



April 30, 2025

Mr. David Williams
Boynton Beach Firefighters' Retirement Plan
Precision Pension Administration
2100 North Florida Mango Road
West Palm Beach, Florida 33409

**Re: City of Boynton Beach Municipal Firefighters' Pension Trust Fund –
Supplemental Actuarial Valuation Report as of October 1, 2024**

Dear Dave:

Enclosed is a Supplemental Actuarial Valuation Report illustrating the impact of a reevaluation of the cost of the Cost of Living Adjustment (COLA), which was first implemented by Ordinance 06-092. The results are based on census and asset data as of October 1, 2024.

Ordinance 06-692 (adopted in 2006), which added a 2% deferred COLA and increased member contributions by 5.0% of covered payroll, originally resulted in a total annual cost of 5.24% of covered payroll per year (5.0% of covered payroll to be covered by firefighters and 0.24% of covered payroll to be paid by the City). Under the terms of this Ordinance, the actuarial cost of the COLA must be reevaluated every three years to ensure that the City's cost has not increased beyond the initially determined cost to the City of 0.24% of covered payroll. The last regular reevaluation was completed as of October 1, 2021 (applicable to State money received during the fiscal year ending September 30, 2022) and the base amount of regular Chapter 175 State contributions was determined to be \$1,068,298, beginning with the fiscal year ending September 30, 2022.

Ordinance 22-016 (adopted in 2022), revised the COLA commencement from 5 years after retirement to the later of (i) 5 years after retirement or (ii) the date of separation from service (for DROP participants who elect to extend their DROP participation period longer than five years). Additionally, DROP participants electing to remain in the DROP longer than five years resume making employee "pick-up" contributions during years 6 through 8 at a rate of 6% of compensation, with 5% of compensation allocated towards funding the COLA and the remaining 1% applied toward the unfunded liabilities in the Pension Trust Fund. The impact of these changes was measured as of October 1, 2021 and reduced the amount of annual Chapter 175 State money needed to fund the COLA by \$124,832 (from \$1,068,298 to \$943,466), beginning in fiscal year ending September 30, 2023.

Ordinance 24-009 (adopted in 2024), revised the COLA commencement for future disability retirees from 5 years after disability retirement date to 5 years after what would have been the member's normal retirement date. Additionally, any firefighter who completes at least three years of DROP participation while contributing 6% of pay employee pick-up contributions, the annual COLA is increased from 2.0% to 2.8%, commencing on the first October 1st following the 8-year anniversary of DROP entry. The impact of these changes was measured as of October 1, 2023 and increased the amount of annual Chapter 175 State money needed to fund the COLA by \$322,559 (from \$943,466 to \$1,266,025), beginning in fiscal year ending September 30, 2025.

Summary of Findings

- The annual actuarial cost of the COLA is \$300,509 higher than it was as of the last reevaluation. Therefore, the annual allocation of Chapter 175 State contributions towards the total required contribution has increased by this amount, from \$1,266,025 to \$1,566,534, beginning with the fiscal year ending September 30, 2025. If the amount received by the State in the fiscal year ending September 30, 2025 is less than this amount, the shortfall must be made up through the release of accumulated excess premium tax revenue reserves.

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: Plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in Plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the Plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the either assumed or forecasted returns;
2. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the Plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
3. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
4. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
5. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return is less (or more) than the assumed rate, the cost of the Plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.



The computed contribution amounts may be considered as a minimum contribution that complies with the pension Board's funding policy and the State statutes. The timely receipt of the actuarially determined contributions is critical to support the financial health of the Plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Risk Assessment

Risk assessment was outside the scope of this report. Risk assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability. We are prepared to perform such assessment to aid in the decision making process.

Disclosures and Qualifications

This report was prepared in compliance with Ordinance 06-092, which requires an actuarial reevaluation of the cost of the COLA every three years. The last time this regular reevaluation was completed was as of October 1, 2021. A copy of this report should be provided to the City. This report may be provided to parties other than the City only in its entirety and only with the Board's permission. GRS is not responsible for unauthorized use of this report.

The purpose of this report is to describe the financial effect of the changes summarized above. This report should not be relied on for any purpose other than the purpose described above. Determinations of financial results associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The results in this report are based on census and asset data as of October 1, 2024, as provided by the Plan Administrator for the October 1, 2024 Actuarial Valuation concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator. Refer to that Actuarial Valuation Report dated April 30, 2025 for all actuarial assumptions, methods and disclosures.

The calculations are based upon assumptions regarding future events, which may or may not materialize. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the City of Boynton Beach Municipal Firefighters' Pension Trust Fund as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board



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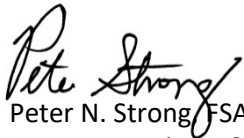
and with applicable statutes.

Peter N. Strong and Jeffrey Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

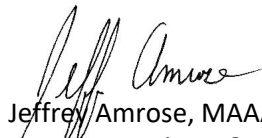
We welcome your questions and comments.

Sincerely yours,

GABRIEL, ROEDER, SMITH & COMPANY



Peter N. Strong, FSA, MAAA
Senior Consultant & Actuary



Jeffrey Amrose, MAAA
Senior Consultant & Actuary

Enclosures



SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Plan

City of Boynton Beach Municipal Firefighters' Pension Trust Fund

Valuation Date

October 1, 2024

Date of Report

April 30, 2025

Report Requested by

Automatic actuarial reevaluation of the cost of the COLA under Ordinance 06-092, which must be completed every three years.

Prepared by

Peter N. Strong

Group Valued

All active and inactive Firefighters

Plan Assumptions and Methods Being Considered for Change

None

Plan Provisions Being Considered:

- Reevaluation of the actuarial cost of the annual COLA for members who retire or enter the DROP after October 1, 2006.
 - Each retiree, beneficiary and disability retiree who retires or enters the DROP on or after December 1, 2006 receives an annual 2.0% COLA on October 1st of each year beginning after the later of (1) five years following retirement/DROP entry, and (2) the date of separation from service (i.e., DROP Exit).
 - Effective June 1, 2024, future disability retirees receive an annual 2.0% COLA on October 1st of each year beginning five years after what would have been the member's retirement date.
 - Effective June 1, 2024, for any firefighter who completes at least three years of DROP participation while contributing 6% of pay employee pick-up employee contributions, the annual COLA is 2.8% commencing on the first October 1st following the 8-year anniversary of DROP entry.
- Reevaluation of the increase in member contributions from 7% to 12%.

Participants Affected

All active participants as well as inactive participants who are currently receiving the COLA.

Actuarial Assumptions and Methods

Same as October 1, 2024 Actuarial Valuation Report.

Some of the key assumptions/methods are:

Investment Return – 7.15%

Salary Increase – 3.25% to 15.0% per year depending on service

Cost Method – Entry Age Normal

Amortization Period for Any Change in Actuarial Accrued Liability

25 years

Summary of Data Used in Report

See attached page

Actuarial Impact of Proposal(s)

See attached page(s)

Other Cost Considerations

None

PARTICIPANT DATA		
	October 1, 2024 <i>Valuation</i>	October 1, 2024 <i>Reevaluation of Cost of COLA (If No COLA)</i>
ACTIVE MEMBERS		
Number	122	122
Covered Annual Payroll	\$ 13,502,029	\$ 13,502,029
Average Annual Payroll	\$ 110,672	\$ 110,672
Average Age	35.6	35.6
Average Past Service	8.5	8.5
Average Age at Hire	27.1	27.1
RETIREES, BENEFICIARIES & DROP		
Number	154	154
Annual Benefits	\$ 10,523,642	\$ 10,021,297
Average Annual Benefit	\$ 68,335	\$ 65,073
Average Age	61.8	61.8
DISABILITY RETIREES		
Number	4	4
Annual Benefits	\$ 199,091	\$ 184,882
Average Annual Benefit	\$ 49,773	\$ 46,221
Average Age	52.3	52.3
TERMINATED VESTED MEMBERS		
Number	1	1
Annual Benefits	\$ 54,233	\$ 54,233
Average Annual Benefit	\$ 54,233	\$ 54,233
Average Age	43.9	43.9

ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION (ADEC) - AFTER PLAN AND METHOD CHANGES			
A. Valuation Date	October 1, 2024 <i>Valuation 12.0 % Member Contributions with COLA</i>	October 1, 2024 <i>Valuation 7.0% Member Contributions Without COLA</i>	October 1, 2024 <i>Valuation with Increase in Amount of State Chapter 175 Funds Used</i>
B. ADEC to Be Paid During Fiscal Year Ending	9/30/2026	9/30/2026	9/30/2026
C. Assumed Date of Employer Contrib.	10/1/2025	10/1/2025	10/1/2025
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 4,971,426	\$ 4,095,427	\$ 4,971,426
E. Employer Normal Cost	3,290,224	3,171,378	3,290,224
F. ADEC if Paid on the Valuation Date: D+E	8,261,650	7,266,805	8,261,650
G. ADEC Adjusted for Frequency of Payments	8,261,650	7,266,805	8,261,650
H. ADEC as % of Covered Payroll	61.19 %	53.82 %	61.19 %
I. Covered Payroll per Valuation	13,502,029	13,502,029	13,502,029
J. Assumed Rate of Increase in Covered Payroll to Contribution Year	2.50 %	2.50 %	2.50 %
K. Covered Payroll for Contribution Year	13,839,580	13,839,580	13,839,580
L. ADEC for Contribution Year: H x K	8,468,439	7,448,462	8,468,439
M. Estimate of State Revenue Allocated in Contribution Year (including amounts from Accumulated Excess Reserve)	1,266,025	579,772	1,566,534
N. City's Contribution Toward Cost of COLA: (= 0.24% x K)	33,215	0	33,215
O. Required Employer Contribution (net of COLA) in Contribution Year: L - M - N	7,169,199	6,868,690	6,868,690
P. Total Required Employer Contribution in Contribution Year: N + O	7,202,414	6,868,690	6,901,905
Q. Increase in Use of Chapter 175 Funds	N/A	N/A	300,509
R. Estimated Amount of Accumulated Excess Premium Tax Revenue to offset ADEC (If Actual State Revenue = \$1,579,818)	N/A	N/A	0

ACTUARIAL VALUE OF BENEFITS AND ASSETS - AFTER PLAN CHANGES		
A. Valuation Date	October 1, 2024 <i>Valuation 12.0 % Member Contributions with COLA</i>	October 1, 2024 <i>Valuation 7.0% Member Contributions Without COLA</i>
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 89,929,788	\$ 75,020,310
b. Vesting Benefits	4,551,473	3,858,341
c. Disability Benefits	2,073,308	1,893,811
d. Preretirement Death Benefits	703,471	582,828
e. Return of Member Contributions	360,063	210,042
f. Total	97,618,103	81,565,332
2. Inactive Members		
a. Service Retirees & Beneficiaries	141,542,866	114,396,558
b. Disability Retirees	3,047,709	2,268,541
c. Terminated Vested Members	640,672	552,462
d. Total	145,231,247	117,217,561
3. Total for All Members	242,849,350	198,782,893
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	201,241,384	164,156,277
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	N/A	N/A
E. Plan Assets		
1. Market Value	151,624,421	128,067,098
2. Actuarial Value	147,196,145	123,638,822
F. Unfunded Actuarial Accrued Liability:	54,045,239	40,517,455
G. Actuarial Present Value of Projected Covered Payroll	121,806,726	121,806,726
H. Actuarial Present Value of Projected Member Contributions	14,616,807	8,526,471
I. Funded Ratio: E2/C	73.1 %	75.3 %

CALCULATION OF EMPLOYER NORMAL COST - AFTER PLAN CHANGES		
A. Valuation Date	October 1, 2024 <i>Valuation 12.0 % Member Contributions with COLA</i>	October 1, 2024 <i>Valuation 7.0% Member Contributions Without COLA</i>
B. Normal Cost for		
1. Service Retirement Benefits	\$ 4,130,683	\$ 3,432,166
2. Vesting Benefits	305,983	258,547
3. Disability Benefits	166,984	155,176
4. Preretirement Death Benefits	41,878	34,530
5. Return of Member Contributions	<u>69,217</u>	<u>40,378</u>
6. Total for Future Benefits	4,714,745	3,920,797
7. Assumed Amount for Administrative Expenses	<u>195,723</u>	<u>195,723</u>
8. Total Normal Cost	4,910,468	4,116,520
As % of Covered Payroll	36.37 %	30.49 %
C. Expected Member Contribution	1,620,244	945,142
As % of Covered Payroll	12.00 %	7.00 %
D. Net Employer Normal Cost: B8-C	3,290,224	3,171,378
As % of Covered Payroll	24.37 %	23.49 %