CITY OF VENICE
MUNICIPAL POLICE OFFICERS' PENSION TRUST FUND

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2024

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30, 2026

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 3, 2024

Board of Trustees
City of Venice
Police Officers’ Pension Board

Re: City of Venice Municipal Police Officers' Pension Trust Fund

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the City of Venice Municipal Police Officers' Pension Trust Fund. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapters 112 and 185, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

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

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

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

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

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

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

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

Respectfully submitted,

Foster & Foster, Inc.

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

By: ______________________________
Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the City of Venice Municipal Police Officers' Pension Trust Fund, performed as of October 1, 2024, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2026.

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

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	9/30/2026	9/30/2025
Minimum Required Contribution	$113,331	$218,052
% of Projected Annual Payroll		
Member Contributions (Est.)	7,650	6,852
City And State Required Contribution	**105,681**	**211,200**
State Contribution (Est.) [1]	384,369	384,369
City Required Contribution (Est.)	$0	$0

[1] Represents the amount received in calendar 2024. As per a Mutual Consent Agreement between the Membership and the City, all State Monies received each year will be available to offset the City's required contribution.

As you can see, the Minimum Required Contribution shows a decrease when compared to the results set forth in the October 1, 2023 actuarial valuation report. The decrease is primarily attributable to contributions in excess of the minimum requirement and favorable actuarial experience as described in the next paragraph.

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 7.65% (Actuarial Asset Basis) which exceeded the 6.75% assumption. This gain was offset in part by a loss associated with inactive mortality experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2024	10/1/2023
A. Participant Data		
Actives	1	1
Service Retirees	46	44
DROP Retirees	0	1
Beneficiaries	9	9
Disability Retirees	7	7
Terminated Vested	27	28
Total	90	90
Projected Annual Payroll	100,205	89,751
Annual Rate of Payments to:		
Service Retirees	2,706,113	2,648,831
DROP Retirees	0	31,513
Beneficiaries	379,972	379,972
Disability Retirees	239,407	239,407
Terminated Vested	422,171	447,556
B. Assets		
Actuarial Value (AVA) [1]	44,303,086	43,413,535
Market Value (MVA) [1]	45,126,320	38,715,765
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	520,543	428,961
Disability Benefits	41,292	36,601
Death Benefits	5,996	5,541
Vested Benefits	89,755	102,965
Refund of Contributions	0	0
Service Retirees	32,526,303	32,184,694
DROP Retirees [1]	0	549,014
Beneficiaries	3,500,479	3,589,557
Disability Retirees	2,690,138	2,720,908
Terminated Vested	4,360,037	4,462,593
Share Plan Balances [1]	0	0
Total	43,734,543	44,080,834

C. Liabilities - (Continued)	10/1/2024	10/1/2023
Present Value of Future Salaries	758,320	714,014
Present Value of Future Member Contributions	53,082	49,981
Normal Cost (Retirement)	10,818	9,700
Normal Cost (Disability)	2,485	2,308
Normal Cost (Death)	516	482
Normal Cost (Vesting)	12,683	11,974
Normal Cost (Refunds)	0	0
Total Normal Cost	26,502	24,464
Present Value of Future Normal Costs	139,804	141,901
Accrued Liability (Retirement)	438,672	351,794
Accrued Liability (Disability)	22,490	18,239
Accrued Liability (Death)	2,092	1,709
Accrued Liability (Vesting)	54,528	60,425
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) [1]	43,076,957	43,506,766
Share Plan Balances [1]	0	0
Total Actuarial Accrued Liability (EAN AL)	43,594,739	43,938,933
Unfunded Actuarial Accrued Liability (UAAL)	(708,347)	525,398
Funded Ratio (AVA / EAN AL)	101.6%	98.8%

D. Actuarial Present Value of Accrued Benefits

	10/1/2024	10/1/2023
Vested Accrued Benefits		
Inactives + Share Plan Balances [1]	43,076,957	43,506,766
Actives	305,249	253,777
Member Contributions	79,198	72,549
Total	43,461,404	43,833,092
Non-vested Accrued Benefits	0	0
Total Present Value Accrued Benefits (PVAB)	43,461,404	43,833,092
Funded Ratio (MVA / PVAB)	103.8%	88.3%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	204,234	
Benefits Paid	(3,419,256)	
Interest	2,843,334	
Other	0	
Total	(371,688)	

Valuation Date	10/1/2024	10/1/2023
Applicable to Fiscal Year Ending	9/30/2026	9/30/2025
E. Pension Cost		
Normal Cost [2]	$28,903	$26,681
Administrative Expenses [2]	84,428	85,473
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2024) [2]	(22,786)	105,898
Minimum Required Contribution [3]	113,331	218,052
Expected Member Contributions [2]	7,650	6,852
Expected City and State Contribution	105,681	211,200
F. Past Contributions		
Plan Years Ending:	9/30/2024	
City and State Requirement	383,721	
Actual Contributions Made:		
City	761,766	
State	384,369	
Total	1,146,135	
G. Net Actuarial (Gain)/Loss	(194,956)	

[1] The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2024 and 9/30/2023.

[2] Contributions developed as of 10/1/2024 displayed above have been adjusted to account for assumed salary increase and interest components.

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

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

Year	Projected Unfunded Actuarial Accrued Liability
2024	(708,347) [1]

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

		Actual	Assumed
Year Ended	9/30/2024	11.65%	5.50%
Year Ended	9/30/2023	5.43%	5.50%
Year Ended	9/30/2022	8.79%	5.50%
Year Ended	9/30/2021	0.08%	5.50%
Year Ended	9/30/2020	7.47%	5.50%

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

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2024	23.31%	7.65%	6.75%
Year Ended	9/30/2023	9.49%	5.85%	6.75%
Year Ended	9/30/2022	-17.88%	4.03%	6.75%
Year Ended	9/30/2021	21.11%	12.71%	6.75%
Year Ended	9/30/2020	15.26%	10.85%	7.00%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2024	$100,205
	10/1/2014	2,549,559
(b) Total Increase		-96.07%
(c) Number of Years		10.00
(d) Average Annual Rate		-27.65%

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

STATEMENT BY ENROLLED ACTUARY

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

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

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

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

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

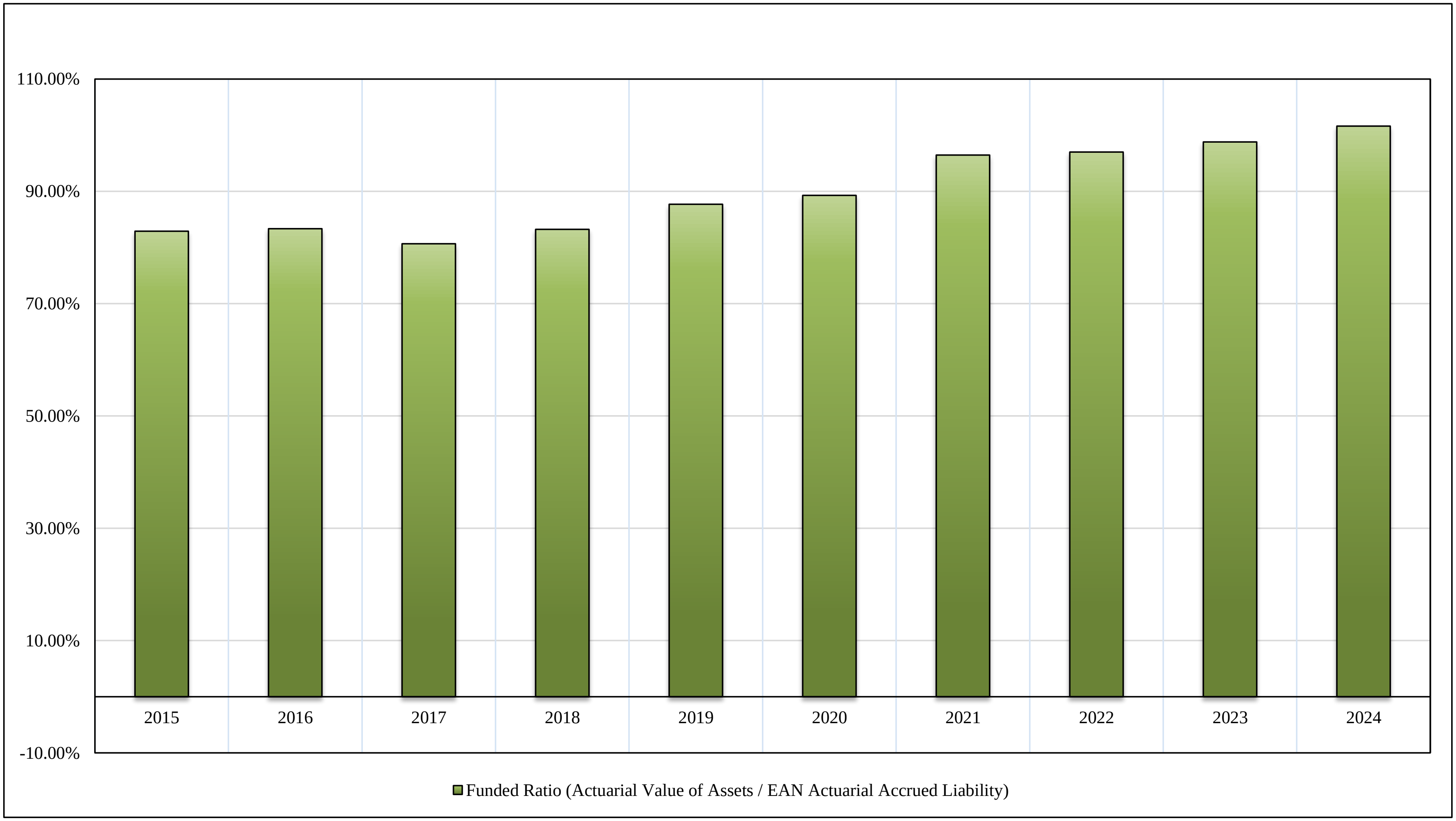
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2023	$525,398
(2)	Sponsor Normal Cost developed as of October 1, 2023	18,181
(3)	Expected administrative expenses for the year ended September 30, 2024	78,372
(4)	Expected interest on (1), (2) and (3)	39,337
(5)	Sponsor contributions to the System during the year ended September 30, 2024	1,146,134
(6)	Expected interest on (5)	28,545
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6)	(513,391)
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	(194,956)
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2024	(708,347)

Type of Base	Date Established	Years Remaining	10/1/2024 Amount	Amortization Amount
Consolidation	10/1/2019	2	118,020	60,937
Actuarial Gain	10/1/2020	11	(63,697)	(7,859)
Assump Change	10/1/2020	11	94,701	11,684
Actuarial Gain	10/1/2021	12	(154,299)	(17,956)
Actuarial Loss	10/1/2022	13	299,947	33,145
Actuarial Loss	10/1/2023	14	162,535	17,150
Reconciliation Base	10/1/2024	15	(970,598)	(98,258)
Actuarial Gain	10/1/2024	15	(194,956)	(19,736)
			(708,347)	(20,893)

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2023	$525,398
(2)	Expected UAAL as of October 1, 2024	(513,391)
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	(380,032)
	Salary Increases	27,905
	Active Decrements	2,424
	Inactive Mortality	234,519
	Other	(79,772)
	Increase in UAAL due to (Gain)/Loss	(194,956)
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2024	($708,347)

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>

Healthy Active Lives:

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

Healthy Retiree Lives:

Female: PubS.H-2010 (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 are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

75% of active deaths are assumed to be service-incurred.

Interest Rate	6.75% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.
Salary Increases	10.0% for Members with less than 10 years of service, and 5.5% with 10 or more years of service. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010. Additionally, projected salary at retirement is increased individually for each Officer for a lump sum payment in the year of termination, based on census data provided by the City.
Inflation Rate	2.50% per year. This assumption is reasonable, based on long-term experience and input from the plan's investment consultant.
Payroll Growth	None.
Asset Smoothing Methodology	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.
Administrative Expenses	$77,414 annually, based on the average of actual expenses incurred in the prior two fiscal years.
Amortization Method	New UAAL amortization bases are amortized over 15 years; the amortization payment is subject to a minimum based on a 30-year amortization of the UAAL in order to comply with Actuarial Standard of Practice No. 4. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.
Funding Method	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: Interest - A half year, based on current 6.75% assumption. Salary - A full year, based on current 5.50% assumption.

Retirement Age

Earlier of age 52 and 10 years of service or 25 years of service regardless of age. Also, any member who has reached Normal Retirement Age is assumed to retire at a rate of 25% for the first three years upon attaining first eligibility, and a rate of 100% thereafter. These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Early Retirement

Commencing at the member's eligibility for Early Retirement (20 years of Credited Service), members are assumed to retire with an immediate, subsidized benefit at the rate of 10% per year. This assumption was adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Termination Rates

% Terminating During the Year	
Age	Rate
20	15.0%
25	11.5%
30	11.0%
35	8.0%
40	7.0%
45	5.0%
50	3.5%
55	3.5%
60	3.5%

These rates were adopted in conjunction with the October 1, 2011 valuation, based on results of an Experience Study for the period October 1, 1991 through October 1, 2010.

Disability Rates

% Becoming Disabled During the Year	
Age	Rate
20	0.14%
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%
60	2.09%
65	2.09%

It is assumed that 75% of disablements that occur are service-related. These assumptions are consistent with those utilized by other Florida municipal special risk retirement programs.

Low-Default-Risk Obligation Measure

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

GLOSSARY

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

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:

(i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by

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

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

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

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

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

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

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

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

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

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

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

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

DISCUSSION OF RISK

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

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

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

- <u>Investment Return</u>: 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.

- <u>Salary Increases</u>: 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.

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

<u>Impact of Plan Maturity on Risk</u>

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 69.1% on October 1, 2014 to 1.1% on October 1, 2024, indicating that the plan has been maturing during the period. This is primarily due to plan closure with a large number of members transferring to the Florida Retirement System.

- 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 98.8%. 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 76.2% on October 1, 2014 to 101.6% on October 1, 2024.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from -1.8% on October 1, 2014 to -5.2% on October 1, 2024. The current Net Cash Flow Ratio of -5.2% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a “low-default-risk obligation measure” (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 9 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.06%, resulting in an LDROM of $58,211,133. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

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

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2024	10/1/2023	10/1/2019	10/1/2014
Support Ratio				
Total Actives	1	1	5	38
Total Inactives [1]	87	87	86	55
Actives / Inactives [1]	1.1%	1.1%	5.8%	69.1%
Asset Volatility Ratio				
Market Value of Assets (MVA)	45,126,320	38,715,765	37,905,895	31,832,954
Total Annual Payroll	100,205	89,751	402,645	2,549,559
MVA / Total Annual Payroll	45,034.0%	43,136.9%	9,414.2%	1,248.6%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	43,076,957	43,506,766	41,132,267	31,276,302
Total Accrued Liability (EAN)	43,594,739	43,938,933	43,893,221	39,698,447
Inactive AL / Total AL	98.8%	99.0%	93.7%	78.8%
Funded Ratio				
Actuarial Value of Assets (AVA)	44,303,086	43,413,535	38,498,271	30,244,691
Total Accrued Liability (EAN)	43,594,739	43,938,933	43,893,221	39,698,447
AVA / Total Accrued Liability (EAN)	101.6%	98.8%	87.7%	76.2%
Net Cash Flow Ratio				
Net Cash Flow [2]	(2,340,717)	(2,276,574)	(1,884,403)	(587,889)
Market Value of Assets (MVA)	45,126,320	38,715,765	37,905,895	31,832,954
Ratio	-5.2%	-5.9%	-5.0%	-1.8%

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

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During Fiscal Year	Amount	Increase from Previous Year
1999	149,125.30	_____%
2000	145,710.81	-2.3%
2001	152,605.61	4.7%
2002	169,449.57	11.0%
2003	195,076.84	15.1%
2004	199,191.27	2.1%
2005	205,363.65	3.1%
2006	219,537.20	6.9%
2007	220,584.55	0.5%
2008	205,363.65	-6.9%
2009	208,681.06	1.6%
2010	186,897.62	-10.4%
2011	185,320.86	-0.8%
2012	175,757.64	-5.2%
2013	175,165.97	-0.3%
2014	178,616.68	2.0%
2015	189,276.27	6.0%
2016	207,730.71	9.8%
2017	214,703.94	3.4%
2018	231,095.59	7.6%
2019	220,392.09	-4.6%
2020	246,447.16	11.8%
2021	237,212.70	-3.7%
2022	272,172.37	14.7%
2023	329,608.11	21.1%
2024	384,368.68	16.6%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
Short Term Investments	749,108.88	749,108.88
Cash	1,293.65	1,293.65
Total Cash and Equivalents	750,402.53	750,402.53
Receivables:		
Member Contributions in Transit	249.46	249.46
City Contributions in Transit	26,737.14	26,737.14
Investment Income	47,487.11	47,487.11
Total Receivable	74,473.71	74,473.71
Investments:		
U. S. Bonds and Bills	4,952,408.17	4,844,514.15
Federal Agency Guaranteed Securities	4,406,186.80	4,530,846.45
Corporate Bonds	1,005,617.05	942,495.35
Stocks	17,876,504.75	24,164,199.09
Mutual Funds:		
Equity	5,866,033.18	6,788,745.15
Pooled/Common/Commingled Funds:		
Real Estate	3,332,225.73	3,031,832.13
Total Investments	37,438,975.68	44,302,632.32
Total Assets	38,263,851.92	45,127,508.56
LIABILITIES		
Prepaid Member Contribution	1,188.33	1,188.33
Total Liabilities	1,188.33	1,188.33
NET POSITION RESTRICTED FOR PENSIONS	38,262,663.59	45,126,320.23

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

ADDITIONS			
Contributions:			
Member		6,648.64	
City		761,765.74	
State		384,368.68	
Total Contributions			1,152,783.06
Investment Income:			
Net Realized Gain (Loss)	2,707,410.43		
Unrealized Gain (Loss)	5,140,989.56		
Net Increase in Fair Value of Investments		7,848,399.99	
Interest & Dividends		1,108,539.57	
Less Investment Expense[1]		(205,666.60)	
Net Investment Income			8,751,272.96
Total Additions			9,904,056.02
DEDUCTIONS			
Distributions to Members:			
Benefit Payments		3,299,440.28	
Lump Sum DROP Distributions		119,815.99	
Refunds of Member Contributions		0.00	
Total Distributions			3,419,256.27
Administrative Expense			74,244.22
Total Deductions			3,493,500.49
Net Increase in Net Position			6,410,555.53
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			38,715,764.70
End of the Year			45,126,320.23

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

ACTUARIAL ASSET VALUATION
SEPTEMBER 30, 2024

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

Details of the derivation are set forth as follows:

Plan Year End	Rate of Return[1]
09/30/2021	21.11%
09/30/2022	-17.88%
09/30/2023	9.49%
09/30/2024	23.31%

Annualized Rate of Return for prior four (4) years: 7.65%

(A) 10/01/2023 Actuarial Assets, including Prepaid Contributions:		$43,414,723.21
(I) Net Investment Income:		
1. Interest and Dividends	1,108,539.57	
2. Realized Gain (Loss)	2,707,410.43	
3. Unrealized Gain (Loss)	5,140,989.56	
4. Change in Actuarial Value	(5,521,004.15)	
5. Investment Related Expenses	(205,666.60)	
Total		3,230,268.81
(B) 10/01/2024 Actuarial Assets, including Prepaid Contributions:		$44,304,274.59

Actuarial Asset Rate of Return = 2I/(A+B-I), based on Unlimited Actuarial Assets: 7.65%

10/01/2024 Limited Actuarial Assets	$44,303,086.26
10/01/2024 Market Value of Assets	$45,126,320.23

Actuarial Asset Rate of Return, based on Limited Actuarial Assets: 7.65%

Actuarial Gain/(Loss) due to Investment Return (Limited Actuarial Asset Basis) $380,031.62

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

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

REVENUES		
Contributions:		
Member	6,648.64	
City	761,765.74	
State	384,368.68	
Total Contributions		1,152,783.06
Earnings from Investments:		
Interest & Dividends	1,108,539.57	
Net Realized Gain (Loss)	2,707,410.43	
Unrealized Gain (Loss)	5,140,989.56	
Change in Actuarial Value	(5,521,004.15)	
Total Earnings and Investment Gains		3,435,935.41
EXPENDITURES		
Distributions to Members:		
Benefit Payments	3,299,440.28	
Lump Sum DROP Distributions	119,815.99	
Refunds of Member Contributions	0.00	
Total Distributions		3,419,256.27
Expenses:		
Investment related[1]	205,666.60	
Administrative	74,244.22	
Total Expenses		279,910.82
Change in Net Assets for the Year		889,551.38
Net Assets Beginning of the Year		43,413,534.88
Net Assets End of the Year[2]		44,303,086.26

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

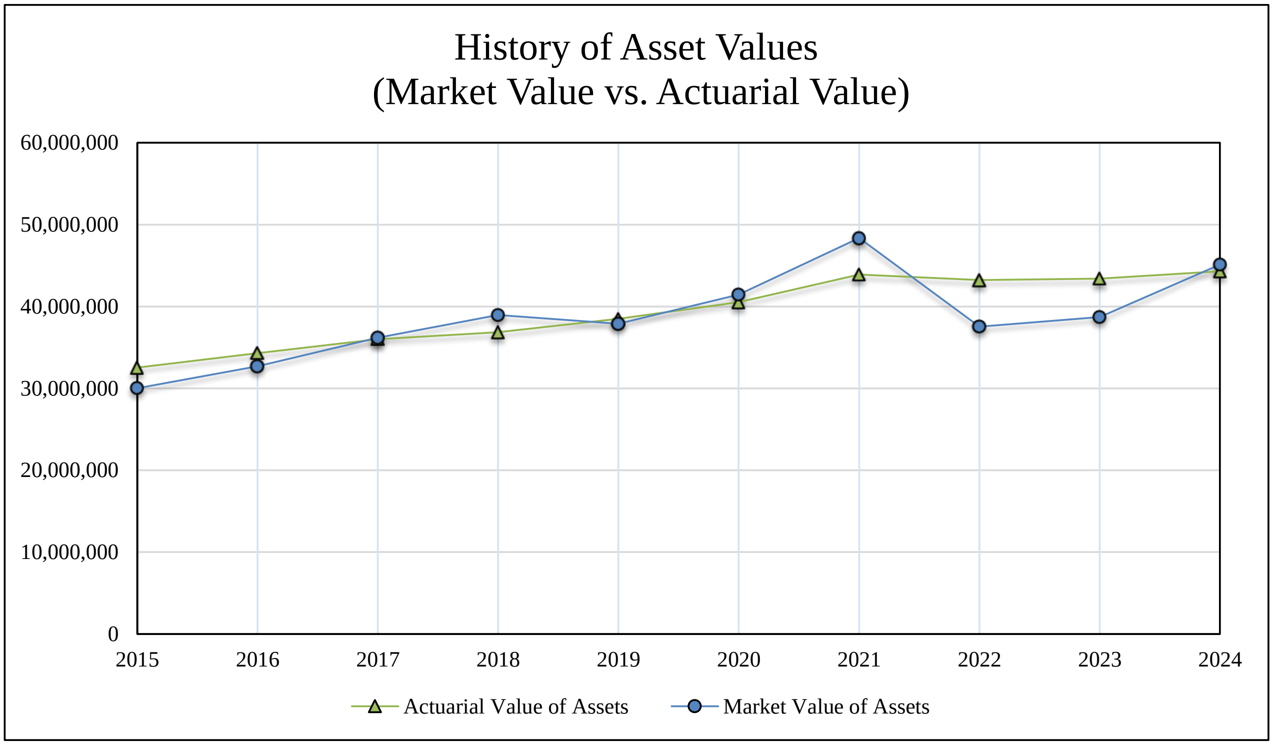
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2023 to September 30, 2024

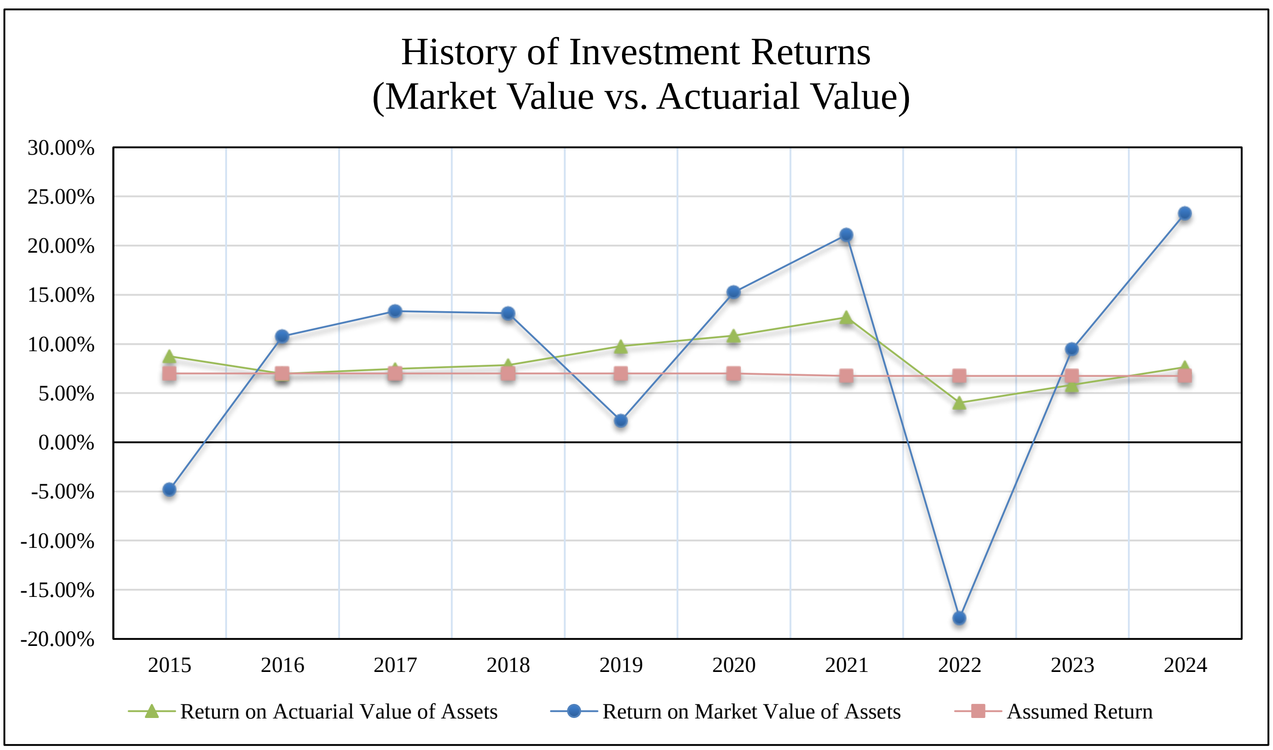
Beginning of the Year Balance	104,333.31
Plus Additions	13,130.50
Investment Return Earned	2,352.18
Less Distributions	(119,815.99)
End of the Year Balance	0.00

CITY CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2024

(1)	Required City and State Contributions	$383,721.00
(2)	Less Allowable State Contribution	(384,368.68)
(3)	Required City Contribution for Fiscal 2024	(647.68)
(4)	Less 2023 Prepaid Contribution	0.00
(5)	Less Actual City Contributions	(761,765.74)
(6)	City Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2024	($762,413.42)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2024	10/1/2023	10/1/2022	10/1/2021
Actives				
Number	1	1	1	2
Average Current Age	41.8	40.8	39.8	40.8
Average Age at Employment	24.2	24.2	24.2	23.9
Average Past Service	17.6	16.6	15.6	16.9
Average Annual Salary	$100,205	$89,751	$85,131	$97,107
Service Retirees				
Number	46	44	44	41
Average Current Age	65.3	64.8	65.6	65.3
Average Annual Benefit	$58,829	$60,201	$60,175	$59,767
DROP Retirees				
Number	0	1	1	3
Average Current Age	N/A	55.5	54.5	54.9
Average Annual Benefit	N/A	$31,513	$31,513	$63,520
Beneficiaries				
Number	9	9	9	9
Average Current Age	75.0	74.0	73.0	72.0
Average Annual Benefit	$42,219	$42,219	$42,219	$42,219
Disability Retirees				
Number	7	7	7	7
Average Current Age	61.0	60.0	59.0	58.0
Average Annual Benefit	$34,201	$34,201	$34,201	$34,201
Terminated Vested				
Number	27	28	30	30
Average Current Age [1]	43.6	42.9	42.3	41.6
Average Annual Benefit [1]	$16,887	$17,214	$19,641	$18,596

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

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

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

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2023	1
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	0
g. Continuing participants	1
h. New entrants / Rehires	0
i. Total active life participants in valuation	1

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	44	1	9	7	26	2	89
Retired	2	(1)			(1)		0
DROP							0
Vested (Deferred Annuity)							0
Vested (Due Refund)							0
Hired/Terminated in Same Year							0
Death, With Survivor							0
Death, No Survivor							0
Disabled							0
Refund of Contributions							0
Rehires							0
Expired Annuities							0
Data Corrections							0
b. Number current valuation	46	0	9	7	25	2	89

SUMMARY OF CURRENT PLAN

Eligibility	Full-time, sworn police officers shall participate in the System as a condition of employment. Officers hired after September 30, 2014 shall participate in the Florida Retirement System. Members active on September 30, 2014 had the option of participating prospectively in the Florida Retirement System.
Credited Service	Total years and fractional parts of years of service with the City as a police officer.
Salary	Salary will include the lesser of the amount of sick or annual leave time accrued on July 1, 2011 or the actual amount of sick or annual leave time for which the retiree receives payment at the time of retirement, regardless of whether the amount of sick or annual leave was, at some time prior to retirement, reduced below the amount on the effective date. Notwithstanding the foregoing, effective October 1, 2014 through September 30, 2018 for members who are employed, have not reached normal retirement eligibility on that date and elect to continue participating in this system, salary shall mean base pay, excluding overtime and all other compensation; provided, the foregoing provisions regarding the inclusion of unused sick or annual leave time in the salary of members employed prior to the effective date shall continue to apply. Effective October 1, 2018, salary shall mean total monthly compensation for services rendered to the city as a police officer reported on the member's W-2 form, excluding overtime, but including all tax-deferred, tax-sheltered or tax exempt items of income derived from elective employee payroll deductions or salary reductions, and amounts picked up by the city pursuant to section 414(h) of the code.
Average Final Compensation	Average Salary for the best 5 years during the 10 years immediately preceding termination.
Member Contributions	7.00% of Salary.
City and State Contributions	Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over 30 years. In no event will City contributions be less than 12% of the total Salary of the members.

Normal Retirement

Date	Earlier of age 52 and 10 years of Credited Service, or 25 years of Credited Service.
Benefit	3.50% of Average Final Compensation times Credited Service through September 30, 2014, plus 2.75% of Average Final Compensation times Credited Service on and after October 1, 2014, plus a $175 monthly supplement. Members eligible for Normal Retirement as of October 1, 2014 will continue to accrue benefits under Plan provisions in effect prior to Ordinance No. 2014-23.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility	20 years of Credited Service, regardless of age. There is no Early Retirement option for Members with less than 10 years of Credited Service as of October 1, 2014.
Benefit	Accrued benefit, reduced 2% per year preceding Normal Retirement Date.

Vesting	Members are 100% vested in benefits accrued prior to October 1, 2014.

Disability

Eligibility	Total and Permanent as determined by the Board.
Service Incurred	Covered from Date of Employment.
Non-Service Incurred	5 years of Credited Service.
Benefit	62.5% (Service Incurred), or 50% (Non-Service Incurred) of Salary (base hourly pay, plus shift differential plus incentive pay) at time of disability plus $175 per month. Paid as a 100% Joint and Survivor Annuity.

Death Benefits

Pre-Retirement

Service Incurred	Covered from Date of Employment. 62.5% of earnings paid to spouse until death, or, if no spouse, in equal shares to dependent children.
Non-Service Incurred	Eligible after 5 years of Credited Service. 50% of earnings paid to spouse until death or remarriage, or, if no spouse, in equal shares to dependent children.
Post-Retirement	Benefits payable to beneficiary in accordance with option selected at retirement.
Board of Trustees	a) Two Council appointees, b) Two Members of the Department elected by the membership, and c) Fifth Member elected by other 4 and appointed by Council.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements (earlier of 1) Age 50 and 10 years of Credited Service, or 2) 25 years of Credited Service.)
Participation	Not to exceed 60 months
Rate of Return	At member's election: a) an effective annual rate of 6.5%, or b) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.
Chapter 185 Share Account	Pursuant to Chapter 2015-39, Laws of Florida, a share plan exists but is currently not funded as the City and Membership mutually consented to allow the City to use all annual State Monies to offset its funding requirements.