

RETIREMENT PLAN FOR EMPLOYEES OF GREATER ORLANDO AVIATION AUTHORITY

ACTUARIAL VALUATION

AS OF OCTOBER 1, 2024

(As Revised July 18, 2025)

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



FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

July 18, 2025

Retirement Plan Committee
Greater Orlando Aviation Authority

Re: Retirement Plan for Employees of Greater Orlando Aviation Authority

Dear Committee Members:

We are pleased to present to the Retirement Plan Committee this report of the annual actuarial valuation of the Retirement Plan for Employees of Greater Orlando Aviation Authority. 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 Chapter 112, 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 Human Resources faculty, 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.

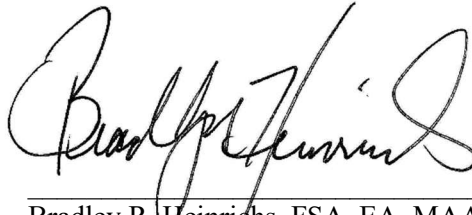
The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the 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 Greater Orlando Aviation Authority, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Retirement Plan for Employees of Greater Orlando Aviation Authority. 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:

Bradley R. Heinrichs, FSA, EA, MAAA
Enrolled Actuary #23-6901



By:

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



By:

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Enrolled Actuary #23-8685

BRH /lke

Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Retirement Plan for Employees of Greater Orlando Aviation Authority, 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 | <u>9/30/2026</u> | <u>9/30/2025</u> |
| Minimum Required Contribution | \$1,729,671 | \$1,441,537 |

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 attributable to a reduction in the plan’s normal cost due to a decline in active population growth. The decrease was offset in part by an increase to the plan’s amortization payment associated with the unfunded liability having been paid off more slowly than expected (based on the amortization bases in last year’s report) due to the use of a funding lag.

Plan experience was favorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial gain included and an investment return of 6.95% (Actuarial Asset Basis) which exceeded the 6.75% assumption. These gains were offset in part by a loss associated with more retirements than expected.

CHANGES SINCE PRIOR VALUATION

Plan Changes

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

Actuarial Assumption/Method Changes

- The investment return was lowered from 6.75% to 6.50% per year.
- Incorporation of the mortality rates required by Florida Statute Chapter 112.63.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

| | New Assump <u>10/1/2024</u> | Old Assump <u>10/1/2024</u> | <u>10/1/2023</u> |
|----------------------------------|--------------------------------|--------------------------------|------------------|
| A. Participant Data | | | |
| Actives | 14 | 14 | 22 |
| Service Retirees | 349 | 349 | 349 |
| Beneficiaries | 39 | 39 | 37 |
| Terminated Vested | <u>48</u> | <u>48</u> | <u>55</u> |
| Total | 450 | 450 | 463 |
| Projected Annual Payroll | 1,530,897 | 1,530,897 | 2,011,277 |
| Annual Rate of Payments to: | | | |
| Service Retirees | 11,543,340 | 11,543,340 | 11,296,746 |
| Beneficiaries | 568,067 | 568,067 | 617,461 |
| Terminated Vested | 603,768 | 603,768 | 648,338 |
| B. Assets | | | |
| Actuarial Value (AVA) | 136,417,110 | 136,417,110 | 138,502,896 |
| Market Value (MVA) | 142,462,139 | 142,462,139 | 125,798,547 |
| C. Liabilities | | | |
| Present Value of Benefits | | | |
| Actives | | | |
| Retirement Benefits | 12,659,836 | 12,409,312 | 16,227,695 |
| Death Benefits | 117,737 | 92,062 | 122,044 |
| Vested Benefits | 0 | 0 | 0 |
| Service Retirees | 121,156,672 | 119,477,095 | 117,813,965 |
| Beneficiaries | 5,178,829 | 5,130,021 | 5,700,333 |
| Terminated Vested | <u>4,892,266</u> | <u>4,764,763</u> | <u>4,901,001</u> |
| Total | 144,005,340 | 141,873,253 | 144,765,038 |

| C. Liabilities - (Continued) | New Assump <u>10/1/2024</u> | Old Assump <u>10/1/2024</u> | <u>10/1/2023</u> |
|--|--------------------------------|--------------------------------|--------------------|
| Present Value of Future Salaries | 4,637,301 | 4,622,065 | 6,934,051 |
| Normal Cost (Retirement) | 252,814 | 240,628 | 343,611 |
| Normal Cost (Death) | 4,090 | 3,069 | 4,348 |
| Normal Cost (Vesting) | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Normal Cost | 256,904 | 243,697 | 347,959 |
| Present Value of Future Normal Costs | 755,733 | 714,594 | 1,132,389 |
| Accrued Liability (Retirement) | 11,916,506 | 11,704,049 | 15,109,513 |
| Accrued Liability (Death) | 105,334 | 82,731 | 107,837 |
| Accrued Liability (Vesting) | 0 | 0 | 0 |
| Accrued Liability (Inactives) | <u>131,227,767</u> | <u>129,371,879</u> | <u>128,415,299</u> |
| Total Actuarial Accrued Liability (EAN AL) | 143,249,607 | 141,158,659 | 143,632,649 |
| Unfunded Actuarial Accrued Liability (UAAL) | 6,832,497 | 4,741,549 | 5,129,753 |
| Funded Ratio (AVA / EAN AL) | 95.2% | 96.6% | 96.4% |

| D. Actuarial Present Value of Accrued Benefits | New Assump <u>10/1/2024</u> | Old Assump <u>10/1/2024</u> | <u>10/1/2023</u> |
|--|--------------------------------|--------------------------------|-------------------|
| Vested Accrued Benefits | | | |
| Inactives | 131,227,767 | 129,371,879 | 128,415,299 |
| Actives | <u>11,564,250</u> | <u>11,316,907</u> | <u>14,293,078</u> |
| Total | 142,792,017 | 140,688,786 | 142,708,377 |
| Non-vested Accrued Benefits | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Present Value Accrued Benefits (PVAB) | 142,792,017 | 140,688,786 | 142,708,377 |
| Funded Ratio (MVA / PVAB) | 99.8% | 101.3% | 88.2% |
| Increase (Decrease) in Present Value of Accrued Benefits Attributable to: | | | |
| Plan Amendments | 0 | 0 | |
| Assumption Changes | 2,103,231 | 0 | |
| Plan Experience | 0 | 773,576 | |
| Benefits Paid | 0 | (12,020,297) | |
| Interest | 0 | 9,227,130 | |
| Other | <u>0</u> | <u>0</u> | |
| Total | 2,103,231 | (2,019,591) | |

| | New Assump | Old Assump | |
|---|------------------|------------------|------------------|
| Valuation Date | 10/1/2024 | 10/1/2024 | 10/1/2023 |
| Applicable to Fiscal Year Ending | <u>9/30/2026</u> | <u>9/30/2026</u> | <u>9/30/2025</u> |
| E. Pension Cost | | | |
| Normal Cost ¹ | \$275,864 | \$261,999 | \$374,091 |
| Administrative Expenses ¹ | 26,751 | 26,783 | 30,176 |
| Payment Required to Amortize Unfunded Actuarial Accrued Liability over 10 years (as of 10/1/2024) ¹ | 1,427,056 | 1,140,724 | 1,037,270 |
| Minimum Required Contribution | 1,729,671 | 1,429,506 | 1,441,537 |
| F. Past Contributions | | | |
| Plan Years Ending: | <u>9/30/2024</u> | | |
| Employer Requirement | 733,198 | | |
| Actual Contributions Made: | | | |
| Employer | 733,198 | | |
| G. Net Actuarial (Gain)/Loss | (376,981) | | |

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

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

| <u>Year</u> | <u>Projected Unfunded Actuarial Accrued Liability</u> |
|-------------|---|
| 2024 | 6,832,497 |
| 2025 | 5,861,250 |
| 2026 | 4,826,870 |
| 2028 | 4,305,231 |
| 2030 | 3,539,786 |
| 2032 | 1,295,705 |
| 2034 | 0 |

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

| | | <u>Actual</u> | <u>Assumed</u> |
|------------|-----------|--------------------|----------------|
| Year Ended | 9/30/2024 | 4.00% ¹ | 4.00% |
| Year Ended | 9/30/2023 | 8.69% | 4.00% |
| Year Ended | 9/30/2022 | 8.82% | 4.00% |
| Year Ended | 9/30/2021 | 3.63% | 4.25% |
| Year Ended | 9/30/2020 | 1.14% | 4.25% |

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

| | | <u>Market Value</u> | <u>Actuarial Value</u> | <u>Assumed</u> |
|------------|-----------|---------------------|------------------------|----------------|
| Year Ended | 9/30/2024 | 23.34% | 6.95% | 6.75% |
| Year Ended | 9/30/2023 | 11.49% | 2.76% | 6.75% |
| Year Ended | 9/30/2022 | -19.71% | 4.37% | 6.75% |
| Year Ended | 9/30/2021 | 20.22% | 11.01% | 7.00% |
| Year Ended | 9/30/2020 | 9.84% | 8.37% | 7.00% |

(iii) Average Annual Payroll Growth

| | | |
|-------------------------|-----------|-------------|
| (a) Payroll as of: | 10/1/2024 | \$1,530,897 |
| | 10/1/2014 | 9,568,520 |
| (b) Total Increase | | -84.00% |
| (c) Number of Years | | 10.00 |
| (d) Average Annual Rate | | -16.75% |

¹ Based on prior year salaries with assumed salary growth.

ESTIMATED PROJECTION OF BENEFIT PAYMENTS
(Next 30 Years)

| <u>Valuation Date</u> | <u>Estimated Annual Benefits</u> |
|-----------------------|----------------------------------|
| 2024 | 12,610,000 |
| 2025 | 12,640,000 |
| 2026 | 12,680,000 |
| 2027 | 12,570,000 |
| 2028 | 12,430,000 |
| 2029 | 12,400,000 |
| 2030 | 12,220,000 |
| 2031 | 12,000,000 |
| 2032 | 11,750,000 |
| 2033 | 11,470,000 |
| 2034 | 11,240,000 |
| 2035 | 10,920,000 |
| 2036 | 10,560,000 |
| 2037 | 10,180,000 |
| 2038 | 9,790,000 |
| 2039 | 9,430,000 |
| 2040 | 9,000,000 |
| 2041 | 8,560,000 |
| 2042 | 8,110,000 |
| 2043 | 7,650,000 |
| 2044 | 7,180,000 |
| 2045 | 6,720,000 |
| 2046 | 6,250,000 |
| 2047 | 5,780,000 |
| 2048 | 5,320,000 |
| 2049 | 4,870,000 |
| 2050 | 4,430,000 |
| 2051 | 4,010,000 |
| 2052 | 3,600,000 |
| 2053 | 3,210,000 |

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 a copy of the report to the following office to comply with Chapter 112 Florida Statutes:

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

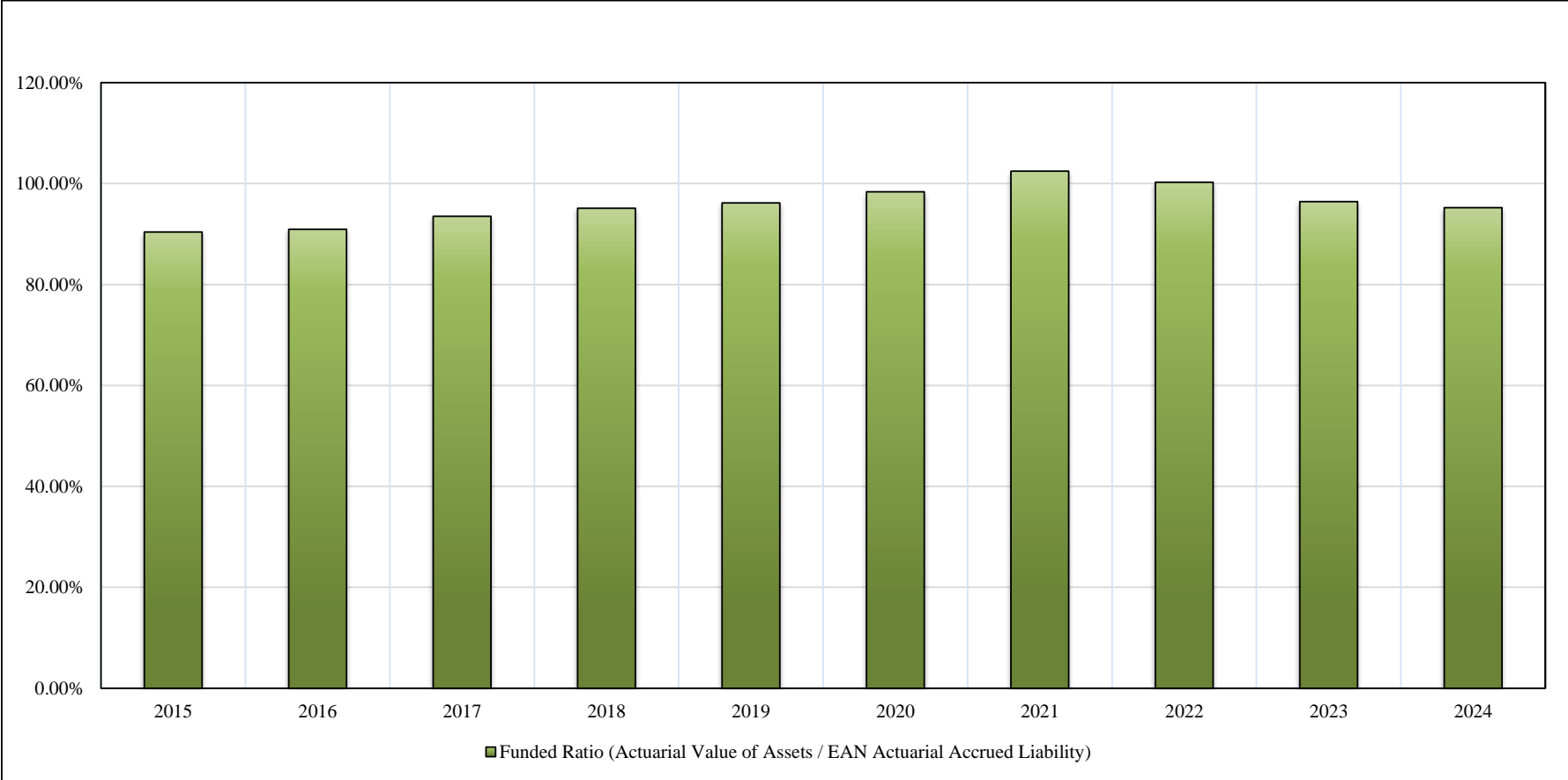
| | | |
|------|--|-------------|
| (1) | Unfunded Actuarial Accrued Liability as of October 1, 2023 | \$5,129,753 |
| (2) | Sponsor Normal Cost developed as of October 1, 2023 | 347,959 |
| (3) | Expected administrative expenses for the year ended September 30, 2024 | 28,068 |
| (4) | Expected interest on (1), (2) and (3) | 370,693 |
| (5) | Sponsor contributions to the System during the year ended September 30, 2024 | 733,198 |
| (6) | Expected interest on (5) | 24,745 |
| (7) | Expected Unfunded Actuarial Accrued Liability as of September 30, 2024 (1)+(2)+(3)+(4)-(5)-(6) | 5,118,530 |
| (8) | Change to UAAL due to Assumption Change | 2,090,948 |
| (9) | Change to UAAL due to Actuarial (Gain)/Loss | (376,981) |
| (10) | Unfunded Actuarial Accrued Liability as of October 1, 2024 | 6,832,497 |

| <u>Type of Base</u> | <u>Date Established</u> | <u>Years Remaining</u> | <u>10/1/2024 Amount</u> | <u>Amortization Amount</u> |
|---------------------|-------------------------|------------------------|-------------------------|----------------------------|
| Method Change | 10/1/2016 | 2 | 1,538,987 | 793,715 |
| Actuarial Loss | 10/1/2017 | 3 | 20,217 | 7,168 |
| Actuarial Gain | 10/1/2018 | 4 | (239,998) | (65,780) |
| Actuarial Gain | 10/1/2019 | 5 | (154,804) | (34,978) |
| Actuarial Gain | 10/1/2020 | 6 | (1,100,176) | (213,391) |
| Assump Change | 10/1/2020 | 6 | (22,840) | (4,430) |
| Actuarial Gain | 10/1/2021 | 7 | (5,675,757) | (971,708) |
| Assump Change | 10/1/2021 | 7 | 974,564 | 166,848 |
| Actuarial Loss | 10/1/2022 | 8 | 3,670,446 | 566,032 |
| Actuarial Loss | 10/1/2023 | 9 | 6,107,891 | 861,631 |
| Actuarial Gain | 10/1/2024 | 10 | (376,981) | (49,239) |
| Assump Change | 10/1/2024 | 10 | 2,090,948 | 273,109 |
| | | | <u>6,832,497</u> | <u>1,328,977</u> |

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

| | |
|---|------------------|
| (1) Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2023 | \$5,129,753 |
| (2) Expected UAAL as of October 1, 2024 | 5,118,530 |
| (3) Summary of Actuarial (Gain)/Loss, by component: | |
| Investment Return (Actuarial Asset Basis) | (259,327) |
| Active Decrements | 436,848 |
| Inactive Mortality | (357,148) |
| Other | <u>(197,354)</u> |
| Increase in UAAL due to (Gain)/Loss | (376,981) |
| Assumption Changes | <u>2,090,948</u> |
| (4) Actual UAAL as of October 1, 2024 | \$6,832,497 |

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

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

Healthy Retiree Lives:

Female: PubG.H-2010 for Healthy Retirees.

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

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

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

Disabled Lives:

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

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

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

Interest Rate

6.50% (prior year 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

4.00% per year until the assumed retirement age. This was approved in conjunction with an actuarial experience study dated June 1, 2021.

Payroll Growth

None.

Administrative Expenses

\$24,912 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Amortization Method

New UAAL amortization bases are amortized over 10 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.

Normal Retirement Age

Below are the rates assumed once the Member has attained normal retirement eligibility:

Age 65 and 7 Years of Service:

| Age | Rate |
|-------|--------|
| 65-69 | 20.0% |
| 70-74 | 10.0% |
| 75+ | 100.0% |

25+ Years of Service:

| Service | Rate |
|---------|--------|
| 25 | 60.0% |
| 26 | 30.0% |
| 27-29 | 15.0% |
| 30-34 | 10.0% |
| 35+ | 100.0% |

The assumed rates of normal retirement were approved in conjunction with an actuarial experience study dated June 1, 2021.

Early Retirement Age

Below are the rates assumed once the Member has attained early retirement eligibility:

| Years Following | |
|-----------------|-------|
| ER Age | Rate |
| 0-2 | 2.5% |
| 3-6 | 5.0% |
| 7-9 | 10.0% |

The assumed rates of early retirement were approved in conjunction with an actuarial experience study dated June 1, 2021.

Termination Rate

No future terminations are assumed, as approved in conjunction with an actuarial experience study dated June 1, 2021.

Marital Status

100% of the active members are assumed to be married. Additionally, male spouses are assumed to be three years older than female spouses.

Funding Method

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

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

Salary - A full year, based on current 4.00% assumption.

Actuarial Asset Method

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

Low-Default-Risk Obligation Measure

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

GLOSSARY

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

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

(a) The normal cost accrual rate equals:

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCUSSION OF RISK

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

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

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

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

Impact of Plan Maturity on Risk

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 44.7% on October 1, 2014 to 3.2% on October 1, 2024, 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 91.6%. 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 87.4% on October 1, 2014 to 95.2% 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 -7.9% on October 1, 2024. The current Net Cash Flow Ratio of -7.9% 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 \$134,973. The LDROM should not be considered the “correct” liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan’s contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan’s Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan’s diversified portfolio compared to investing only in high quality bonds.

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

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS

| | <u>10/1/2024</u> | <u>10/1/2023</u> | <u>10/1/2019</u> | <u>10/1/2014</u> |
|---|------------------|------------------|------------------|------------------|
| <u>Support Ratio</u> | | | | |
| Total Actives | 14 | 22 | 68 | 160 |
| Total Inactives ¹ | 436 | 441 | 423 | 358 |
| Actives / Inactives ¹ | 3.2% | 5.0% | 16.1% | 44.7% |
| <u>Asset Volatility Ratio</u> | | | | |
| Market Value of Assets (MVA) | 142,462,139 | 125,798,547 | 139,594,665 | 116,642,235 |
| Total Annual Payroll | 1,746,676 | 2,301,728 | 6,179,222 | 10,708,838 |
| MVA / Total Annual Payroll | 8,156.2% | 5,465.4% | 2,259.1% | 1,089.2% |
| <u>Accrued Liability (AL) Ratio</u> | | | | |
| Inactive Accrued Liability | 131,227,767 | 128,415,299 | 105,312,991 | 65,026,458 |
| Total Accrued Liability (EAN) | 143,249,607 | 143,632,649 | 144,898,145 | 125,311,720 |
| Inactive AL / Total AL | 91.6% | 89.4% | 72.7% | 51.9% |
| <u>Funded Ratio</u> | | | | |
| Actuarial Value of Assets (AVA) | 136,417,110 | 138,502,896 | 139,349,945 | 109,582,834 |
| Total Accrued Liability (EAN) | 143,249,607 | 143,632,649 | 144,898,145 | 125,311,720 |
| AVA / Total Accrued Liability (EAN) | 95.2% | 96.4% | 96.2% | 87.4% |
| <u>Net Cash Flow Ratio</u> | | | | |
| Net Cash Flow ² | (11,312,270) | (11,221,384) | (6,848,870) | 2,104,657 |
| Market Value of Assets (MVA) | 142,462,139 | 125,798,547 | 139,594,665 | 116,642,235 |
| Ratio | -7.9% | -8.9% | -4.9% | 1.8% |

¹ Excludes terminated participants awaiting a refund of member contributions.

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

| <u>ASSETS</u> | COST VALUE | MARKET VALUE |
|---|-----------------------|-----------------------|
| Cash and Cash Equivalents: | | |
| Short Term Investments | 2,916,515.70 | 2,916,515.70 |
| Prepaid Benefits | 1,013,069.37 | 1,013,069.37 |
| Cash | 18,460.89 | 18,460.89 |
| Total Cash and Equivalents | 3,948,045.96 | 3,948,045.96 |
| Receivables: | | |
| From Broker for Investments Sold | 362,179.18 | 362,179.18 |
| Investment Income | 252,826.48 | 252,826.48 |
| Total Receivable | 615,005.66 | 615,005.66 |
| Investments: | | |
| U. S. Bonds and Bills | 27,850,515.44 | 27,833,122.15 |
| Federal Agency Guaranteed Securities | 9,767,081.17 | 9,977,723.44 |
| Corporate Bonds | 3,884,784.58 | 3,734,859.45 |
| Stocks | 45,669,960.72 | 58,874,793.04 |
| Mutual Funds: | | |
| Fixed Income | 10,903,145.37 | 9,679,375.23 |
| Equity | 14,755,440.52 | 15,096,442.03 |
| Pooled/Common/Commingled Funds: | | |
| Equity | 6,401,250.82 | 12,860,232.63 |
| Total Investments | 119,232,178.62 | 138,056,547.97 |
| Total Assets | 123,795,230.24 | 142,619,599.59 |
| <u>LIABILITIES</u> | | |
| Payables: | | |
| Investment Expenses | 102,381.23 | 102,381.23 |
| To Broker for Investments Purchased | 55,079.70 | 55,079.70 |
| Total Liabilities | 157,460.93 | 157,460.93 |
| NET POSITION RESTRICTED FOR PENSIONS | 123,637,769.31 | 142,462,138.66 |

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

ADDITIONS

Contributions:

Employer 733,198.00

Total Contributions 733,198.00

Investment Income:

Net Realized Gain (Loss) 15,025,741.51

Unrealized Gain (Loss) 10,665,755.46

Net Increase in Fair Value of Investments 25,691,496.97

Interest & Dividends 2,814,703.83

Less Investment Expense¹ (530,339.10)

Net Investment Income 27,975,861.70

Total Additions 28,709,059.70

DEDUCTIONS

Distributions to Members:

Benefit Payments 12,020,296.89

Total Distributions 12,020,296.89

Administrative Expense 25,171.25

Total Deductions 12,045,468.14

Net Increase in Net Position 16,663,591.56

NET POSITION RESTRICTED FOR PENSIONS

Beginning of the Year 125,798,547.10

End of the Year 142,462,138.66

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

ACTUARIAL ASSET VALUATION
September 30, 2024

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

| Plan Year Ending | Gain/(Loss) | <u>Gains/Losses Not Yet Recognized</u> | | | | |
|---------------------|--------------|--|------------------|------------------|------------------|----------|
| | | Amounts Not Yet Recognized by Valuation Year | | | | |
| | | 2024 | 2025 | 2026 | 2027 | 2028 |
| 09/30/2020 | 3,813,601 | 0 | 0 | 0 | 0 | 0 |
| 09/30/2021 | 18,591,927 | 3,718,387 | 0 | 0 | 0 | 0 |
| 09/30/2022 | (42,230,483) | (16,892,192) | (8,446,095) | 0 | 0 | 0 |
| 09/30/2023 | 5,543,059 | 3,325,835 | 2,217,223 | 1,108,611 | 0 | 0 |
| 09/30/2024 | 19,866,249 | 15,892,999 | 11,919,749 | 7,946,499 | 3,973,249 | 0 |
| Total | | 6,045,029 | 5,690,877 | 9,055,110 | 3,973,249 | 0 |

Development of Investment Gain/Loss

| | |
|--|-------------------|
| Market Value of Assets, 09/30/2023 | 125,798,547 |
| Contributions Less Benefit Payments & Admin Expenses | (11,312,270) |
| Expected Investment Earnings* | 8,109,613 |
| Actual Net Investment Earnings | 27,975,862 |
| 2024 Actuarial Investment Gain/(Loss) | <u>19,866,249</u> |

*Expected Investment Earnings = $0.0675 * (125,798,547 - 0.5 * 11,312,270)$

Development of Actuarial Value of Assets

| | |
|--|--------------------|
| (1) Market Value of Assets, 09/30/2024 | 142,462,139 |
| (2) Gains/(Losses) Not Yet Recognized | 6,045,029 |
| (3) Actuarial Value of Assets, 09/30/2024, (1) - (2) | <u>136,417,110</u> |
| (4) Limited Actuarial Value of Assets, 09/30/2024 | 136,417,110 |

(A) 09/30/2023 Actuarial Assets: 138,502,896

| | |
|------------------------------|------------------|
| (I) Net Investment Income: | |
| 1. Interest and Dividends | 2,814,704 |
| 2. Realized Gain (Loss) | 15,025,742 |
| 3. Unrealized Gain (Loss) | 10,665,755 |
| 4. Change in Actuarial Value | (18,749,378) |
| 5. Investment Expenses | (530,339) |
| Total | <u>9,226,484</u> |

(B) 09/30/2024 Actuarial Assets: 136,417,110

Actuarial Assets Rate of Return = $2I/(A+B-I)$: 6.95%
Market Value of Assets Rate of Return: 23.34%

Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis) 259,327

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

| REVENUES | | |
|---|-----------------|----------------|
| Contributions: | | |
| Employer | 733,198.00 | |
| Total Contributions | | 733,198.00 |
| Earnings from Investments: | | |
| Interest & Dividends | 2,814,703.83 | |
| Net Realized Gain (Loss) | 15,025,741.51 | |
| Unrealized Gain (Loss) | 10,665,755.46 | |
| Change in Actuarial Value | (18,749,378.00) | |
| Total Earnings and Investment Gains | | 9,756,822.80 |
| EXPENDITURES | | |
| Distributions to Members: | | |
| Benefit Payments | 12,020,296.89 | |
| Total Distributions | | 12,020,296.89 |
| Expenses: | | |
| Investment related ¹ | 530,339.10 | |
| Administrative | 25,171.25 | |
| Total Expenses | | 555,510.35 |
| Change in Net Assets for the Year | | (2,085,786.44) |
| Net Assets Beginning of the Year | | 138,502,896.10 |
| Net Assets End of the Year ² | | 136,417,109.66 |

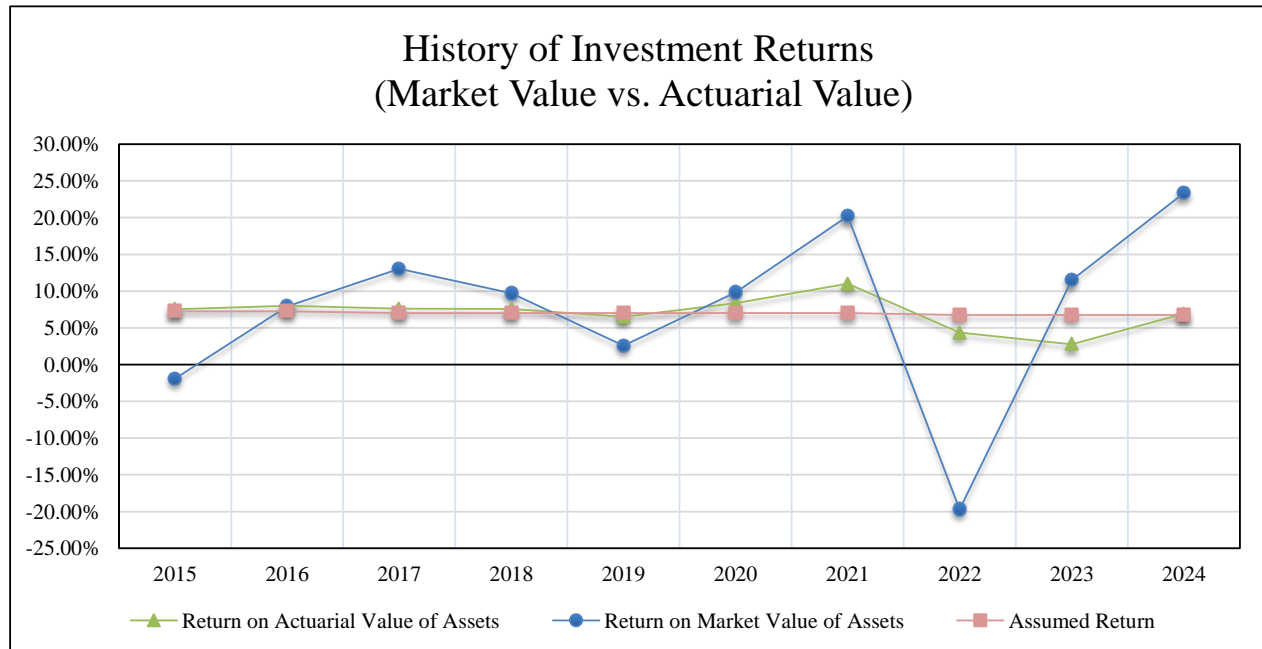
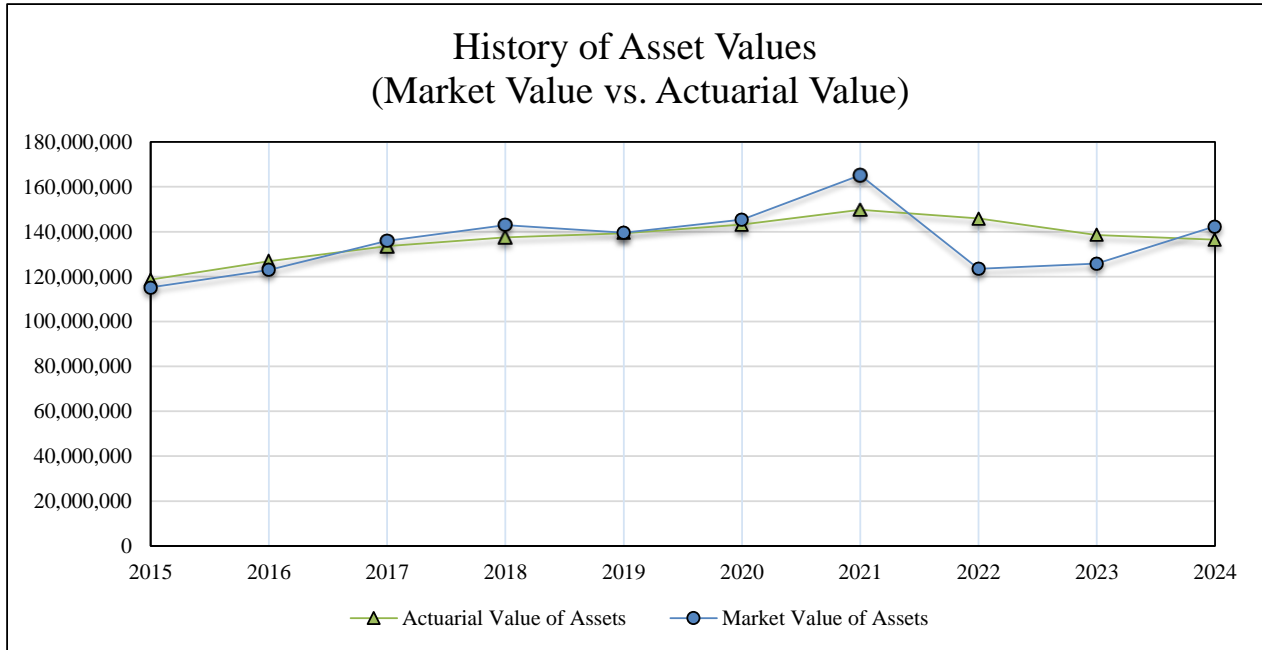
¹Investment related expenses include investment advisory, custodial and performance monitoring fees.

²Net Assets may be limited for actuarial consideration.

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

| | |
|--|---------------------|
| (1) Required Employer Contributions | \$733,198.00 |
| (2) Less 2023 Prepaid Contribution | 0.00 |
| (3) Less Actual Employer Contributions | <u>(733,198.00)</u> |
| (4) Equals Employer's Shortfall/(Prepaid) Contribution as of September 30, 2024 | \$0.00 |

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS



STATISTICAL DATA

| | <u>10/1/2024</u> | <u>10/1/2023</u> | <u>10/1/2022</u> | <u>10/1/2021</u> |
|---------------------------|------------------|------------------|------------------|------------------|
| <u>Actives</u> | | | | |
| Number | 14 | 22 | 27 | 35 |
| Average Current Age | 62.2 | 60.7 | 61.2 | 59.9 |
| Average Age at Employment | 33.7 | 33.5 | 34.5 | 34.7 |
| Average Past Service | 28.5 | 27.2 | 26.7 | 25.2 |
| Average Annual Salary | \$124,763 | \$104,624 | \$103,537 | \$95,432 |
| <u>Service Retirees</u> | | | | |
| Number | 349 | 349 | 350 | 343 |
| Average Current Age | 70.5 | 69.9 | 69.1 | 69.0 |
| Average Annual Benefit | \$33,075 | \$32,369 | \$31,705 | \$31,004 |
| <u>Beneficiaries</u> | | | | |
| Number | 39 | 37 | 35 | 26 |
| Average Current Age | 69.5 | 70.1 | 70.5 | 68.7 |
| Average Annual Benefit | \$14,566 | \$16,688 | \$16,375 | \$16,036 |
| <u>Terminated Vested</u> | | | | |
| Number | 48 | 55 | 60 | 76 |
| Average Current Age | 59.6 | 60.1 | 59.1 | 59.1 |
| Average Annual Benefit | \$12,579 | \$11,788 | \$11,792 | \$13,358 |

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 | | | | | | | | | | | | 0 |
| 45 - 49 | | | | | | | | | | | | 0 |
| 50 - 54 | | | | | | | | | | 1 | | 1 |
| 55 - 59 | | | | | | | | | | 3 | 1 | 4 |
| 60 - 64 | | | | | | | | | | 3 | 2 | 5 |
| 65+ | | | | | | | | | | 3 | 1 | 4 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 4 | 14 |

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

| | |
|---|-----|
| a. Number in prior valuation 10/1/2023 | 22 |
| b. Terminations | |
| i. Vested (partial or full) with deferred annuity | 0 |
| c. Deaths | |
| i. Beneficiary receiving benefits | 0 |
| ii. No future benefits payable | 0 |
| d. Retired | (8) |
| e. Continuing participants | 14 |
| f. New entrants / Rehires | 0 |
| g. Total active life participants in valuation | 14 |

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

| | Service Retirees, Vested Receiving <u>Benefits</u> | Receiving Death <u>Benefits</u> | Vested (Deferred <u>Annuity</u>) | <u>Total</u> |
|-------------------------------|--|---------------------------------------|---|--------------|
| a. Number prior valuation | 349 | 37 | 55 | 441 |
| Retired | 9 | | (1) | 8 |
| Vested (Deferred Annuity) | | | | 0 |
| Hired/Terminated in Same Year | | | | 0 |
| Death, With Survivor | (4) | 7 | (2) | 1 |
| Death, No Survivor | (5) | (4) | (4) | (13) |
| Rehires | | | | 0 |
| Expired Annuities | | (1) | | (1) |
| Data Corrections | | | | 0 |
| b. Number current valuation | 349 | 39 | 48 | 436 |

SUMMARY OF CURRENT PLAN

| | |
|-----------------------------------|---|
| <u>Eligibility</u> | Full-time employees who had completed 12 months of employment. Effective October 1, 1999, the Plan was closed to all future new hires. |
| <u>Credited Service</u> | Total years and nearest fully completed months of employment, including vacation and other paid leaves of absence. However, unpaid leaves of absence greater than 30 days are not included. |
| <u>Salary</u> | Basic rate of pay, excluding bonuses, commissions, overtime and other items of additional pay. |
| <u>Final Average Compensation</u> | Average Salary for the 3 best years of the 10 years immediately preceding retirement or termination. |
| <u>Member Contributions</u> | None. |
| <u>Employer Contributions</u> | Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII, Chapter 112, Florida Statutes. |
| <u>Normal Retirement</u> | |
| Date | Earlier of: 1) age 65 and 7 years of Credited Service, or 2) 25 years of Credited Service, regardless of age. |
| Benefit | 3.0% of Final Average Compensation <u>times</u> Credited Service (subject to a maximum benefit of 75.0% of Final Average Compensation). |
| Form of Benefit | Life Annuity (options available). |
| <u>Early Retirement</u> | |
| Date | Age 55 and 7 years of Credited Service. |
| Benefit | Accrued benefit, reduced 3.0% per year that the benefit commencement date precedes Age 65. |
| <u>Vesting</u> | All members are currently 100% vested in their accrued benefit. If a member terminates employment prior to retirement eligibility, the member will receive their accrued benefit payable at Early (reduced) or Normal Retirement Age. |
| <u>Disability</u> | Not Applicable. |

Death Benefits

Pre-Retirement

Eligible for Retirement

If Beneficiary is member's spouse: Benefit payable as if Member retired on the date of death, selected a 50% Joint and Survivor annuity, and then passed away, with the benefit then continuing to the survivor for life.

If Beneficiary is not member's spouse: Distribution shall commence within one year of the member's death, and shall occur over a 5-year period in equal amounts that in the aggregate are the actuarial equivalent of the survivor's annuity otherwise payable.

Vested (not eligible for retirement)

Same as described above if eligible for retirement, and commencing at the earliest possible date (reduced for early retirement).

Post-Retirement

Benefits payable in accordance with option selected at retirement.