



City of Fort Lauderdale Police and Firefighters' Retirement System

Actuarial Valuation

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

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

May 8, 2026

Board of Trustees
City of Fort Lauderdale
Firefighters and Police Officers' Pension Board

Re: City of Fort Lauderdale Police and Firefighters' Retirement System Actuarial Valuation Report

Dear Board,

This report details the annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System as of October 1, 2025.

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

DATA AND ASSUMPTIONS

In preparing this report, we have relied on personnel and plan design supplied by City of Fort Lauderdale. 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 Lauderdale, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Police and Firefighters' Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

Respectfully submitted,

Foster & Foster, Inc.



Bradley R. Heinrichs, FSA, EA, MAAA



Sara E. Carlson, ASA, EA, MAAA

TABLE OF CONTENTS

SUMMARY	5
CHANGES SINCE PRIOR VALUATION	6
VALUATION RESULTS	7
Principal Valuation Results	7
Actuarial Present Value of Accrued Benefits.....	9
Contribution Requirements.....	10
Other Information	11
UNFUNDED ACTUARIAL ACCRUED LIABILITIES	13
DETAILED ACTUARIAL (GAIN)/LOSS	15
HISTORY OF FUNDING PROGRESS	17
ASSET INFORMATION	18
PARTICIPANT STATISTICS	25
Statistical Data	25
Age and Service Distribution	28
Participant Reconciliation.....	31
ACTUARIAL ASSUMPTIONS AND METHODS	32
PLAN PROVISIONS	37
SUPPLEMENTARY INFORMATION	41
Glossary	41
Discussion of Risk	44

SUMMARY

The regular annual actuarial valuation of the City of Fort Lauderdale Police and Firefighters' Retirement System, performed as of October 1, 2025, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2027.

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

Valuation Date	10/1/2025	10/1/2024
Applicable to Fiscal Year Ending	9/30/2027	9/30/2026
Assumed City Contribution Date	10/1/2026	10/1/2025
Minimum Required Contribution	\$46,039,926	\$45,611,379
Member Contributions (Est.)	10,258,725	9,941,834
City and State Required Contribution	35,781,201	35,669,545
State Contribution (Est.) ¹	7,804,553	7,804,553
City Required Contribution (Est.) ²	\$27,976,648	\$27,864,992
As % of Covered Payroll ²	29.8%	30.6%
As % of Covered Payroll (Incl. DROP) ²	21.8%	23.1%

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2024 actuarial valuation report. The increase is mainly attributable to an increase in normal cost. The increase was offset in part by favorable plan experience and a mandated change in the mortality assumption.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. The primary source of actuarial gain was an investment return of 8.39% (Actuarial Asset Basis) which exceeded the 7.10% assumption. This gain was offset in part by losses associated with more retirements than expected and an average salary increase of 6.88% which exceeded the 5.67% assumption.

¹ Reflects updated per capita amounts based on recent premium tax distributions. It is important to keep in mind that a slight adjustment to the City's bottom line funding requirement may be necessary, based on actual allowable State Monies received.

² Please note the percentage-of-payroll rates included in the table shown above are for illustration purposes only. The City should budget based on the actual dollar contribution requirements. Additionally, please note that the City has access to a prepaid contribution of \$1,131,060.21 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2026.

CHANGES SINCE PRIOR VALUATION

PLAN CHANGES

There have been no plan changes since the prior valuation.

ACTUARIAL ASSUMPTION/METHOD CHANGES

As previously approved by the Board of Trustees, the investment return assumption has been lowered from 7.10% to 7.05%, net of investment-related expenses.

Additionally, 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	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
PARTICIPANT DATA			
Actives	794	794	792
Service Retirees	861	861	852
DROP Retirees	238	238	208
Beneficiaries	166	166	171
Disability Retirees	40	40	38
Terminated Vested	<u>46</u>	<u>46</u>	<u>42</u>
Total	2,145	2,145	2,103
Projected Annual Payroll	93,779,268	93,779,268	91,142,780
Annual Rate of Payments to:			
Service Retirees	48,693,691	48,693,691	47,141,503
DROP Retirees	21,473,662	21,473,662	18,333,560
Beneficiaries	4,541,205	4,541,205	4,662,686
Disability Retirees	2,039,371	2,039,371	1,876,646
Terminated Vested	723,456	723,456	714,591
ASSETS			
Actuarial Value (AVA)	1,184,240,892	1,184,240,892	1,144,124,830
Market Value (MVA)	1,236,627,698	1,236,627,698	1,174,583,535
LIABILITIES			
Present Value of Benefits			
Actives			
Retirement Benefits	582,025,945	580,269,463	577,088,247
Disability Benefits	11,743,254	11,485,518	10,624,069
Death Benefits	5,594,282	4,596,111	4,318,303
Vested Benefits	25,875,085	25,737,003	23,562,760
Refund of Contributions	1,645,551	1,643,829	1,469,546
Service Retirees	541,487,139	548,702,492	531,069,855
DROP Retirees	380,014,317	380,379,288	349,769,720
Beneficiaries	37,744,280	38,480,263	40,050,676
Disability Retirees	23,995,330	23,835,859	22,091,966
Terminated Vested	<u>6,685,381</u>	<u>6,666,765</u>	<u>6,602,158</u>
Total	1,616,810,564	1,621,796,591	1,566,647,300

Valuation Date	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
LIABILITIES (CONTINUED)			
Present Value of Future Salaries	1,012,393,638	1,010,102,916	933,531,900
Normal Cost (Retirement)	24,487,003	24,397,929	23,789,404
Normal Cost (Disability)	1,015,887	1,003,782	947,000
Normal Cost (Death)	423,995	354,658	340,671
Normal Cost (Vesting)	1,531,394	1,524,038	1,434,624
Normal Cost (Refunds)	<u>282,338</u>	<u>282,315</u>	<u>250,180</u>
Total Normal Cost	27,740,617	27,562,722	26,761,879
Present Value of Future Normal Costs	291,894,008	289,245,832	267,700,377
Accrued Liability (Retirement)	322,007,715	321,789,775	337,294,861
Accrued Liability (Disability)	2,279,824	2,197,736	2,068,444
Accrued Liability (Death)	865,035	684,348	703,673
Accrued Liability (Vesting)	9,760,021	9,736,705	9,244,390
Accrued Liability (Refunds)	77,514	77,528	51,180
Accrued Liability (Inactives)	<u>989,926,447</u>	<u>998,064,667</u>	<u>949,584,375</u>
Total Actuarial Accrued Liability (EAN AL)	1,324,916,556	1,332,550,759	1,298,946,923
Unfunded Actuarial Accrued Liability (UAAL)	140,675,664	148,309,867	154,822,093
Funded Ratio (AVA / EAN AL)	89.4%	88.9%	88.1%

ACTUARIAL PRESENT VALUE OF ACCRUED BENEFITS

Valuation Date	<u>New Assump</u> 10/1/2025	<u>Old Assump</u> 10/1/2025	10/1/2024
Vested Accrued Benefits			
Inactives	989,926,447	998,064,667	949,584,375
Actives	154,449,257	153,367,781	152,500,219
Member Contributions	<u>61,311,808</u>	<u>61,311,808</u>	<u>63,934,382</u>
Total	1,205,687,512	1,212,744,256	1,166,018,976
Non-vested Accrued Benefits	<u>57,040,592</u>	<u>56,862,917</u>	<u>51,522,362</u>
Total Present Value			
Accrued Benefits (PVAB)	1,262,728,104	1,269,607,173	1,217,541,338
Funded Ratio (MVA / PVAB)	97.9%	97.4%	96.5%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	(6,879,069)	0	
Plan Experience	0	64,469,763	
Benefits Paid	0	(95,460,515)	
Interest	0	83,056,587	
Other	<u>0</u>	<u>0</u>	
Total	(6,879,069)	52,065,835	

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	9/30/2027	9/30/2027	9/30/2026

CALCULATION OF CONTRIBUTION REQUIREMENT

Assumed City Contribution Date	October 1, 2026	October 1, 2026	October 1, 2025
Normal Cost ¹	\$29,302,414	\$29,114,503	\$28,239,135
Administrative Expenses ¹	872,504	872,504	755,523
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years	15,865,008	16,562,538	16,616,721
Applicable Interest ¹	0	0	0
Minimum Required Contribution	46,039,926	46,549,545	45,611,379
Expected Member Contributions ¹	10,258,725	10,258,725	9,941,834
Expected City and State Contribution	35,781,201	36,290,820	35,669,545
Less Expected State Contribution ²	7,804,553	7,804,553	7,804,553
Equals Expected City Required Contribution	27,976,648	28,486,267	27,864,992

PAST CONTRIBUTIONS

Plan Years Ending: 9/30/2025

City and State Requirement 29,976,521

Actual Contributions Made:

Members (excluding buyback)	9,663,696
City	22,219,344
State	7,757,177
Total	39,640,217

¹ Contribution requirements developed above have been adjusted to account for an applicable assumed salary increase component. Additionally, the above stated requirements reflect no interest as a result of the assumed beginning of year City contribution date. If the required contributions are deposited at a later date, additional interest at the assumed 7.05% annual rate must be added.

² Reflects updated per capita amounts based on recent premium tax distributions.

OTHER INFORMATION

ILLUSTRATION OF AMORTITIZATION OF THE TOTAL UNFUNDED ACTUARIAL ACCRUED LIABILITY

Year	Projected Unfunded Actuarial Accrued Liability
2025	140,675,664
2026	134,515,015
2027	127,866,334
2032	92,089,453
2036	53,205,692
2041	13,747,510
2045	0

5 YEAR COMPARISON OF ACTUAL AND ASSUMED SALARY INCREASES

		Actual	Assumed
Year Ended	9/30/2025	6.88%	5.67%
Year Ended	9/30/2024	12.30%	5.27%
Year Ended	9/30/2023	3.08%	5.15%
Year Ended	9/30/2022	4.80%	4.98%
Year Ended	9/30/2021	8.43%	4.97%

5 YEAR COMPARISON OF INVESTMENT RETURN ON ACTUARIAL VALUE

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2025	10.01%	8.39%	7.10%
Year Ended	9/30/2024	16.04%	7.00%	7.15%
Year Ended	9/30/2023	9.02%	4.49%	7.20%
Year Ended	9/30/2022	-10.03%	5.21%	7.25%
Year Ended	9/30/2021	18.98%	9.08%	7.30%

AVERAGE ANNUAL PAYROLL GROWTH

Valuation Date	Payroll
10/1/2025	\$93,779,268
10/1/2015	70,003,853
Total Increase	33.96%
Number of Years	10.00
Average Annual Rate	2.97%

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.



Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #26-6901

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	\$154,822,093
(2)	Sponsor Normal Cost developed as of October 1, 2024	17,340,125
(3)	Expected administrative expenses for the year ended September 30, 2025	716,000
(4)	Expected interest on (1), (2) and (3)	12,248,935
(5)	Sponsor contributions to the System during the year ended September 30, 2025	29,976,521
(6)	Expected interest on (5)	1,595,632
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2025 (1)+(2)+(3)+(4)-(5)-(6)	153,555,000
(8)	Change to UAAL due to Assumption Change	(7,634,203)
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(5,245,133)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2025	140,675,664

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Share Plan Gain	1/1/2006	0.25	(2,144)	(2,144)
Actuarial Loss	1/1/2006	0.25	60,615	60,615
Actuarial Loss	1/1/2007	1.25	102,050	82,215
Actuarial Gain	1/1/2008	2.25	(9,655)	(4,444)
Assump Change	1/1/2008	2.25	166,100	76,448
Asset Smooth Change	1/1/2008	2.25	(1,254,307)	(577,297)
Actuarial Loss	1/1/2009	3.25	5,224,003	1,711,232
Plan Amendment	1/1/2010	4.25	396,041	101,961
Actuarial Loss	1/1/2010	4.25	2,675,317	688,763
Actuarial Gain	1/1/2011	5.25	(98,738)	(21,144)
Actuarial Loss	1/1/2012	6.25	1,847,097	341,297
Assump Change	1/1/2012	6.25	2,352,484	434,680
Actuarial Gain	1/1/2013	7.25	(7,396,945)	(1,209,995)
Assump Change	1/1/2013	7.25	(271,519)	(44,415)
Actuarial Gain	10/1/2013	8	(1,124,019)	(169,956)
Plan Amendment	10/1/2013	8	(18,471)	(2,793)
Actuarial Gain	10/1/2014	9	(6,695,241)	(923,677)
Plan Amendment	10/1/2014	9	881,725	121,643

Type of Base	Date Established	Years Remaining	10/1/2025 Amount	Amortization Amount
Actuarial Loss	10/1/2015	10	3,919,474	499,404
Assum/Method Changes	10/1/2015	10	25,388,385	3,234,891
Actuarial Gain	10/1/2016	11	(2,761,961)	(328,218)
Assump Change	10/1/2016	11	13,188,320	1,567,238
Actuarial Gain	10/1/2017	12	(8,056,403)	(900,113)
Assump Change	10/1/2017	12	8,827,615	986,278
Plan Amendment	10/1/2017	12	9,233	1,032
Actuarial Gain	10/1/2018	13	(6,160,271)	(651,446)
Assump Change	10/1/2018	13	4,247,447	449,166
Plan Amendment	10/1/2018	13	93,232	9,859
Actuarial Loss	10/1/2019	14	14,031,564	1,412,445
Assump Change	10/1/2019	14	4,813,209	484,507
Actuarial Gain	10/1/2020	15	(533,905)	(51,407)
Assump Change	10/1/2020	15	10,316,590	993,337
Actuarial Gain	10/1/2021	16	(805,568)	(74,504)
Assump Change	10/1/2021	16	5,502,236	508,881
Actuarial Loss	10/1/2022	17	6,833,352	609,278
Assump Change	10/1/2022	17	5,856,922	522,218
Plan Amendment	10/1/2022	17	5,494,116	489,869
Actuarial Loss	10/1/2023	18	23,759,744	2,048,907
Assump Change	10/1/2023	18	6,185,888	533,436
Actuarial Loss	10/1/2024	19	29,908,962	2,501,566
Assump Change	10/1/2024	19	6,662,426	557,241
Actuarial Gain	10/1/2025	20	(5,245,133)	(426,571)
Assump Change	10/1/2025	20	(7,634,203)	(620,868)
			<u>140,675,664</u>	<u>15,019,415</u>

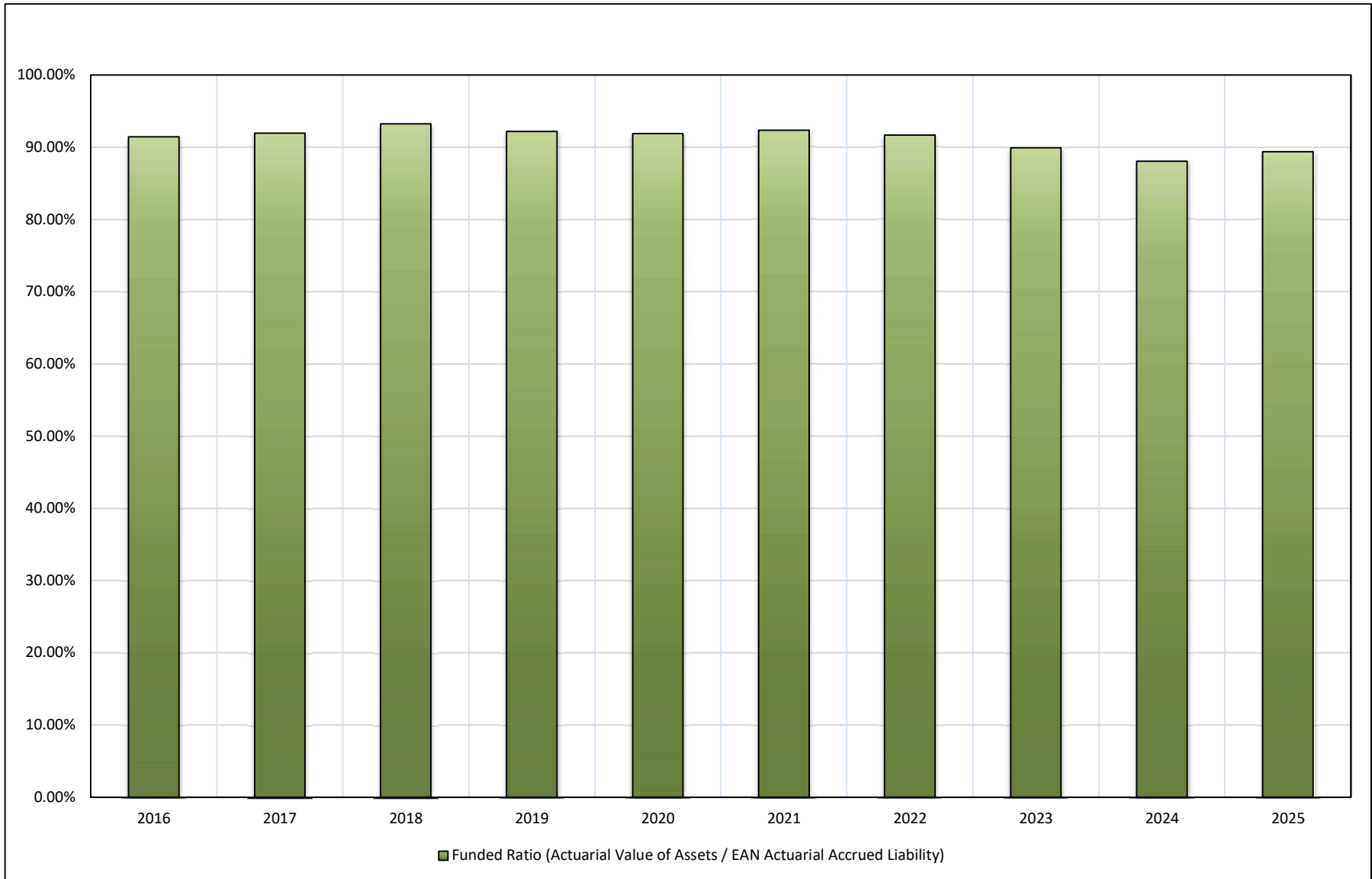
DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2024	\$154,822,093
(2) Expected UAAL as of October 1, 2025	153,555,000
(3) Summary of Actuarial (Gain)/Loss, by component:	
Investment Return (Actuarial Asset Basis)	(15,049,386)
Salary Increases	4,086,794
Active Decrements	5,688,290
Inactive Mortality	(1,501,480)
Other	<u>1,530,649</u>
Increase in UAAL due to (Gain)/Loss	(5,245,133)
Assumption Changes	<u>(7,634,203)</u>
(4) Actual UAAL as of October 1, 2025	\$140,675,664

DETERMINATION OF CUMULATIVE GAIN/(LOSS) EXPERIENCE POSITION

<u>Valuation Date</u>	<u>Year Ended</u>	<u>Gain/(Loss)</u>	<u>Balance</u>
1/1/1995	12/31/1994	(7,367,475)	(7,367,475)
1/1/1996	12/31/1995	5,757,825	(1,609,650)
1/1/1997	12/31/1996	8,249,398	6,639,748
1/1/1998	12/31/1997	14,303,191	20,942,939
1/1/1999	12/31/1998	26,177,594	47,120,533
1/1/2000	12/31/1999	26,361,263	73,481,796
1/1/2001	12/31/2000	18,708,226	92,190,022
1/1/2002	12/31/2001	(15,137,682)	77,052,340
1/1/2003	12/31/2002	(51,423,738)	25,628,602
1/1/2004	12/31/2003	(28,715,070)	(3,086,468)
1/1/2005	12/31/2004	(23,810,048)	(26,896,516)
1/1/2006	12/31/2005	(8,656,358)	(35,552,874)
1/1/2007	12/31/2006	(3,123,728)	(38,676,602)
1/1/2008	12/31/2007	169,648	(38,506,954)
1/1/2009	12/31/2008	(66,572,825)	(105,079,779)
1/1/2010	12/31/2009	(27,303,032)	(132,382,811)
1/1/2011	12/31/2010	854,077	(131,528,734)
1/1/2012	12/31/2011	(14,047,611)	(145,576,345)
1/1/2013	12/31/2012	12,807,830	(132,768,515)
10/1/2013	9/30/2013	1,811,169	(130,957,346)
10/1/2014	9/30/2014	9,867,338	(121,090,008)
10/1/2015	9/30/2015	(4,973,675)	(126,063,683)
10/1/2016	9/30/2016	3,492,745	(122,570,938)
10/1/2017	9/30/2017	9,924,966	(112,645,972)
10/1/2018	9/30/2018	7,061,664	(105,584,308)
10/1/2019	9/30/2019	(15,252,381)	(120,836,689)
10/1/2020	9/30/2020	571,839	(120,264,850)
10/1/2021	9/30/2021	842,008	(119,422,842)
10/1/2022	9/30/2022	(6,907,444)	(126,330,286)
10/1/2023	9/30/2023	(23,615,025)	(149,945,311)
10/1/2024	9/30/2024	(29,495,916)	(179,441,227)
10/1/2025	9/30/2025	5,245,133	(174,196,094)

HISTORY OF FUNDING PROGRESS



STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

<u>ASSETS</u>	MARKET VALUE
Cash and Cash Equivalents:	
Prepaid Expenses	774,466.03
Money Market	12,134,679.00
 Total Cash and Equivalents	 12,909,145.03
Receivables:	
Due from the City of Fort Lauderdale	357,521.00
State Contributions	6,150,160.73
From Broker for Investments Sold	5,354,703.00
Investment Income	2,476,591.00
 Total Receivable	 14,338,975.73
Investments:	
U. S. Bonds and Bills	105,388,501.00
Federal Agency Guaranteed Securities	18,787,023.00
Corporate Bonds and Other Fixed Income	125,675,943.00
Real Estate	148,406,537.00
Hedge Fund of Funds	9,770,992.00
Equity Securities	294,177,694.00
Private Debt and Equity Funds	139,375,952.00
Index Funds and Other	111,041,125.00
Commingled Equity Funds	318,054,727.00
 Total Investments	 1,270,678,494.00
 Intangible right to use leased assets, net of amortization	 98,447.00
 Total Assets	 1,298,025,061.76
 <u>LIABILITIES</u>	
Payables:	
To Broker for Investments Purchased	5,793,781.00
Accounts Payable and Accrued Liabilities	619,945.00
Due to the City of Fort Lauderdale	3,217,611.00
Current portion of long-term liabilities	72,194.00
Due in more than one year	31,126.00
Prepaid Member Contribution	10,455.50
Prepaid City Contribution	1,131,060.21
 Total Liabilities	 10,876,172.71
Net Assets:	
Active and Retired Members' Equity	1,236,627,698.12
Share Plan Benefits	50,521,190.93
 NET POSITION RESTRICTED FOR PENSIONS	 1,287,148,889.05

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

ADDITIONS

Contributions:		
Member	9,663,695.53	
Member for Buyback	652,080.97	
Member Share for Buyback	137,625.25	
City	22,219,343.92	
State for Share Plan	2,612,887.98	
State for Contribution	7,757,177.08	
 Total Contributions		 43,042,810.73
Investment Income:		
Net Increase in Fair Value of Investments	95,423,231.59	
Miscellaneous Income	16,927,611.00	
Interest & Dividends	15,561,992.12	
Less Investment Expense ¹	(8,229,056.12)	
 Net Investment Income		 119,683,778.59
 Total Additions		 162,726,589.32

DEDUCTIONS

Distributions to Members:		
Benefit Payments	54,492,866.73	
Lump Sum DROP Distributions	31,862,183.45	
Lump Sum Share Distributions	2,454,497.74	
Lump Sum Share for Buybacks	137,625.25	
Lump Sum Self-Directed DROP Additions	6,291,575.40	
Refunds of Member Contributions	221,766.55	
 Total Distributions		 95,460,515.12
Administrative Expense		898,022.04
Administrative Expense for Share		51,876.96
 Share Account Net Change		 4,272,012.51
 Total Deductions		 100,682,426.63
 Net Increase in Net Position		 62,044,162.69
 NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		1,174,583,535.43
 End of the Year		 1,236,627,698.12

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	114,653,628	0	0	0	0	0
09/30/2022	(197,999,533)	(39,599,905)	0	0	0	0
09/30/2023	18,221,391	7,288,557	3,644,279	0	0	0
09/30/2024	94,743,697	56,846,219	37,897,480	18,948,741	0	0
09/30/2025	34,814,919	27,851,935	20,888,951	13,925,968	6,962,984	0
Total		52,386,806	62,430,710	32,874,709	6,962,984	0

Development of Investment Gain/Loss

Market Value of Assets, including Share Account, 09/30/2024	1,222,065,486
Contributions Less Benefit Payments & Admin Expenses	(53,458,860)
Expected Investment Earnings*	84,868,860
Actual Net Investment Earnings	<u>119,683,779</u>
2025 Actuarial Investment Gain/(Loss)	34,814,919

*Expected Investment Earnings = 0.071 * (1,222,065,486 - 0.5 * 53,458,860)

Development of Actuarial Value of Assets

(1) Market Value of Assets, net of Share, 09/30/2025	1,236,627,698
(2) Gains/(Losses) Not Yet Recognized	<u>52,386,806</u>
(3) Actuarial Value of Assets, net of Share, 09/30/2025, (1) - (2)	1,184,240,892
(4) Limited Actuarial Value of Assets (not including Share), 09/30/2025	1,184,240,892

(A) 09/30/2024 Actuarial Assets, including Share: 1,191,606,781

(I) Net Investment Income:

1. Interest, Dividends and Other Income	32,489,603
2. Net Increase in Fair Value of Investments	95,423,232
3. Change in Actuarial Value	(21,928,101)
4. Investment Expenses	<u>(8,229,056)</u>
Total	97,755,678

(B) 09/30/2025 Actuarial Assets, including Share: 1,235,903,599

Actuarial Assets Rate of Return = 2I/(A+B-I): 8.39%
Market Value of Assets Rate of Return: 10.01%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) 15,049,386

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

REVENUES

Contributions:		
Member	9,663,695.53	
Member for Buyback	652,080.97	
Member Share for Buyback	137,625.25	
City	22,219,343.92	
State for Share Plan	2,612,887.98	
State for Contribution	7,757,177.08	
 Total Contributions		 43,042,810.73
Earnings from Investments:		
Interest & Dividends	15,561,992.12	
Miscellaneous Income	16,927,611.00	
Net Increase in Fair Value of Investments	95,423,231.59	
Change in Actuarial Value	(21,928,101.00)	
 Total Earnings and Investment Gains		 105,984,733.71

EXPENDITURES

Distributions to Members:		
Benefit Payments	54,492,866.73	
Lump Sum DROP Distributions	31,862,183.45	
Lump Sum Share Distributions	2,454,497.74	
Lump Sum Share for Buybacks	137,625.25	
Lump Sum Self-Directed DROP Additions	6,291,575.40	
Refunds of Member Contributions	221,766.55	
 Total Distributions		 95,460,515.12
Expenses:		
Investment related ¹	8,229,056.12	
Administrative	898,022.04	
Administrative for Share	51,876.96	
 Total Expenses		 9,178,955.12
 Share Account Net Change		 4,272,012.51
 Change in Net Assets for the Year		 40,116,061.69
 Net Assets Beginning of the Year		 1,144,124,830.43
 Net Assets End of the Year ²		 1,184,240,892.12

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

²Net Assets may be limited for actuarial consideration.

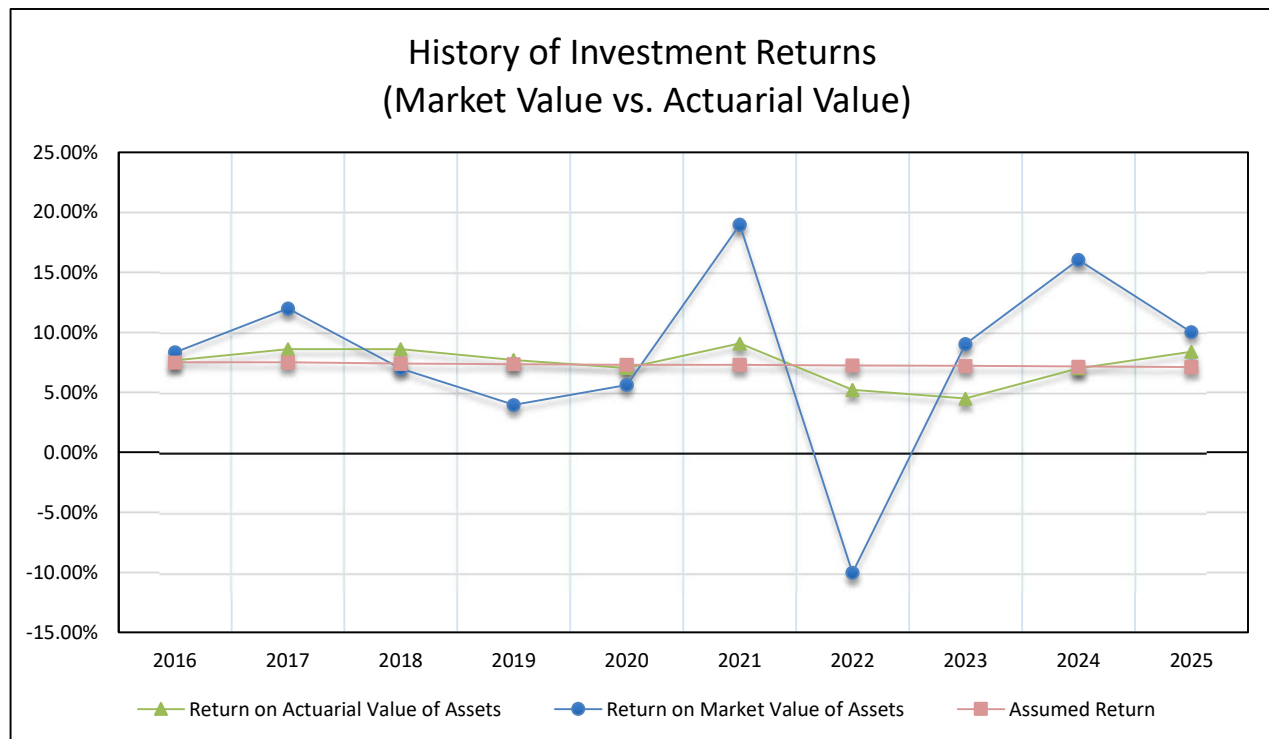
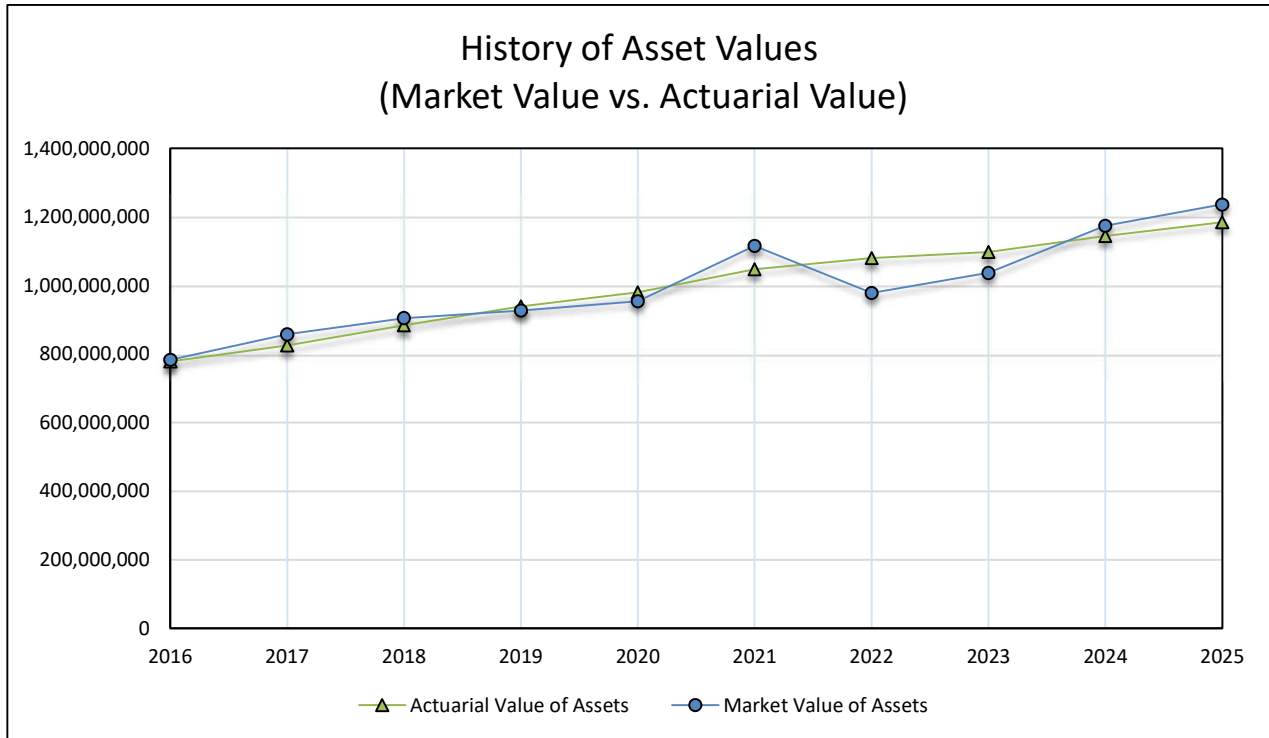
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2024 to September 30, 2025

Beginning of the Year Balance	106,053,504.54
Plus Additions	13,684,186.15
Investment Return Earned	5,994,663.97
Less Distributions	(31,862,183.45)
End of the Year Balance	93,870,171.21

RECONCILIATION OF CITY SHORTFALL/(PREPAID) CONTRIBUTION

(1)	Required City and State Contributions	29,976,521.00
(2)	Less Allowable State Contribution	<u>(7,757,177.08)</u>
(3)	Required City Contribution for Fiscal 2025	22,219,343.92
(4)	Less 2024 Prepaid Contribution	(1,232,772.13)
(5)	Less Actual City Contributions	<u>(22,117,632.00)</u>
(6)	Equals City's Shortfall/(Prepaid) Contribution as of September 30, 2025	(\$1,131,060.21)

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 - Hired before 10/1/2014

Number	295	355	379	418
Average Current Age	43.4	43.2	42.8	42.3
Average Age at Employment	26.9	27.0	27.3	27.4
Average Past Service	16.5	16.2	15.5	14.9
Average Annual Salary	\$141,190	\$134,787	\$121,905	\$121,424

Actives - Hired on or after 10/1/2014

Number	499	437	349	281
Average Current Age	32.7	32.5	32.3	32.3
Average Age at Employment	28.4	28.6	28.5	28.6
Average Past Service	4.3	3.9	3.8	3.7
Average Annual Salary	\$104,734	\$99,687	\$92,164	\$90,905

SERVICE RETIREES

Number	861	852	841	804
Average Current Age	67.9	67.8	67.5	67.4
Average Annual Benefit	\$56,555	\$55,330	\$53,911	\$52,876

DROP RETIREES

Number	238	208	216	221
Average Current Age	52.7	53.2	52.8	52.2
Average Annual Benefit	\$90,225	\$88,142	\$86,916	\$84,942

BENEFICIARIES

Number	166	171	168	173
Average Current Age	76.6	76.2	75.1	74.7
Average Annual Benefit	\$27,357	\$27,267	\$26,626	\$26,065

DISABILITY RETIREES

Number	40	38	37	35
Average Current Age	57.1	56.4	56.0	55.8
Average Annual Benefit	\$50,984	\$49,385	\$48,857	\$47,092

PARTICIPANT STATISTICS

STATISTICAL DATA

(Police Only)

Valuation Date	10/1/2025	10/1/2024	10/1/2023	10/1/2022
----------------	-----------	-----------	-----------	-----------

Actives - Hired before 10/1/2014

Number	168	213	226	250
Average Current Age	43.4	43.4	42.9	42.3
Average Age at Employment	26.8	26.9	27.2	27.3
Average Past Service	16.6	16.5	15.7	15.0
Average Annual Salary	\$142,811	\$136,095	\$122,716	\$122,855

Actives - Hired on or after 10/1/2014

Number	274	245	201	174
Average Current Age	33.7	33.1	32.5	32.0
Average Age at Employment	29.2	29.1	28.7	28.6
Average Past Service	4.5	4.0	3.8	3.4
Average Annual Salary	\$108,504	\$101,960	\$95,016	\$91,182

PARTICIPANT STATISTICS

STATISTICAL DATA

(Fire Only)

Valuation Date	10/1/2025	10/1/2024	10/1/2023	10/1/2022
----------------	-----------	-----------	-----------	-----------

Actives - Hired before 10/1/2014

Number	127	142	153	168
Average Current Age	43.5	42.9	42.5	42.3
Average Age at Employment	27.2	27.1	27.3	27.6
Average Past Service	16.3	15.8	15.3	14.7
Average Annual Salary	\$139,046	\$132,825	\$120,706	\$119,293

Actives - Hired on or after 10/1/2014

Number	225	192	148	107
Average Current Age	31.6	31.7	32.0	32.8
Average Age at Employment	27.5	28.0	28.3	28.7
Average Past Service	4.1	3.7	3.7	4.1
Average Annual Salary	\$100,144	\$96,787	\$88,289	\$90,455

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	20	16	3										39
25 - 29	27	38	38	12	11	11							137
30 - 34	13	20	16	16	11	62	6						144
35 - 39	7	13	11	11	6	62	52	24					186
40 - 44	4	3	7	3	7	17	32	77	5				155
45 - 49	1			1	2	6	13	40	10				73
50 - 54				1	1	5	7	27	2				43
55 - 59		2	1			2	3	7	1				16
60 - 64								1					1
65+													0
Total	72	92	76	44	38	165	113	176	18	0	0		794

AGE AND SERVICE DISTRIBUTION

ACTIVE EMPLOYEES

(Police Only)

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	4	3	1										8
25 - 29	13	15	18	8	1	6							61
30 - 34	10	16	5	14	7	37	5						94
35 - 39	6	8	6	9	3	41	30	15					118
40 - 44	3	2	3	2	4	4	20	42	2				82
45 - 49	1			1	1	2	8	24	9				46
50 - 54				1	1	2	5	14	2				25
55 - 59		2	1			1	1	2	1				8
60 - 64													0
65+													0
Total	37	46	34	35	17	93	69	97	14	0	0		442

AGE AND SERVICE DISTRIBUTION

ACTIVE EMPLOYEES

(Fire Only)

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	16	13	2										31
25 - 29	14	23	20	4	10	5							76
30 - 34	3	4	11	2	4	25	1						50
35 - 39	1	5	5	2	3	21	22	9					68
40 - 44	1	1	4	1	3	13	12	35	3				73
45 - 49					1	4	5	16	1				27
50 - 54						3	2	13					18
55 - 59						1	2	5					8
60 - 64								1					1
65+													0
Total	35	46	42	9	21	72	44	79	4	0	0		352

PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2024	792
b. Terminations	
i. Vested (partial or full) with deferred annuity	(2)
ii. Vested in refund of member contributions only	(8)
iii. Refund of member contributions or full lump sum distribution	(6)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(2)
e. Retired	(4)
f. DROP	<u>(52)</u>
g. Continuing participants	718
h. New entrants / Rehires	<u>76</u>
i. Total active life participants in valuation	794

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

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	852	208	171	38	17	25	1,311
Retired	29	(22)			(3)		4
DROP		52					52
Vested (Deferred Annuity)					2		2
Vested (Due Refund)						8	8
Hired/Terminated in Same Year						2	2
Death, With Survivor	(9)		9				0
Death, No Survivor	(11)		(14)				(25)
Disabled				2			2
Refund of Contributions						(3)	(3)
Rehires						(2)	(2)
Expired Annuities							0
Data Corrections							0
b. Number current valuation	861	238	166	40	16	30	1,351

ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

Female: PubS-2010 for Employees

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

Healthy Retiree Lives:

Female: PubS-2010 for Healthy Retirees

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

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees

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

Disabled Lives:

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

Male: PubG.H-2010 for Disabled Retirees

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

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

Previously, the following rates were used:

Healthy Active Lives:

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

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

Healthy Retiree Lives:

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

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

Beneficiary Lives:

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

Male: PubG.H-2010 (Above 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 were projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

Interest Rate

7.05% (prior year 7.10%) 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.

Payroll Growth

1.14% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Salary Increases

Salary Scale	
Service	Rate
< 7	5.11%
7-10	1.46%
11-25	0.97%
26+	0.49%

Expected increase in annual salary in addition to 2.75% inflationary component. The assumed rates of salary increase were approved in conjunction with an actuarial experience study dated June 8, 2020. Additionally, Police Officers are assumed to work twice the amount of overtime on an individual basis in each year of the averaging period for Average Final Compensation, based on the data collected for this year's valuation.

Administrative Expenses Average of actual expenses incurred in the prior two fiscal years.

Amortization Method New UAAL amortization bases are amortized over 20 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.

Retirement Rates

% Retiring During the Year		
Service	Police	Fire
10-19	5.0%	4.0%
20	30.0%	25.0%
21	30.0%	25.0%
22	20.0%	37.5%
23	33.3%	37.5%
24	66.7%	50.0%
25+	100.0%	100.0%

No Members are expected to take reduced Early Retirement. The assumed rates of retirement were approved in conjunction with an actuarial experience study dated June 8, 2020.

Cost of Living Adjustments None.

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

- Interest - None.
- Salary - A full year.

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.

Marital Status

All employed Members and all retired Members are assumed to be married. Females are assumed to be 3 years younger than males. This assumption was approved in conjunction with an actuarial experience study dated July 10, 2015.

Termination Rates

Service	% Terminating During the Year	
	Police	Fire
0	14.0%	7.5%
1	7.0%	2.5%
2	3.5%	0.5%
3	3.5%	0.5%
4	3.5%	0.5%
5+	1.5%	0.5%

The assumed rates of termination were approved in conjunction with an actuarial experience study dated June 8, 2020.

Disability Rates

% Becoming Disabled During the Year		
Age	Police	Fire
20	0.04%	0.11%
25	0.04%	0.12%
30	0.05%	0.14%
35	0.06%	0.18%
40	0.08%	0.24%
45	0.13%	0.41%
50	0.25%	0.80%
55+	0.39%	1.24%

It is assumed that 90% of Firefighter disablements, and 75% of Police Officer disablements are service related. The assumed rates of disablement were approved in conjunction with an actuarial experience study dated June 8, 2020.

Actuarial Value of Assets

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

DROP Participation

DROP participants are assumed to exit the DROP after 6 years. This assumption was approved in conjunction with an actuarial experience study dated June 8, 2020.

PLAN PROVISIONS

Most Recent Plan Amendment	Ordinance No. C-23-47
Membership	Police officers and firefighters.
Credited Service	Total years and fractional parts of years of years of service of any Member, from the date he first entered employment as a Police Officer or Firefighter until either the date of his DROP Retirement or the date his employment shall be terminated by death, retirement, or discharge.
Compensation	Base pay, assignment pay, and longevity bonuses, including pick-up contributions, and up to eighty (80) hours of overtime for police officers.
Average Final Compensation (AFC)	Average Compensation during the highest 2 years of Credited Service.
Member Contributions	10.00% of Compensation, reducing to 1% one the maximum percent of AFC is attained.
City and State Contributions	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, F.S.
Normal Retirement	
Date	<p>Firefighters hired prior October 1, 2014: Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.</p> <p>Firefighters hired after September 30, 2014: Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 25 years of Credited Service, regardless of Age.</p> <p>Police Officers hired prior to April 1, 2014: Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 20 years of Credited Service, regardless of Age.</p>

Police Officers hired after March 31, 2014: Earlier of: 1) Age 55 with 10 years of Credited Service, or 2) attainment of 24 years of Credited Service, regardless of Age.

Benefit 3.38% of Average Final Compensation times Credited Service, with a maximum of 81% of Average Final Compensation. Firefighters with 25 or more years of Credited Service on October 1, 2002 (January 1, 2002 for Police Officers) are subject to a maximum of 91.26% of Average Final Compensation. Firefighters employed before December 11, 1993 receive an additional 2.0% of Average Final Compensation (excluded from the 81% maximum percentage). Firefighters may purchase an increase maximum of 84.5% of Average Final Compensation.

Form of Benefit 60% Joint and Survivor, with an additional 40% death benefit during the first year of retirement (Optional forms available).

Early Retirement

Eligibility Age 50 with 10 years of Credited Service.

Benefit Accrued benefit, reduced 3.0% per year that the benefit commencement date precedes the Normal Retirement date.

Vesting

Less than 10 Years of Credited Service Refund of Member contributions. For Police Officers who separate employment with the City on or after December 3, 2013 and Firefighters who separate employment with the City on or after October 1, 2014, no interest will be credited when determining the refund amount.

10 years of Credited Service Accrued benefit deferred to the earlier of 1) Age 55 or 2) when the Member would have attained age 47 with 20 years of Credited Service had they not separated employment.

Disability

Eligibility Covered from Date of Employment.

Exclusions Disability resulting from use of drugs, illegal participation in riots, service in military, etc.

Benefit	<p>Non-Service Connected: 50% of Average Final Compensation offset by 100% of Social Security Disability benefits, Workers' Compensation benefits, and earned income.</p> <p>Service Connected: 65% of Average Final Compensation.</p>
Duration	Payable for life or until recovery.

Death Benefits

Eligibility	Covered from Date of Employment.
Benefit	<p>Non-Service Connected: 50% of the Member's monthly Compensation for eight (8) years. For a Member with at least 10 years of Credited Service, not less than the benefits otherwise payable at early or normal retirement age. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.</p> <p>Service Connected: 50% of Member's monthly Compensation to spouse until death or remarriage. Children's benefits of 10% of Member's monthly benefits per child (50% maximum) until age 18, and a maximum of 80% to spouse and children. For Members who are not married and have no children, a 10-year benefit will be paid to the designated beneficiary. The minimum benefit payable is four (4) times the rate of the Member's annual compensation.</p>

COLA

Adjustment Date	July 1st
Eligibility	Receipt of retirement benefits for one year. Additionally, must have entered Retirement status prior to July 1, 2008.
Amount	<p>Lesser of 1) percentage not greater than CPI (all Urban Consumers) for preceding calendar year, or 2) percentage increase limited to present value of which can be funded by excess gains for preceding calendar year. Maximum cost-of-living adjustment is 5.0%.</p> <p>The COLA increase may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from January 1, 1987 (in State Statute – not in Ordinance).</p>

DROP

Members eligible for Normal Retirement may elect either a Deferred Retirement Option Plan for up to 96 months or a Benefit Actuarially Calculated Deferred Retirement Option Program for up to 36 months, but not both. Each month a Member delays entry into DROP following attainment of 23.96 years of service, the 96-month maximum DROP participation period shall be correspondingly reduced by one month. Tier 1 DROP participants shall contribute 1.75% of salary during DROP participation. Tier 2 DROP participants shall contribute 10% of salary up to 25 years of service, and 1.50% of salary for each year thereafter. Members will not receive a refund of contributions made while participating in DROP.

DROP accounts earn 6% simple interest for the first 60 months of DROP participation. Thereafter, DROP accounts earn the Plan's net rate of return, limited to between 3% and 6% per year.

An optional self-directed DROP earnings program as an alternative to the guaranteed DROP return is available for Police Officers. Police Officers and Sergeants who elect the self-directed DROP option may voluntarily elect an optional DROP period not to exceed 120 months.

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	<p>The total cost to the plan once the last benefit has been paid. The Ultimate Cost equals</p> <p>Benefit Payments Plus: Expenses Less: Investment Income</p> <p>The Ultimate Cost is independent of the Actuarial Cost Method selected.</p>
---------------	---

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.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- 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 74.5% on October 1, 2015 to 60.1% 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 74.7%. 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 92.7% on October 1, 2015 to 89.4% 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, decreased from -2.7% on

October 1, 2015 to -4.3% on October 1, 2025. The current Net Cash Flow Ratio of -4.3% 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 \$1,777,046,982. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. Given that plan benefits are paid over time through the combination of contributions and investment returns, prudent investments selected by the Board help to balance asset accumulation through these two sources.

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

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2025	10/1/2024	10/1/2020	10/1/2015
SUPPORT RATIO				
Total Actives	794	792	719	776
Total Inactives ¹	1,321	1,286	1,193	1,042
Actives / Inactives ¹	60.1%	61.6%	60.3%	74.5%
ASSET VOLATILITY RATIO				
Market Value of Assets (MVA)	1,236,627,698	1,174,583,535	953,894,769	745,838,688
Total Annual Payroll	93,913,435	91,412,508	74,185,843	70,305,739
MVA / Total Annual Payroll	1,316.8%	1,284.9%	1,285.8%	1,060.9%
ACCRUED LIABILITY (AL) RATIO				
Inactive Accrued Liability	989,926,447	949,584,375	757,327,757	532,643,018
Total Accrued Liability (EAN)	1,324,916,556	1,298,946,923	1,066,536,958	804,972,560
Inactive AL / Total AL	74.7%	73.1%	71.0%	66.2%
FUNDED RATIO				
Actuarial Value of Assets (AVA)	1,184,240,892	1,144,124,830	980,009,380	745,838,688
Total Accrued Liability (EAN)	1,324,916,556	1,298,946,923	1,066,536,958	804,972,560
AVA / Total Accrued Liability (EAN)	89.4%	88.1%	91.9%	92.7%
NET CASH FLOW RATIO				
Net Cash Flow ²	(53,315,726)	(28,702,269)	(24,704,712)	(20,258,009)
Market Value of Assets (MVA)	1,236,627,698	1,174,583,535	953,894,769	745,838,688
Ratio	-4.3%	-2.4%	-2.6%	-2.7%

¹ Excludes terminated participants awaiting a refund of member contributions.

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