09/30/2024	143,684	86,210	57,473	28,736	0	0
09/30/2025	15,534	12,427	9,320	6,214	3,107	0
Total		54,267	70,800	34,950	3,107	0

Development of Investment Gain/Loss

Market Value of Assets, including Prepaid Contributions, 09/30/2024	1,290,341
Contributions Less Benefit Payments & Admin Expenses	(70,588)
Expected Investment Earnings*	84,755
Actual Net Investment Earnings	100,289
2025 Actuarial Investment Gain/(Loss)	15,534

*Expected Investment Earnings = 0.0675 * 1,290,341 - 70,588 * [(1 + 0.0675) ^ 0.5 - 1]

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2025	1,316,003
(2) Gains/(Losses) Not Yet Recognized	54,267
(3) Actuarial Value of Assets, 09/30/2025, (1) - (2)	1,261,736
(4) Limited Actuarial Value of Assets, 09/30/2025	1,261,736
(A) 09/30/2024 Actuarial Assets, including Prepaid Contributions:	1,239,420
(I) Net Investment Income:	
1. Net Increase in Fair Value of Investments	103,070
2. Change in Actuarial Value	(3,346)
3. Investment Expenses	(2,781)
Total	96,943
(B) 09/30/2025 Actuarial Assets, including Prepaid Contributions:	1,265,774
Actuarial Assets Rate of Return = 2I/(A+B-I):	8.05%
Market Value of Assets Rate of Return:	8.01%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	15.664

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

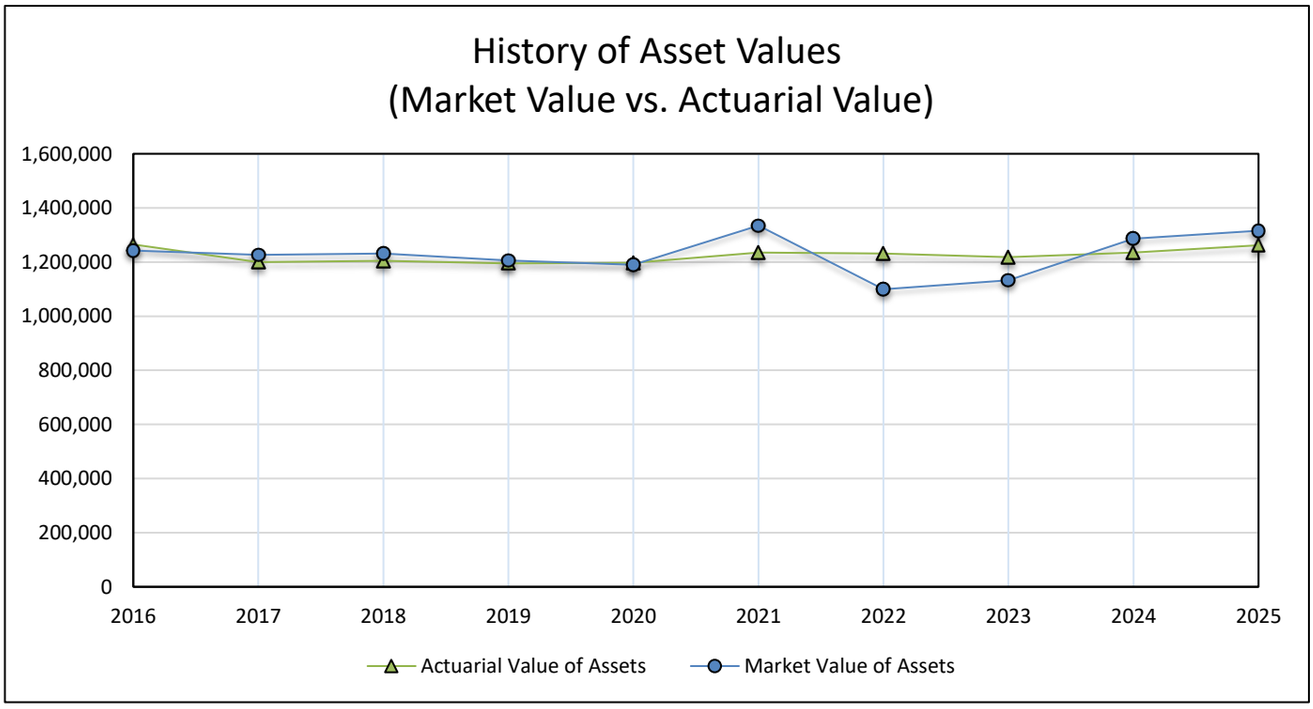
REVENUES		
Contributions:		
City	17,513.00	
Total Contributions		17,513.00
Earnings from Investments:		
Net Increase in Fair Value of Investments	103,070.10	
Change in Actuarial Value	(3,346.00)	
Total Earnings and Investment Gains		99,724.10
EXPENDITURES		
Distributions to Members:		
Benefit Payments	72,191.47	
Total Distributions		72,191.47
Expenses:		
Investment related[1]	2,781.18	
Administrative	15,910.00	
Total Expenses		18,691.18
Change in Net Assets for the Year		26,354.45
Net Assets Beginning of the Year		1,235,381.81
Net Assets End of the Year[2]		1,261,736.26

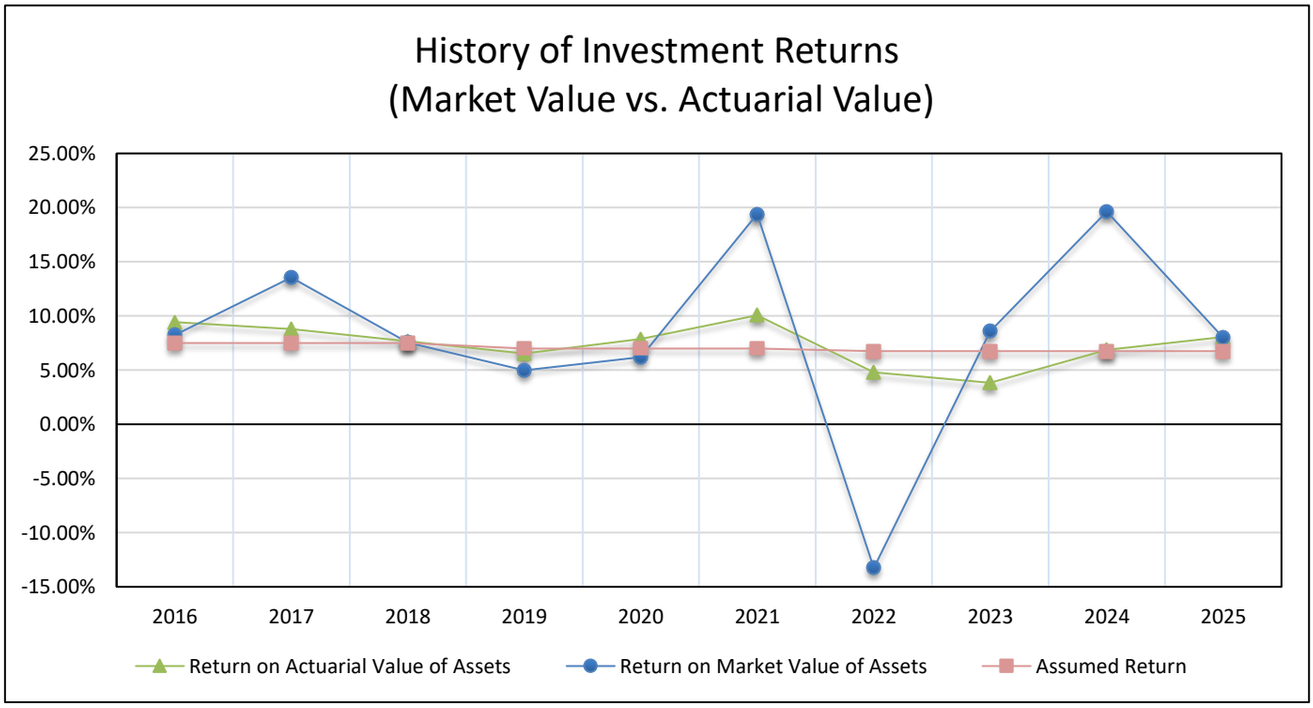
[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION

(1)	Required City and State Contributions	17,513.00
(2)	Less Allowable State Contribution	0.00
(3)	Required City Contribution for Fiscal 2025	17,513.00
(4)	Less 2024 Prepaid Contribution	(4,038.00)
(5)	Less Actual City Contributions	(17,513.00)
(6)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025	($4,038.00)

History of Asset Values and Investment Returns





PARTICIPANT STATISTICS

STATISTICAL DATA

Valuation Date	10/1/2025	10/1/2024	10/1/2023	10/1/2022
SERVICE RETIREES				
Number	7	6	5	5
Average Current Age	67.4	72.9	74.4	73.4
Average Annual Benefit	$10,754	$11,453	$12,158	$12,158
BENEFICIARIES				
Number	1	0	0	0
Average Current Age	87.9	N/A	N/A	N/A
Average Annual Benefit	$7,028	N/A	N/A	N/A
DISABILITY RETIREES				
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
TERMINATED VESTED				
Number	1	3	4	4
Average Current Age	59.8	59.3	58.6	57.6
Average Annual Benefit	$18,401	$10,227	$9,653	$9,653

PARTICIPANT RECONCILIATION

	Actives	Members Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
Number, prior valuation	0	6	0	0	0	3	0	9
New Entrants / Rehires								
Vested (Deferred Annuity)								0
Non-Vested / Vested (Due Refund)								0
Refund of Contributions or Terminated Non-Vested								0
Hired/Terminated in Same Year								0
Retired		2				(2)		0
DROP								
Disabled								0
Death, With Survivor		(1)		1				0
Death, No Survivor								0
Expired Annuities								0
Data Corrections								0
Other								0
Number, current valuation	0	7	0	1	0	1	0	9

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

Healthy Retiree Lives:

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

Beneficiary Lives:

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

Disabled Lives:

PubG.H-2010 for Disabled Retirees, female set forward one year.

All rates for healthy lives 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.

Prior assumptions are below:

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.
Interest Rate	6.75% 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.
Administrative Expenses	Average of actual expenses incurred in the prior two fiscal years.
Amortization Method	New UAAL amortization bases are amortized over 15 years. The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method	Entry Age Normal 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. In the event the Minimum Required Contribution is based on the statutory Normal Cost Minimum funding requirement, explicit reimbursement of the plan's Administrative Expense is included in determination of the Minimum Required Contribution.
Actuarial Asset Method	The Actuarial Value of Assets reflects a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.

PLAN PROVISIONS

Most Recent Plan Amendment	Ordinance No. 17-08 (Historical reference only – There are no current participating members)
Credited Service	Years and fractional parts of years of service (to the nearest month) with the City as a Police Officer.
Average Final Compensation	Average monthly compensation during the last 5 years of Credited Service prior to termination or retirement.
Compensation	Total compensation actually paid to a member including overtime, payment for accrued vacation and longevity but excluding bonuses (other than longevity bonuses).
Normal Retirement	
Eligibility	Earlier of: a) Age 55 and 30 years of Credited Service, b) Age 60 and 10 years of Credited Service, or c) the completion of 40 years of Credited Service, regardless of age. Additionally, members hired between the ages of 55 and 60 may retire at age 65.
Benefit	1.75 % of Average Monthly Earnings for each year of Credited Service.
Form of Benefit	10 year certain and life thereafter (options available).
Early Retirement	
Eligibility	Age 50 and 10 years of Credited Service.
Benefit	Accrued benefit, reduced by 5% per year for commencement prior to age 60.

Disability Benefit	
Eligibility	a) Non-Service Incurred: 10 years of Credited Service. b) Service Incurred: Covered from Date of Employment. c) Total and permanent disability as determined by the Board of Trustees.
Benefit Amount	Accrued benefit, but not less than 30% of the pay in effect as of the date of disability for Service-Incurred.
Form of Benefit	Single life annuity.
Pre-Retirement Death Benefit	
Surviving spouse Benefit Amount	Actuarial equivalent of 75% of the member's vested accrued benefit, payable as a lump sum as soon as possible following the member's death. If the member dies while employed after attaining Normal Retirement eligibility, the survivor benefit is determined as if the member had retired under the 66 2/3% annuity option immediately prior to death
Vesting (Termination)	
10 years or more	Accrued benefit payable at age 50 or later, on reduced basis if to commence prior to Normal Retirement Date.
Contributions	
Premium Tax	None.
Member	None.
City	Annual amount necessary for payment of Normal (current year's) Cost, amortization of the Unfunded Actuarial Accrued Liability, and reimbursement of the plan's administrative expenses.

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.

- 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.

- Contribution Risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly,

increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

IMPACT OF PLAN MATURITY ON RISK

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

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

- The Support Ratio, determined as the ratio of active to inactive members, is 0%, indicating the plan is comprised entirely of inactive participants.

- 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 100.0%. 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 stayed approximately the same from October 1, 2022 to 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, stayed approximately the same from October 1, 2022 to October 1, 2025. The current Net Cash Flow Ratio of -5.4% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

LOW DEFAULT-RISK OBLIGATION MEASURE

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a "low-default-risk obligation measure" (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, including the use of the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.50% resulting in an LDROM of $1,169,482. 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	10/1/2023	10/1/2022
SUPPORT RATIO				
Total Actives	0	0	0	0
Total Inactives [1]	9	9	9	9
Actives / Inactives [1]	0.0%	0.0%	0.0%	0.0%
ACCRUED LIABILITY (AL) RATIO				
Inactive Accrued Liability	971,842	962,138	955,054	941,779
Total Accrued Liability (EAN)	971,842	962,138	955,054	941,779
Inactive AL / Total AL	100.0%	100.0%	100.0%	100.0%
FUNDED RATIO				
Actuarial Value of Assets (AVA)	1,261,736	1,235,382	1,218,500	1,231,302
Total Accrued Liability (EAN)	971,842	962,138	955,054	941,779
AVA / Total Accrued Liability (EAN)	129.8%	128.4%	127.6%	130.7%
NET CASH FLOW RATIO				
Net Cash Flow [2]	(70,588)	(64,953)	(59,054)	(61,769)
Market Value of Assets (MVA)	1,316,003	1,286,303	1,132,929	1,099,335
Ratio	-5.4%	-5.0%	-5.2%	-5.6%

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

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