



City of Fort Meade General Employees' 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

June 2, 2026

Board of Trustees
City of Fort Meade
General Employees' Pension Board

Re: City of Fort Meade General Employees' Retirement Plan Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the City of Fort Meade General Employees' 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.

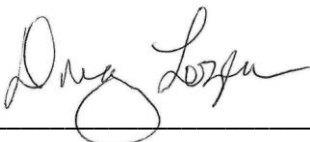
In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

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 General Employees' 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

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SUMMARY

The regular annual actuarial valuation of the City of Fort Meade General Employees' 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 valuation 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	\$288,658	\$318,486

As you can see, the Minimum Required Contribution shows a decrease when compared to the results set forth in the October 1, 2024 actuarial valuation report. The decrease is attributable to favorable plan experience. The decrease was offset in part by a mandatory change in the mortality rates.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included favorable turnover experience and an investment return of 7.86% (Actuarial Asset Basis) which exceeded the 6.50% assumption. These gains were offset in part by losses associated with inactive mortality experience and an average salary increase of 8.94% which exceeded the 5.42% assumption.

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 non-special-risk employees.

There were no method changes since the prior valuation.

VALUATION RESULTS

PRINCIPAL VALUATION RESULTS

Valuation Date	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
PARTICIPANT DATA			
Actives	39	39	42
Service Retirees	30	30	28
Beneficiaries	2	2	2
Disability Retirees	3	3	3
Terminated Vested	<u>17</u>	<u>17</u>	<u>12</u>
Total	91	91	87
Projected Annual Payroll	2,326,198	2,326,198	2,515,180
Annual Rate of Payments to:			
Service Retirees	331,054	331,054	318,617
Beneficiaries	9,922	9,922	9,922
Disability Retirees	32,431	32,431	32,431
Terminated Vested	173,792	173,792	85,785
ASSETS			
Actuarial Value (AVA)	6,409,616	6,409,616	6,001,372
Market Value (MVA)	6,704,333	6,704,333	6,261,366
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	2,996,722	2,932,567	3,578,318
Disability Benefits	256,749	237,505	286,032
Death Benefits	64,717	81,258	97,816
Vested Benefits	292,931	282,433	294,278
Service Retirees	3,150,572	3,133,570	3,071,574
Beneficiaries	91,601	90,917	93,510
Disability Retirees	356,706	348,443	354,077
Terminated Vested	<u>1,397,260</u>	<u>1,360,765</u>	<u>668,905</u>
Total	8,607,258	8,467,458	8,444,510

Valuation Date	New Assump 10/1/2025	Old Assump 10/1/2025	10/1/2024
LIABILITIES (CONTINUED)			
Present Value of Future Salaries	20,553,479	20,513,921	21,943,796
Normal Cost (Retirement)	145,113	142,443	148,914
Normal Cost (Disability)	12,805	11,805	13,691
Normal Cost (Death)	3,738	4,687	5,370
Normal Cost (Vesting)	22,629	21,896	21,940
Total Normal Cost	184,285	180,831	189,915
Present Value of Future Normal Costs	1,577,194	1,542,971	1,621,594
Accrued Liability (Retirement)	1,777,522	1,737,814	2,326,021
Accrued Liability (Disability)	124,385	116,021	152,767
Accrued Liability (Death)	31,256	39,486	51,234
Accrued Liability (Vesting)	100,762	97,471	104,828
Accrued Liability (Refunds)	0	0	0
Accrued Liability (Inactives)	4,996,139	4,933,695	4,188,066
Total Actuarial Accrued Liability (EAN AL)	7,030,064	6,924,487	6,822,916
Unfunded Actuarial Accrued Liability (UAAL)	620,448	514,871	821,544
Funded Ratio (AVA / EAN AL)	91.2%	92.6%	88.0%

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	4,996,139	4,933,695	4,188,066
Actives	962,599	940,001	1,297,155
Total	5,958,738	5,873,696	5,485,221
Non-vested Accrued Benefits	282,662	278,316	367,147
Total Present Value			
Accrued Benefits (PVAB)	6,241,400	6,152,012	5,852,368
Funded Ratio (MVA / PVAB)	107.4%	109.0%	107.0%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	89,388	0	
Plan Experience	0	292,842	
Benefits Paid	0	(361,842)	
Interest	0	368,644	
Other	0	0	
Total	89,388	299,644	

CONTRIBUTION REQUIREMENTS

	<u>New Assump</u>	<u>Old Assump</u>	
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	\$190,274	\$186,708	\$196,087
Administrative Expenses ¹	25,371	25,371	32,642
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2025) ¹	73,013	62,128	89,757
Minimum Required Contribution	288,658	274,207	318,486
Expected City Contribution	288,658	274,207	318,486

PAST CONTRIBUTIONS

Plan Years Ending:	9/30/2025
City Requirement	318,486
Actual Contributions Made:	
City	318,486

¹ Contributions developed as of 10/1/2025 displayed above have been adjusted to account for the timing of sponsor contributions.

OTHER INFORMATION

ILLUSTRATION OF AMORTITIZATION OF THE TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY

Year	Projected Unfunded Actuarial Accrued Liability
2025	620,448
2026	585,466
2027	548,210
2030	421,271
2034	210,040
2037	12,780
2040	0

5 YEAR COMPARISON OF ACTUAL AND ASSUMED SALARY INCREASES

		Actual	Assumed
Year Ended	9/30/2025	8.94%	5.42%
Year Ended	9/30/2024	7.90%	5.14%
Year Ended	9/30/2023	9.28%	3.00%
Year Ended	9/30/2022	16.56%	3.00%
Year Ended	9/30/2021	9.19%	3.00%

5 YEAR COMPARISON OF INVESTMENT RETURN ON ACTUARIAL VALUE

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	8.12%	7.86%	6.50%
Year Ended	9/30/2024	19.64%	6.71%	6.50%
Year Ended	9/30/2023	8.42%	3.89%	6.75%
Year Ended	9/30/2022	-13.29%	4.84%	6.75%
Year Ended	9/30/2021	19.31%	9.91%	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 #26-7778

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

UNFUNDED ACTUARIAL ACCRUED LIABILITIES

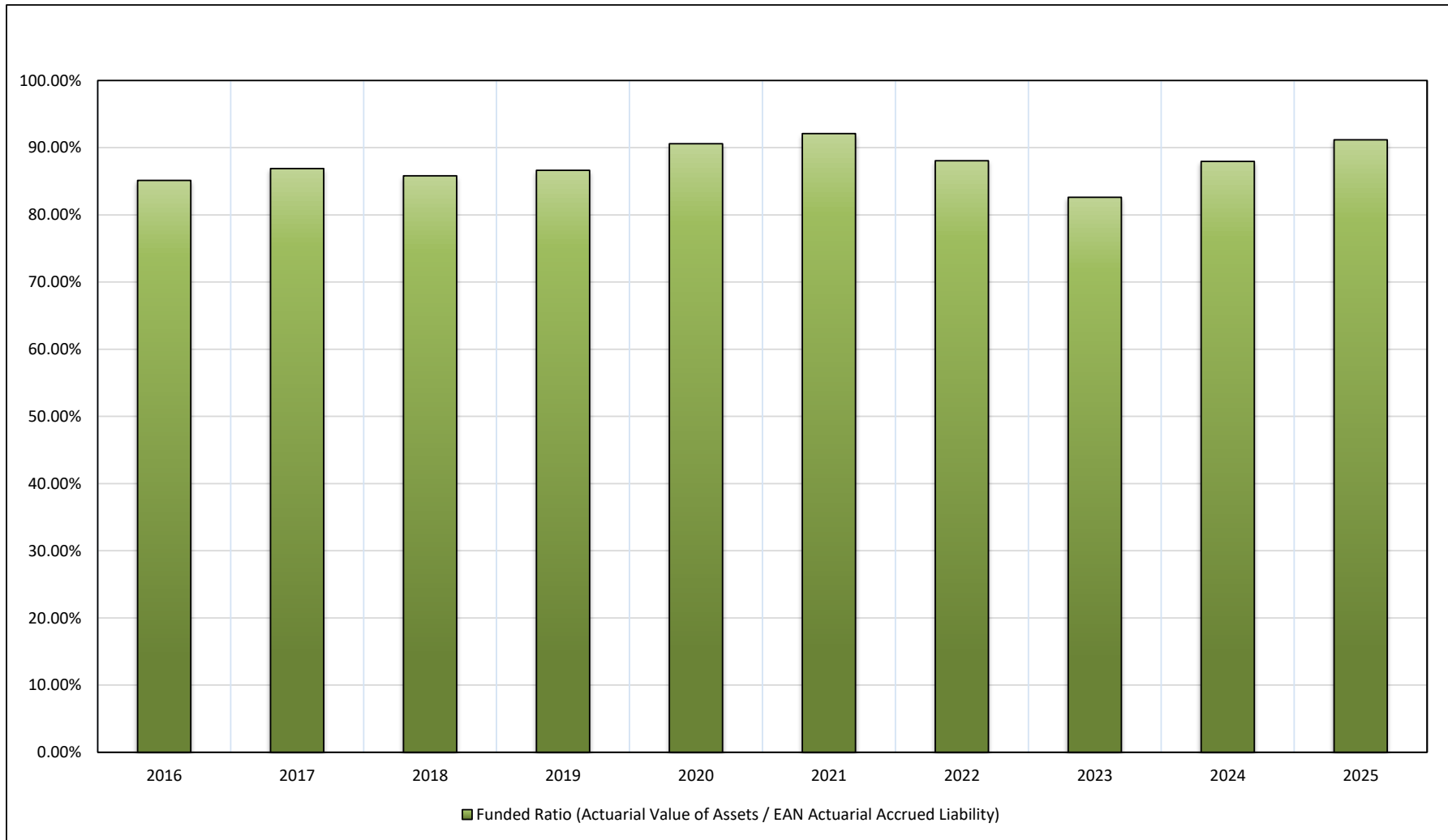
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2024	\$821,544
(2)	Sponsor Normal Cost developed as of October 1, 2024	189,915
(3)	Expected administrative expenses for the year ended September 30, 2025	31,615
(4)	Expected interest on (1), (2) and (3)	66,772
(5)	Sponsor contributions to the System during the year ended September 30, 2025	318,486
(6)	Expected interest on (5)	13,240
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	778,120
(8)	Change to UAAL due to Assumption Change	105,577
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(263,249)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	620,448

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
EAN Cost Method	10/1/2023	13	1,077,461	117,643
Actuarial Gain	10/1/2024	14	(299,341)	(31,182)
Actuarial Gain	10/1/2025	15	(263,249)	(26,289)
Assump Change	10/1/2025	15	105,577	10,543
			<u>620,448</u>	<u>70,715</u>

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	\$821,544
(2) Expected UAAL as of October 1, 2025	778,120
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(82,180)
Salary Increases	53,924
Active Decrements	(308,967)
Inactive Mortality	71,445
Other	<u>2,529</u>
Increase in UAAL due to (Gain)/Loss	(263,249)
Assumption Changes	<u>105,577</u>
(4) Actual UAAL as of October 1, 2025	\$620,448

HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Cash	54,035.99
Total Cash and Equivalents	54,035.99
Receivables:	
City Contributions in Transit	11,380.56
Total Receivable	11,380.56
Investments:	
Pooled/Common/Commingled Funds:	
Fixed Income	2,080,385.56
Equity	4,072,962.65
Real Estate	547,114.39
Total Investments	6,700,462.60
Total Assets	6,765,879.15
<u>LIABILITIES</u>	
Payables:	
Administrative Expenses	3,302.00
Prepaid City Contribution	58,244.29
Total Liabilities	61,546.29
NET POSITION RESTRICTED FOR PENSIONS	6,704,332.86

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

ADDITIONS

Contributions:

City	318,486.00	
Total Contributions		318,486.00
Investment Income:		
Net Increase in Fair Value of Investments	523,450.69	
Less Investment Expense ¹	(13,842.33)	
Net Investment Income		509,608.36
Total Additions		828,094.36

DEDUCTIONS

Distributions to Members:

Benefit Payments	361,842.40	
Lump Sum DROP Distributions	0.00	
Total Distributions		361,842.40
Administrative Expense		23,285.45
Total Deductions		385,127.85
Net Increase in Net Position		442,966.51
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		6,261,366.35
End of the Year		6,704,332.86

¹Investment 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.

Plan Year Ending	Gain/(Loss)	<u>Gains/Losses Not Yet Recognized</u>				
		Amounts Not Yet Recognized by Valuation Year				
		2025	2026	2027	2028	2029
09/30/2021	639,477	0	0	0	0	0
09/30/2022	(1,198,539)	(239,707)	0	0	0	0
09/30/2023	83,435	33,374	16,687	0	0	0
09/30/2024	701,814	421,088	280,725	140,362	0	0
09/30/2025	99,953	79,962	59,972	39,981	19,991	0
Total		294,717	357,384	180,343	19,991	0

Development of Investment Gain/Loss

Market Value of Assets, including Prepaid Contributions, 09/30/2024	6,350,270
Contributions Less Benefit Payments & Admin Expenses	(97,301)
Expected Investment Earnings*	409,655
Actual Net Investment Earnings	509,608
2025 Actuarial Investment Gain/(Loss)	<u>99,953</u>

*Expected Investment Earnings = $0.065 * 6,350,270 - 97,301 * [(1 + 0.065) ^ 0.5 - 1]$

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2025	6,704,333
(2) Gains/(Losses) Not Yet Recognized	294,717
(3) Actuarial Value of Assets, 09/30/2025, (1) - (2)	<u>6,409,616</u>
(4) Limited Actuarial Value of Assets, 09/30/2025	6,409,616
(A) 09/30/2024 Actuarial Assets, including Prepaid Contributions:	6,090,276
(I) Net Investment Income:	
1. Net Increase in Fair Value of Investments	523,451
2. Change in Actuarial Value	(34,723)
3. Investment Expenses	(13,842)
Total	<u>474,885</u>
(B) 09/30/2025 Actuarial Assets, including Prepaid Contributions:	6,467,860
Actuarial Assets Rate of Return = $2I/(A+B-I)$:	7.86%
Market Value of Assets Rate of Return:	8.12%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	82.180

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

REVENUES		
Contributions:		
City	318,486.00	
Total Contributions		318,486.00
Earnings from Investments:		
Net Increase in Fair Value of Investments	523,450.69	
Change in Actuarial Value	(34,723.00)	
Total Earnings and Investment Gains		488,727.69
EXPENDITURES		
Distributions to Members:		
Benefit Payments	361,842.40	
Lump Sum DROP Distributions	0.00	
Total Distributions		361,842.40
Expenses:		
Investment related ¹	13,842.33	
Administrative	23,285.45	
Total Expenses		37,127.78
Change in Net Assets for the Year		408,243.51
Net Assets Beginning of the Year		6,001,372.35
Net Assets End of the Year ²		6,409,615.86

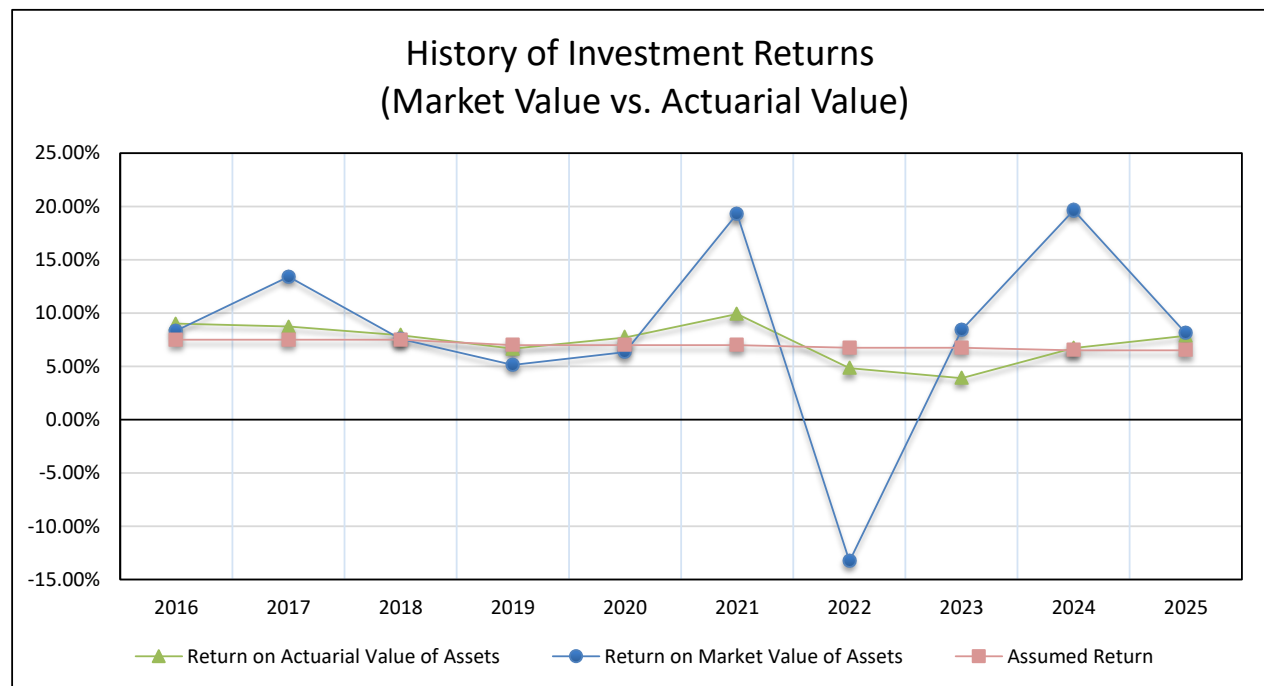
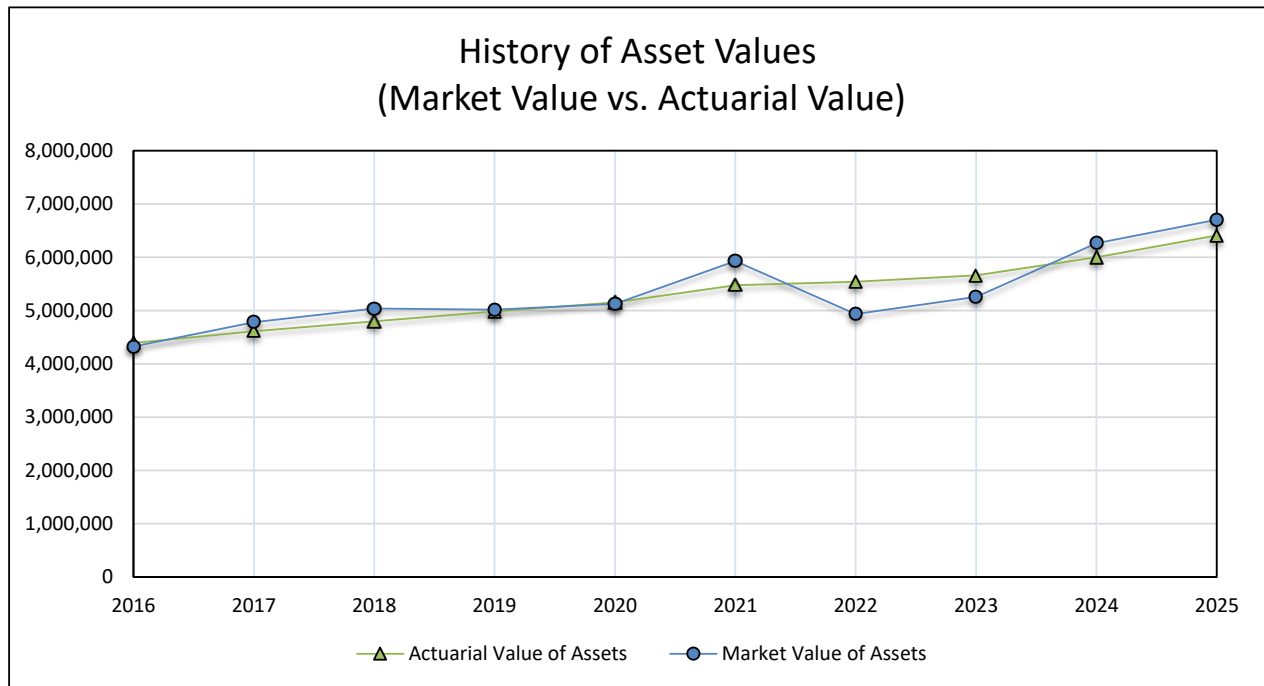
¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION

(1)	Required City Contributions	318,486.00
(2)	Less 2024 Prepaid Contribution	(88,903.48)
(3)	Less Actual City Contributions	<u>(287,826.81)</u>
(4)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025	(\$58,244.29)

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	39	42	44	49
Average Current Age	46.0	46.2	45.6	45.5
Average Age at Employment	40.1	39.3	39.5	40.3
Average Past Service	5.9	6.9	6.1	5.2
Average Annual Salary	\$61,166	\$59,885	\$53,115	\$46,590
SERVICE RETIREES				
Number	30	28	27	26
Average Current Age	73.9	73.5	73.2	72.8
Average Annual Benefit	\$11,035	\$11,379	\$12,055	\$12,759
BENEFICIARIES				
Number	2	2	1	1
Average Current Age	75.1	74.1	70.1	69.1
Average Annual Benefit	\$4,961	\$4,961	\$5,275	\$5,275
DISABILITY RETIREES				
Number	3	3	3	2
Average Current Age	63.0	62.0	61.0	64.2
Average Annual Benefit	\$10,810	\$10,810	\$11,102	\$11,150
TERMINATED VESTED				
Number	17	12	15	17
Average Current Age	54.5	58.5	59.1	59.0
Average Annual Benefit	\$10,223	\$7,149	\$7,322	\$6,923

AGE AND SERVICE DISTRIBUTION

ACTIVE EMPLOYEES

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

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2024	42
b. Terminations	
i. Vested (partial or full) with deferred annuity	(7)
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	(7)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. Continuing participants	28
g. New entrants / Rehires	11
h. Total active life participants in valuation	39

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

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	28	2	3	12	0	45
Retired	2			(2)		0
Vested (Deferred Annuity)				7		7
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	30	2	3	17	0	52

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubG.H-2010 for Employees

Male: PubG.H-2010 for Employees, set back 1 year

Healthy Retiree Lives:

Female: PubG.H-2010 for Healthy Retirees

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

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees

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

Disabled Lives:

Female: PubG.H-2010 for Disabled Retirees, set forward 4 years

Male: PubG.H-2010 for Disabled Retirees, set forward 4 years

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

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

Previously, the following rates were used:

Healthy Active Lives:

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

Male: PubG.H-2010 (Below Median) for Employees, set back 1 year.

Healthy Retiree Lives:

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

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back 1 year.

Beneficiary Lives:

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

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back 1 year.

Disabled Lives:

PubG.H-2010 for Disabled Retirees, set forward 3 years.

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

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

Salary Scale	
Service	Rate
0	7.00%
1-5	6.00%
6-10	5.00%
11-15	4.00%
16+	3.00%

Service based annual amount to assumed retirement age; This assumption was adopted based on the March 8, 2023 actuarial experience study.

Payroll Growth

None.

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.

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.

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.

Retirement Age

Years After Normal Eligibility	Probability of Retirement
0	50%
1	50%
2+	100%

This assumption was adopted based on the March 8, 2023 actuarial experience study.

Termination Rates

% Terminating During the Year	
Service	Rate
0	17.0%
1	15.0%
2-5	12.5%
6-7	6.0%
8-9	3.5%
10-24	2.0%
25+	0.0%

Unisex and service-based table. This assumption was adopted based on the March 8, 2023 actuarial experience study.

Marriage

100% of active participants are assumed to be married, with spouses assumed to be the same age.

Disability Rates

Age and gender-based, see sample rates below.

% Becoming Disabled During the Year		
Age	Male	Female
20	0.03%	0.03%
25	0.04%	0.05%
30	0.05%	0.08%
35	0.07%	0.14%
40	0.12%	0.21%
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%

This assumption was carried over from the prior actuary and adopted based on the March 8, 2023 actuarial experience study.

No disablements are assumed to be service-related.

PLAN PROVISIONS

Most Recent Plan Amendment	Ordinance 2022-08
Effective Date	January 1, 1969
Participation	All full-time permanent general employees of the City of Fort Meade become members on the first day of the month following, or coinciding with, their date of employment.
Credited Service	Years and fractional parts of years completed to the nearest full month.
Average Monthly Earnings	Average of total cash remuneration (including overtime and payments for accrued vacation and longevity, but excluding bonuses) during the last 5 years prior to retirement or termination.

Normal Retirement

Eligibility

The earlier of:

- 1) Age 65 with at least 5 years of Credited Service; or
- 2) Age 62 with at least 30 years of Credited Service; or
- 3) Age 60 with at least 35 years of Credited Service; or
- 4) Completion of 40 years of Credited Service, regardless of age; or
- 5) Completion of 5 years of Credit Service based on the entry age in the following schedule:

Entry Age	Retirement Age
60 and under	65
61	66
62	67
63	68
64	69
65 and over	70

Benefit Amount	1.5% of Average Final Compensation times Credited Service.
Form of Benefit	Single Life Annuity (options available).
Early Retirement	
Eligibility	Age 60 and 20 Years of Credited Service.
Benefit Amount	Benefit determined as for Normal Retirement, but reduced 5% for each year that Early Retirement precedes age 65.
Disability	
Service Connected	Eligibility: The participant must have become disabled in the line of duty due to a sickness or injury which renders him or her unable to perform his or her own occupation with the City. Benefit: The greater of: 1) Monthly accrued benefit; or 2) 30% of salary in effect at the time of disablement.
Non-Service Connected	Eligibility: 10 years of Credited Service and the participant must be disabled due to a sickness or injury which renders him or her unable to perform his or her own occupation with the City. Benefit: Monthly accrued benefit.
Vesting (Termination of Employment)	
Eligibility	At least 5 years of Credited Service.
Benefit Amount	Accrued benefit payable at age 65 unreduced or accrued benefit reduced 5% for each year commencement precedes age 65.
Pre-Retirement Death	
Benefit	Prior to Normal Retirement Eligibility: Single lump sum payment to the spouse of the participant equal to the actuarially equivalent value of 75% of the participant's vested accrued benefit.

On or After Normal Retirement Eligibility: 66 $\frac{2}{3}$ % of the participant's accrued 66 $\frac{2}{3}$ % joint and contingent annuity payable to the spouse for life. The spouse may elect to receive the 75% lump sum benefit that is payable in the case of a pre-retirement death prior to reaching Normal Retirement eligibility.

Deferred Retirement Option Plan

Eligibility	Later of Age 62 or Normal Retirement eligibility.
Participation	Not to exceed 36 months.
Rate of Return	6.0% per annum.
Form of Distribution	Cash lump sum (options available) at termination of employment.

SUPPLEMENTARY INFORMATION

GLOSSARY

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

Actuarial Present Value	The estimated amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment.
Amortization Payment	The portion of the plan contribution designated to pay interest and reduce the outstanding principal balance of Unfunded Actuarial Accrued Liability. If the amortization payment is less than the accrued interest on the Unfunded Actuarial Accrued Liability the outstanding principal balance will increase.
Decrement	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.

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 92.3% on October 1, 2016 to 75.0% 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 71.1%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.
- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 85.1% on October 1, 2016 to 91.2% 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 -6.2% on October 1, 2016 to -1.0% on October 1, 2025. The current Net Cash Flow Ratio of -1.0% 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 \$8,776,984. 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	10/1/2016
SUPPORT RATIO				
Total Actives	39	42	47	36
Total Inactives ¹	52	45	45	39
Actives / Inactives ¹	75.0%	93.3%	104.4%	92.3%
ASSET VOLATILITY RATIO				
Market Value of Assets (MVA)	6,704,333	6,261,366	5,123,385	4,325,518
Total Annual Payroll	2,385,491	2,515,180	1,774,898	1,246,875
MVA / Total Annual Payroll	281.0%	248.9%	288.7%	346.9%
ACCRUED LIABILITY (AL) RATIO				
Inactive Accrued Liability	4,996,139	4,188,066	4,433,619	3,777,711
Total Accrued Liability (EAN)	7,030,064	6,822,916	5,689,460	5,159,173
Inactive AL / Total AL	71.1%	61.4%	77.9%	73.2%
FUNDED RATIO				
Actuarial Value of Assets (AVA)	6,409,616	6,001,372	5,154,180	4,391,969
Total Accrued Liability (EAN)	7,030,064	6,822,916	5,689,460	5,159,173
AVA / Total Accrued Liability (EAN)	91.2%	88.0%	90.6%	85.1%
NET CASH FLOW RATIO				
Net Cash Flow ²	(66,641)	(46,676)	(214,757)	(268,426)
Market Value of Assets (MVA)	6,704,333	6,261,366	5,123,385	4,325,518
Ratio	-1.0%	-0.7%	-4.2%	-6.2%

¹ Excludes terminated participants awaiting a refund of member contributions.

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