

GOING FURTHER

CITY OF PALM BAY  
POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED  
SEPTEMBER 30, 2024 AND 2023

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## Independent Auditor's Report

**Board of Trustees  
City of Palm Bay  
Police and Firefighters' Retirement System  
Palm Bay, Florida**

### **Opinions**

We have audited the accompanying financial statements of the City of Palm Bay Police and Firefighters' Retirement System (the "System") as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the System, as of September 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the City of Palm Bay Police and Firefighters' Retirement System and do not purport to, and do not present fairly, the financial position of the City of Palm Bay, Florida, as of September 30, 2024 and 2023, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and schedule of changes in the city's net pension liability, schedule of the City's net pension liability, schedule of contributions, schedule of investment returns and notes to the required supplementary information on pages 30 through 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The other supplementary information listed in the table of contents is presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2025, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.



Bradenton, Florida  
February 19, 2025

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## (Unaudited)

Our discussion and analysis of the City of Palm Bay Police and Firefighters' Retirement System's (the "System") financial performance provides an overview of the System's financial activities for the fiscal years ended September 30, 2024 and 2023. Its purpose is to provide explanations and insights into the information presented in the financial statements, notes to the financial statements, and required supplementary information. Please read it in conjunction with the System's financial statements, which follow this discussion.

### **Financial Highlights**

- The System's assets exceeded its liabilities at the close of fiscal years ended September 30, 2024 and 2023 by \$241,924,277 and \$209,899,436, respectively (reported as net position, restricted for pensions). The System's net position is held in trust to meet future benefit payments. The increase of \$32,024,841 has resulted primarily from the changes in the fair value of the System's investments due to favorable financial markets and a decrease in receivables for state premium tax revenue.
- For the fiscal year ended September 30, 2024, receivables decreased \$(2,842,940) (or -70%) due primarily to a decrease in receivables for state premium tax revenue as well as a decrease in amounts due from broker.
- For the fiscal year ended September 30, 2023, receivables increased \$3,415,425 (or 551%) due primarily to an increase in receivables for state premium tax revenue.
- For the fiscal year ended September 30, 2024, employer contributions to the System increased \$1,749,846 (or 41%). Actual employer contributions as determined by the System's actuary were \$6,039,511 and \$4,289,665 for 2024 and 2023, respectively.
- For the fiscal year ended September 30, 2023, employer contributions to the System decreased \$(1,037,047) (or -19%). Actual employer contributions as determined by the System's actuary were \$4,289,665 and \$5,326,712 for 2023 and 2022, respectively.
- For the fiscal year ended September 30, 2024, employee contributions including buybacks increased by \$127,257 (or 8%). Actual employee contributions, including buybacks and employee purchases for additional pensionable compensation, were \$1,750,342 and \$1,623,085, for 2024 and 2023, respectively. Routine employee contributions have increased by \$160,235 and buyback contributions decreased by \$(32,978).
- For the fiscal year ended September 30, 2023, employee contributions including buybacks increased by \$93,032 (or 6%). Actual employee contributions, including buybacks and employee purchases for additional pensionable compensation, were \$1,623,085 and \$1,530,053, for 2023 and 2022, respectively. Routine employee contributions have increased by \$119,151 and buyback contributions decreased by \$(26,119).
- For the fiscal year ended September 30, 2024, the System had net investment return of \$37,675,004 and \$15,070,890 for the fiscal year ended 2023. Actual results were \$32,207,135 and \$11,773,395 of net appreciation (depreciation) in fair value of investments for the fiscal years ended 2024 and 2023, respectively, and \$6,444,147 and \$4,316,926, of income from interest and dividends for the fiscal years ended 2024 and 2023, respectively. Investment expenses decreased by \$(43,236) (or -4%).
- For the fiscal year ended September 30, 2023, the System had net investment return of \$15,070,890 and \$(49,254,229) for the fiscal year ended 2022. Actual results were \$11,773,395 and \$(53,665,034), of net appreciation (depreciation) in fair value of investments for the fiscal years ended 2023 and 2022, respectively, and \$4,316,926 and \$5,551,356, of income from interest and dividends for the fiscal years ended 2023 and 2022, respectively. Investment expenses decreased by \$(128,955) (or -11%).

- For the fiscal year ended September 30, 2024, benefit payments increased by \$611,952 (or 4%). There were no refunds of contributions in fiscal years ended September 30, 2024 and 2023.
- For the fiscal year ended September 30, 2023, benefit payments increased by \$1,522,499 (or 11%). There were no refunds of contributions in fiscal years ended September 30, 2023 and 2022.
- For the fiscal year ended September 30, 2024, administrative expenses decreased by \$(1,993) from 2023 (or 0%), primarily due to increases in actuary fees, pension staff personnel costs, and conferences, offset by decreases in administrator fees and supplies expense.
- For the fiscal year ended September 30, 2023, administrative expenses increased by \$131,400 from 2022 (or 25%), primarily due to an increase in pension staff personnel costs, computer expense, conferences, and supplies expense.

### ***Plan Highlights***

The Palm Bay Police and Firefighters' Retirement System was formed in 1974 and celebrated its 50<sup>th</sup> year as a plan in 2024. The projected trends reflect a steady increase in normal membership retirements and Deferred Retirement Option Program (DROP) participation, over the next five years of members reaching normal retirement age of 55 or 25 years of service, regardless of age.

The Palm Bay Police and Firefighters' Retirement System has consistently achieved, in most cases, its one to ten year fiduciary goals and objectives. The Board continues to offer increased availability and service to active and retired police officers and firefighters, still providing a community-minded responsible Board making sound, informed financial decisions in the best interest of the membership and the City.

The total market return for the year ended September 30, 2024 was 19.1%, while the total market return for the year ended September 30, 2023 was 8.2%. The best performing asset category for the 2024 fiscal year was global infrastructure stocks which returned 34.2%. Almost all the other asset classes had strong returns for the year, with domestic equities up 28.9%, international equities up 25.4% and convertibles up 15.2%. The System's fixed income investments also had a strong year with a return of 11.9%. The only exception was private real estate, which was down 10.6% for the year. Overall, actual net returns from investments were positive in 2024 and 2023.

### ***Overview of the Financial Statements***

The basic financial statements include the statements of fiduciary net position, statements of changes in fiduciary net position, and notes to the financial statements. The System also includes in this report additional information to supplement the financial statements.

The System presents required supplementary schedules, which include historical trend information about the System.

The System prepares its financial statements on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. These statements provide information about the System's overall financial status.

### ***Description of the Financial Statements***

The *Statement of Fiduciary Net Position* presents information that includes all of the System's assets and liabilities, with the balance representing the net position restricted for pensions. It is a snapshot of the financial position of the System at that specific point in time and reflects the resources available to pay employees, retirees and beneficiaries at that point in time.

The *Statement of Changes in Fiduciary Net Position* reports how the System's net position changes during the fiscal year. The additions and deductions to net position are summarized in this statement. The additions include contributions to the retirement plans from employers and members (employees) and net investment income, which includes interest, dividends, investment expenses, and the net (depreciation) appreciation in the fair value of investments. The deductions include benefit payments, refunds of members (employees) contributions and administrative expenses.

The *Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. They include additional information not readily evident in the statements themselves such as a description of the System, contributions, significant accounting policies, funding policy, and investment risk disclosure.

There is also *Required Supplementary Information* included in this report as required by the Governmental Accounting Standards Board. The schedules consist of the System's actuarial methods and assumptions and provide data on changes in the City's net pension liability, the City's contributions, and the System's investment returns.

Additional information is presented as part of *Other Supplementary Information*. This section is not required but management has chosen to include it. It includes *Schedules of Investment Expenses and Administrative Expenses*. The *Schedule of Investment Expenses* presents the expenses incurred in managing and monitoring the investments of the System and includes financial management, consultant, and custodial fees. The *Schedule of Administrative Expenses* presents the expenses incurred in administration of the System.

**Condensed Statements of Fiduciary Net Position**

The table below reflects condensed comparative statements of fiduciary net position as of September 30:

<b>Statements of Fiduciary Net Position</b>				
	<b>2024</b>	<b>2023</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Cash and cash equivalents	\$ 6,852,906	\$ 4,059,036	\$ 2,793,870	69 %
Receivables	1,191,881	4,034,821	(2,842,940)	-70
Investments	235,064,349	203,657,488	31,406,861	15
Other assets	43,028	35,636	7,392	21
Total assets	243,152,164	211,786,981	31,365,183	15
Liabilities	1,227,887	1,887,545	(659,658)	-35
Net position restricted for pensions	\$ 241,924,277	\$ 209,899,436	\$ 32,024,841	15 %
	<b>2023</b>	<b>2022</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Cash and cash equivalents	\$ 4,059,036	\$ 7,425,198	\$ (3,366,162)	-45 %
Receivables	4,034,821	619,396	3,415,425	551
Investments	203,657,488	194,958,420	8,699,068	4
Other assets	35,636	36,672	(1,036)	-3
Total assets	211,786,981	203,039,686	8,747,295	4
Liabilities	1,887,545	948,398	939,147	99
Net position restricted for pensions	\$ 209,899,436	\$ 202,091,288	\$ 7,808,148	4 %



**Condensed Statements of Changes in Fiduciary Net Position**

The table below reflects a condensed comparative summary of the changes in plan fiduciary net position and reflects the activities of the System for the fiscal years ended September 30:

<b>Statements of Changes in Fiduciary Net Position</b>				
	<b>2024</b>	<b>2023</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
<b>Additions</b>				
Contributions				
Employer	\$ 6,039,511	\$ 4,289,665	\$ 1,749,846	41 %
Employee	1,750,342	1,590,107	160,235	10
State	2,601,125	2,255,690	345,435	15
Employee buybacks	-	32,978	(32,978)	-100
Total contributions	<u>10,390,978</u>	<u>8,168,440</u>	<u>2,222,538</u>	27
Net investment income (expense)	<u>37,675,004</u>	<u>15,070,890</u>	<u>22,604,114</u>	150
Total additions, net	<u>48,065,982</u>	<u>23,239,330</u>	<u>24,826,652</u>	107
<b>Deductions</b>				
Benefit payments	15,389,174	14,777,222	611,952	4
Administrative expenses	<u>651,967</u>	<u>653,960</u>	<u>(1,993)</u>	0
Total deductions	<u>16,041,141</u>	<u>15,431,182</u>	<u>609,959</u>	4
Net increase	32,024,841	7,808,148	24,216,693	310
Net position restricted pensions-				
Beginning of year	<u>209,899,436</u>	<u>202,091,288</u>	<u>7,808,148</u>	4
Net position restricted pensions-				
End of year	<u>\$ 241,924,277</u>	<u>\$ 209,899,436</u>	<u>\$ 32,024,841</u>	15 %
	<b>2023</b>	<b>2022</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
<b>Additions</b>				
Contributions				
Employer	\$ 4,289,665	\$ 5,326,712	\$ (1,037,047)	-19 %
Employee	1,590,107	1,470,956	119,151	8
State	2,255,690	1,600,193	655,497	41
Employee buybacks	<u>32,978</u>	<u>59,097</u>	<u>(26,119)</u>	-44
Total contributions	<u>8,168,440</u>	<u>8,456,958</u>	<u>(288,518)</u>	-3
Net investment income (expense)	<u>15,070,890</u>	<u>(49,254,229)</u>	<u>64,325,119</u>	-131
Total additions, net	<u>23,239,330</u>	<u>(40,797,271)</u>	<u>64,036,601</u>	-157
<b>Deductions</b>				
Benefit payments	14,777,222	13,254,723	1,522,499	11
Administrative expenses	<u>653,960</u>	<u>522,560</u>	<u>131,400</u>	25
Total deductions	<u>15,431,182</u>	<u>13,777,283</u>	<u>1,653,899</u>	12
Net increase	7,808,148	(54,574,554)	62,382,702	-114
Net position restricted pensions-				
Beginning of year	<u>202,091,288</u>	<u>256,665,842</u>	<u>(54,574,554)</u>	-21
Net position restricted pensions-				
End of year	<u>\$ 209,899,436</u>	<u>\$ 202,091,288</u>	<u>\$ 7,808,148</u>	4 %

The System's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Actual returns for fiscal year September 30, 2024 increased from the fiscal year ended September 30, 2023, and returns from fiscal year ended September 30, 2023 increased from the fiscal year ended September 30, 2022.

The benefit payments are a function of changing payments to retirees, their beneficiary (if the retiree is deceased) and new retirements during the period.

**Asset Allocation**

At the end of fiscal year September 30, 2024, the domestic equity portion comprised 36% or \$86,966,872 of the total portfolio, and consists of common stocks and domestic equity funds. The allocation to fixed income securities was 28% or \$66,534,214, while cash and cash equivalents comprised 3% or \$6,852,906. The portion of investments allocated to international equity represented 16% or \$39,724,601 of the total portfolio and real estate represented 6% or \$15,660,922, while convertible securities represented 7% or \$17,194,935 of the total portfolio. The allocation to infrastructure was 4% or \$8,982,805. The \$6,852,906 or 3% in cash and cash equivalents includes a payout expense account to disburse monthly plan expenses and benefit payments. This lowers operating costs of the System by reducing fees previously incurred in raising cash on a bi-weekly basis.

At the end of fiscal year September 30, 2023, the domestic equity portion comprised 36% or \$74,883,040 of the total portfolio, and consists of common stocks and domestic equity funds. The allocation to fixed income securities was 21% or \$43,427,403, while cash and cash equivalents comprised 2% or \$4,059,036. The portion of investments allocated to international equity represented 19% or \$38,795,682 of the total portfolio and real estate represented 9% or \$19,349,865, while convertible securities represented 10% or \$20,457,072 of the total portfolio. The allocation to infrastructure was 3% or \$6,744,426. The \$4,059,036 or 2% in cash and cash equivalents includes a payout expense account to disburse monthly plan expenses and benefit payments. This lowers operating costs of the System by reducing fees previously incurred in raising cash on a bi-weekly basis.

The target asset allocation as of September 30, was as follows:

<b>2024</b>	<b>2023</b>	
35%	35%	Domestic Equity
25%	25%	Fixed Income
10%	10%	Real Estate
15%	15%	International Equity
10%	10%	Convertible Securities
5%	5%	Infrastructure

**Contacting the System’s Financial Management**

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the System’s finances and to demonstrate the System’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Palm Bay Police and Firefighters Retirement System, 1501 Robert J. Conlan Boulevard, Suite 240, Palm Bay, Florida 32905 or call (321) 724-8877.

# City of Palm Bay Police and Firefighters' Retirement System

## STATEMENTS OF FIDUCIARY NET POSITION AS OF SEPTEMBER 30, 2024

	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>General Employees</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 4,462,244	\$ 2,358,482	\$ 32,180	\$ 6,852,906
Investments, at fair value:				
Certificates of deposit	147,606	147,606	-	295,212
Common stocks	36,199,133	23,595,335	-	59,794,468
Domestic equity funds	18,054,324	11,663,975	195,835	29,914,134
U.S. government securities	17,096,087	11,886,367	-	28,982,454
Corporate bonds	21,443,687	15,759,188	-	37,202,875
Bond funds	-	-	53,673	53,673
International equity funds	18,792,311	18,190,560	-	36,982,871
Real estate funds	7,830,461	7,830,461	-	15,660,922
Convertible securities	8,636,714	8,558,221	-	17,194,935
Infrastructure	4,643,082	4,339,723	-	8,982,805
Total investments	132,843,405	101,971,436	249,508	235,064,349
Receivables:				
Accrued interest and dividends	367,574	261,652	-	629,226
Due from broker	82,572	73,628	-	156,200
Other	149	406,306	-	406,455
Due to/from other funds	709	442	(1,151)	-
Total receivables	451,004	742,028	(1,151)	1,191,881
Other assets	24,262	18,694	72	43,028
Total assets	\$ 137,780,915	\$ 105,090,640	\$ 280,609	\$ 243,152,164
<b>Liabilities</b>				
Accounts payable and other liabilities	\$ 183,231	\$ 133,147	\$ 71	\$ 316,449
Deferred retirement option benefits due and currently payable	-	241,634	-	241,634
Deferred City contributions	231,163	295,969	-	527,132
Due to broker	73,870	68,802	-	142,672
Total liabilities	\$ 488,264	\$ 739,552	\$ 71	\$ 1,227,887
Net position, restricted for pensions	\$ 137,292,651	\$ 104,351,088	\$ 280,538	\$ 241,924,277

See accompanying notes to financial statements.

# City of Palm Bay Police and Firefighters' Retirement System

## STATEMENTS OF FIDUCIARY NET POSITION AS OF SEPTEMBER 30, 2023

	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>General Employees</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,585,171	\$ 1,447,384	\$ 26,481	\$ 4,059,036
Investments, at fair value:				
Common stocks	34,337,560	22,455,540	-	56,793,100
Domestic equity funds	13,862,938	9,041,395	152,790	23,057,123
U.S. government securities	13,083,794	8,828,002	-	21,911,796
Corporate bonds	12,509,211	8,956,555	-	21,465,766
Bond funds	-	-	49,841	49,841
International equity funds	17,110,727	16,717,770	-	33,828,497
Real estate funds	9,674,933	9,674,933	-	19,349,866
Convertible securities	10,238,601	10,218,472	-	20,457,073
Infrastructure	3,486,096	3,258,330	-	6,744,426
Total investments	114,303,860	89,150,997	202,631	203,657,488
Receivables:				
Accrued interest and dividends	266,912	197,490	-	464,402
Due from broker	723,721	529,201	-	1,252,922
Other	1,263,900	1,053,597	-	2,317,497
Due to/from other funds	626	376	(1,002)	-
Total receivables	2,255,159	1,780,664	(1,002)	4,034,821
Other assets	19,951	15,624	61	35,636
Total assets	\$ 119,164,141	\$ 92,394,669	\$ 228,171	\$ 211,786,981
<b>Liabilities</b>				
Accounts payable and other liabilities	\$ 182,502	\$ 124,577	\$ 57	\$ 307,136
Deferred retirement option benefits due and currently payable	-	105,329	-	105,329
Deferred City contributions	153,283	377,174	-	530,457
Due to broker	560,553	384,070	-	944,623
Total liabilities	\$ 896,338	\$ 991,150	\$ 57	\$ 1,887,545
Net position, restricted for pensions	\$ 118,267,803	\$ 91,403,519	\$ 228,114	\$ 209,899,436

See accompanying notes to financial statements.

## City of Palm Bay Police and Firefighters' Retirement System

### STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>General Employees</b>	<b>Total</b>
<b>Additions</b>				
Contributions				
Employer	\$ 2,761,771	\$ 3,277,740	\$ -	\$ 6,039,511
Employee	990,646	759,696	-	1,750,342
State	1,482,346	1,118,779	-	2,601,125
Employee buybacks	-	-	-	-
Total contributions	<u>5,234,763</u>	<u>5,156,215</u>	<u>-</u>	<u>10,390,978</u>
Investment income				
Net appreciation in fair value of investments	18,857,569	13,295,266	54,300	32,207,135
Interest and dividends	3,561,627	2,876,745	5,775	6,444,147
Miscellaneous	5,124	3,834	6	8,964
Total investment income	<u>22,424,320</u>	<u>16,175,845</u>	<u>60,081</u>	<u>38,660,246</u>
Less investment expenses	552,126	432,888	228	985,242
Net investment income	<u>21,872,194</u>	<u>15,742,957</u>	<u>59,853</u>	<u>37,675,004</u>
Total additions, net	<u>27,106,957</u>	<u>20,899,172</u>	<u>59,853</u>	<u>48,065,982</u>
<b>Deductions</b>				
Benefits paid	7,720,488	7,666,154	2,532	15,389,174
Administrative expenses	<u>361,621</u>	<u>285,449</u>	<u>4,897</u>	<u>651,967</u>
Total deductions	<u>8,082,109</u>	<u>7,951,603</u>	<u>7,429</u>	<u>16,041,141</u>
<b>Net increase</b>	19,024,848	12,947,569	52,424	32,024,841
Net position, restricted for pensions				
Beginning of year	<u>118,267,803</u>	<u>91,403,519</u>	<u>228,114</u>	<u>209,899,436</u>
End of year	<u>\$ 137,292,651</u>	<u>\$ 104,351,088</u>	<u>\$ 280,538</u>	<u>\$ 241,924,277</u>

See accompanying notes to financial statements.

## City of Palm Bay Police and Firefighters' Retirement System

### STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>General Employees</b>	<b>Total</b>
<b>Additions</b>				
Contributions				
Employer	\$ 1,672,813	\$ 2,616,852	\$ -	\$ 4,289,665
Employee	906,394	683,713	-	1,590,107
State	1,227,609	1,028,081	-	2,255,690
Employee buybacks	32,978	-	-	32,978
Total contributions	<u>3,839,794</u>	<u>4,328,646</u>	<u>-</u>	<u>8,168,440</u>
Investment income				
Net appreciation in fair value of investments	7,067,226	4,682,689	23,480	11,773,395
Interest and dividends	2,436,770	1,875,163	4,993	4,316,926
Miscellaneous	5,122	3,918	7	9,047
Total investment income	<u>9,509,118</u>	<u>6,561,770</u>	<u>28,480</u>	<u>16,099,368</u>
Less investment expenses	575,326	452,954	198	1,028,478
Net investment income	<u>8,933,792</u>	<u>6,108,816</u>	<u>28,282</u>	<u>15,070,890</u>
Total additions, net	<u>12,773,586</u>	<u>10,437,462</u>	<u>28,282</u>	<u>23,239,330</u>
<b>Deductions</b>				
Benefits paid	7,381,026	7,393,664	2,532	14,777,222
Administrative expenses	365,493	285,620	2,847	653,960
Total deductions	<u>7,746,519</u>	<u>7,679,284</u>	<u>5,379</u>	<u>15,431,182</u>
<b>Net increase</b>	5,027,067	2,758,178	22,903	7,808,148
Net position, restricted for pensions				
Beginning of year	<u>113,240,736</u>	<u>88,645,341</u>	<u>205,211</u>	<u>202,091,288</u>
End of year	<u>\$ 118,267,803</u>	<u>\$ 91,403,519</u>	<u>\$ 228,114</u>	<u>\$ 209,899,436</u>

**See accompanying notes to financial statements.**

# Notes To Financial Statements

## NOTE 1. DESCRIPTION OF THE SYSTEM

### Organization

The City of Palm Bay Police and Firefighters Retirement System (the "System") is a single employer defined benefit plan established by the City of Palm Bay, Florida (the "City"). The System reflects the provisions and requirements of Ordinance No. 74-9, as amended. Since the System is sponsored by the City, the System is included as a pension trust fund in the City's Annual Comprehensive Financial Report as part of the City's financial reporting entity. These financial statements are only for the System and are not intended to present the basic financial statements of the City. Participants should refer to the System summary for more detailed and comprehensive information.

The System's governing board is made up of a Board of Trustees consisting of five members:

- Two are appointed by the City Commission.
- Two are elected by the System's members and are active participants.
- One is appointed by the Board of Trustees and is a retired member.

### Participants

Participants are the police officers and firefighters with permanent status in the Police and Fire Department of the City of Palm Bay, Florida. General employees were eligible to receive benefits if participating in the System prior to the formation of the defined contribution plan for the City general employees. Firefighter members are further divided in the following two tiers:

- Tier One members are those firefighters hired prior to March 15, 2012.
- Tier Two members are those firefighters hired on or after March 15, 2012.

### Membership

As of October 1, 2024 and 2023, membership in the System consisted of:

	2024			2023		
	Police Officers	Fire Fighters	General Employees	Police Officers	Fire Fighters	General Employees
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	146	101	1	143	100	1
Current employees						
Vested	90	53	-	93	53	-
Nonvested	72	69	-	56	67	-
Total members	<u>308</u>	<u>223</u>	<u>1</u>	<u>292</u>	<u>220</u>	<u>1</u>

### Contributions

The System provides for member employee contributions of 8.76% for firefighters and police officers of their annual base salary, plus certain other compensation items provided by Ordinance to the System. The general employees' portion of the System is closed.

**NOTE 1. DESCRIPTION OF THE SYSTEM (CONTINUED)**

**Pension Benefits**

All participants

All regular full-time certified police officers and firefighters are eligible to participate in the System. Full-time police officers and Tier 1 firefighter's benefits vest 50% after five years of service plus 10% per year thereafter to 100% after ten years. Tier 2 firefighters vest 100% after ten or more years. Early retirement, delayed retirement, supplemental, death and disability benefits are also provided. The general employees' portion of the System is closed and providing benefits to one remaining retiree. There are no required contributions.

Police officer members

Normal retirement shall be the earlier of attainment of: (1) age 55, (2) completion of 30 years of credited service regardless of age, (3) age 52 with 25 years of credited service, (4) for police officers who are employed on or after October 1, 2006 and retire after that date, 28 years of credited service, regardless of age, or (5) for police officers who are employed on or after April 5, 2012, completion of 25 years of credited service, regardless of age. Average Final Compensation (AFC) is one-twelfth the average of the best five years of the last ten years of credited service. Payments for unused leave are not included in AFC.

Each police officer member with less than 20 years of credited service will have a monthly normal retirement benefit in an amount equal to 2% of the member's AFC multiplied by the member's credited service performed prior to June 1, 1992 and 2.5% of the member's AFC multiplied by the member's credited service performed on and after June 1, 1992. For members who have completed 20 years of credited service as sworn police officers, instead of the amount described in the previous sentence, the member's monthly normal retirement benefit shall be an amount equal to 3% of the member's AFC multiplied by the member's credited service plus 5% of AFC for service after 20 years to a maximum of 100% of the AFC upon the completion of 28 years of service. For police officer members who are hired on or after October 1, 2016, the maximum normal retirement benefit shall be 85% of average final compensation.

Firefighter members

Tier One Members

Normal retirement shall be the earlier of attainment of: (1) age 55, (2) completion of 25 years of credited service at 85% of AFC or completion of 28 years of credited service regardless of age, at a maximum of 100%, or (3) age 52 with 25 years of credited service effective September 30, 2002. Average Final Compensation (AFC) is one-twelfth the average of the best five years of the last ten years of credited service. Payments for unused leave are not included in AFC.

Each firefighter member hired before March 15, 2012 with less than 20 years credited service will have a monthly normal retirement benefit in an amount equal to 2% of the member's AFC multiplied by the member's credited service performed prior to October 1, 1991 and 2.5% of the member's AFC multiplied but the member's credited service performed on or after October 1, 1991. For member's who have completed 20 years of credited service as a firefighter, instead of the amount described in the previous sentence, the member's monthly normal retirement benefit shall be an amount equal to 3% of the member's AFC multiplied by the member's credited service plus 5% of AFC for service after 20 years to a maximum of 100% of the AFC upon the completion of 28 years of service.

Tier Two Members

Normal retirements shall be the first day of the month coincident with or next following the completion of 25 years of credited service regardless of age. Provided, however that a vested member who terminates prior to attaining 25 years of credited service shall be eligible for normal retirement benefits upon reaching age 55 with ten years of credited service. Average Final Compensation (AFC) is one-twelfth the average of the highest five years of the last ten years of credited service. Payments for unused leave are not included in AFC.



**NOTE 1. DESCRIPTION OF THE SYSTEM (CONTINUED)**

**Pension Benefits (Continued)**

Firefighter members (continued)

Each firefighter member with less than 20 years credited service will have a monthly normal retirement benefit in an amount equal to 2.5% of the member's AFC multiplied by the member's credited service. For members who have completed 20 years of credited service as a firefighter, instead of the amount described in the previous sentence, the member's monthly normal retirement benefit shall be an amount equal to 3.2% of AFC for service after 20 years to a maximum of 90% of the AFC, excluding supplemental benefits.

**Deferred Retirement Option Plan (DROP)**

Effective September 30, 2000 for police officers, and September 30, 2001 for firefighters, members who continue in employment past normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the DROP. Each participant in the DROP has an account credited monthly with benefits not received and quarterly with investment earnings net of expenses based on the System's earnings. The DROP is administered by the Board of Trustees. Participation in the DROP is limited to 60 months.

A summary of the changes in the DROP balances as of September 30, is as follows:

	<b>2024</b>		
	<b>Police</b>	<b>Fire</b>	<b>Total</b>
Beginning balance	\$ 3,251,164	\$ 3,429,491	\$ 6,680,655
Additions	320,763	267,148	587,911
Distributions	(321,888)	(1,345,522)	(1,667,410)
Interest	589,818	567,522	1,157,340
Ending balance	<u>\$ 3,839,857</u>	<u>\$ 2,918,639</u>	<u>\$ 6,758,496</u>
	<b>2023</b>		
	<b>Police</b>	<b>Fire</b>	<b>Total</b>
Beginning balance	\$ 3,067,023	\$ 4,121,709	\$ 7,188,732
Additions	474,005	511,487	985,492
Distributions	(518,992)	(1,502,557)	(2,021,549)
Interest	229,128	298,852	527,980
Ending balance	<u>\$ 3,251,164</u>	<u>\$ 3,429,491</u>	<u>\$ 6,680,655</u>

**Police Share Plan**

Effective October 1, 2016, the Palm Bay Police Share Plan ("Police Share Plan") was established. The Police Share Plan was created to implement the provisions of Chapter 185, Florida Statutes, and to provide a mechanism to pay required "special benefits" pursuant to Section 185.35, Florida Statutes. The Police Share Plan shall be funded exclusively with available premium tax revenues received from the State of Florida pursuant Chapter 185 and shall be in addition to the monthly defined payable under the System. "Available premium tax revenues" means the amount in excess of \$380,000 in the excess state monies reserve as of June 1, 2016, and the annual amount of Chapter 185 premium tax revenues in excess of \$520,734.

**NOTE 1. DESCRIPTION OF THE SYSTEM (CONTINUED)**

**Fire Share Plan**

Effective October 1, 2015, the Palm Bay Fire Plan ("Fire Share Plan") was established. The Fire Share Plan was created to implement the provisions of Chapter 175, Florida Statutes, and to provide a mechanism to pay required "special benefits" pursuant to Section 175.351, Florida Statutes. The Fire Share Plan shall be funded exclusively with available premium tax revenue received from the State of Florida pursuant to Chapter 175 and shall be in addition to the monthly defined benefit payable under the system. "Available premium tax revenues" means the amount in excess of \$150,000 in excess state monies reserve as of October 1, 2015, and the annual amount of Chapter 175 premium tax revenues in excess of \$825,324.

**Supplemental Benefits**

Police officer members

Police officers who reach normal retirement, early retirement or terminate while vested after October 1, 2006 receive a supplemental benefit equal to \$25 per month times completed years of credited service. The benefit shall cease upon retiree reaching age 65. Effective October 1, 2021, police officer members who thereafter either terminate while vested or reach normal retirement or early retirement shall receive a supplemental benefit of \$35 per month for each complete year of credited service. This benefit shall only be paid for the life of the member. The benefit shall commence upon receipt of a retirement benefit and separation from the City and shall cease when the member attains eligibility for Medicare/Medicaid in accordance with federal standards. Members approved for disability retirement are ineligible for the supplemental retirement benefits.

Firefighter members

Tier One Members

Firefighters receive a supplemental benefit of \$189 per month payable over the life of the retiree only. Firefighters who retire on or after October 1, 2006 receive \$458 per month, instead of \$189. Firefighters who reach normal retirement, early retirement or terminate while vested after October 1, 2007, receive a supplemental benefit equal to \$25 per month times years of credited service earned prior to March 15, 2012. Effective March 15, 2012, firefighters who have not attained age 55 with ten or more years of credited service or 25 years of credited service regardless of age on that date, who either terminate while vested or terminate upon reaching normal or early retirement shall receive a supplemental benefit of \$12 per month for each year of credited service earned on or after March 15, 2012.

The benefit shall cease upon retiree reaching the age of Medicare eligibility and members approved for disability retirement who are being retained on the City's insurance at the expense of the City are ineligible for the supplemental retirement benefit.

Tier Two Members

Firefighters receive a supplemental benefit of \$189 per month payable over the life of the retiree only. Firefighters who retire on or after October 1, 2006 receive \$458 per month, instead of \$189. Firefighters who either terminate while vested or terminate upon reaching normal or early retirement are eligible to receive a supplemental benefit of \$12 per month for each year of credited service earned on or after March 15, 2012. The benefit shall commence upon entry into the DROP or upon receipt of a retirement benefit and separation from the City. This benefit shall only be payable over the life of the member. The benefit will cease upon the member reaching the age of Medicare eligibility and members approved for disability retirement who are being retained on the City's insurance at the expense of the City are ineligible for the supplemental retirement benefit.

**NOTE 1. DESCRIPTION OF THE SYSTEM (CONTINUED)**

**Cost-of-Living Adjustment**

Police officer members

The System provides for cost-of-living adjustment to police who retire or enter the DROP on or after September 30, 2000. The retirement benefits will increase by 3% each year commencing with the September 30<sup>th</sup> following three years of retirement.

Firefighter members

Tier One Members

The System provides for cost-of-living adjustment to firefighters who retire or enter the DROP on or after September 30, 2001. The retirement benefits will increase by 3% each year commencing with the September 30<sup>th</sup> following six years of retirement.

Tier Two Members

The retirement benefit will increase by 2% commencing with the September 30<sup>th</sup> following six years of retirement.

**Investments**

The System has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In addition, the System utilizes an investment consultant who monitors the investing activity. The investments owned are held by custodians in the name of the System. The System provides for investment in U.S. Government securities, money market funds, bonds, notes, convertible securities, domestic, international equity securities, and infrastructure.

**Funding Requirements**

Pursuant to Florida Statutes, Chapter 175 and 185, contributions from the State of Florida (the "State") consist of an excise tax imposed by the City upon certain casualty insurance companies on the gross amount of receipt of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the City. The allowable portion of the state contribution is used to reduce the City's contribution when received. The City is expected to contribute such additional amounts as are necessary on an actuarial basis to fund the System's expenses, normal cost and to amortize the unfunded actuarial accrued liability.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The System's financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. Employer contributions are recognized as revenues when due pursuant to actuarial valuations. State contributions are recognized as revenue in the period in which they are approved by the state. Interest and other income are recorded as earned and dividend income is recorded as of the ex-dividend date.

**Cash Equivalents**

The System considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

**Investments**

Investments are recorded at fair value in the statement of fiduciary net position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Refer to Note 5 to the financial statements for more detail regarding the methods used to measure the fair value of investments.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

Unrealized gains and losses are presented as net appreciation in fair value investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments. Purchases and sales of securities are reflected on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification method.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Income Tax Status**

The System is tax exempt from federal income taxes under the Internal Revenue Code, and therefore, has recorded no income tax liability or expense.

**Risk and Uncertainties**

Contributions to the System and the actuarial information included in the required supplementary information (RSI) are reported based on certain assumptions pertaining to the interest rates, inflation rates and member compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near-term and, due to the uncertainties inherent in settling assumptions, that the effect of such changes could be material to the financial statements.

**Subsequent Events**

Management has evaluated subsequent events through February 19, 2025 the date which the financial statements were available for issue.

**NOTE 3. NET PENSION LIABILITY OF THE CITY**

The components of the net pension liability of the City at September 30, 2024 and 2023 were as follows:

	<b>2024</b>			
	<b>Police</b>	<b>Fire</b>	<b>General</b>	<b>Total</b>
Total pension liability	\$ 172,998,629	\$ 137,684,810	\$ 9,802	\$ 310,693,241
Plan fiduciary net position - ending	(137,292,651)	(104,351,088)	(280,538)	(241,924,277)
City's net pension liability (asset)	<u>\$ 35,705,978</u>	<u>\$ 33,333,722</u>	<u>\$ (270,736)</u>	<u>\$ 68,768,964</u>
Plan fiduciary net position - actuarial as a percentage of the total pension liability (asset)	79.36%	75.79%	2862.05%	77.87%

**NOTE 3. NET PENSION LIABILITY OF THE CITY (CONTINUED)**

	2023			
	Police	Fire	General	Total
Total pension liability	\$ 158,196,519	\$ 129,960,606	\$ 10,491	\$ 288,167,616
Plan fiduciary net position - ending	(118,267,803)	(91,403,519)	(228,114)	(209,899,436)
City's net pension liability (asset)	<u>\$ 39,928,716</u>	<u>\$ 38,557,087</u>	<u>\$ (217,623)</u>	<u>\$ 78,268,180</u>
Plan fiduciary net position - actuarial as a percentage of the total pension liability (asset)	74.76%	70.33%	2174.38%	72.84%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024, using the following actuarial assumptions applied to all measurement periods:

Inflation	2.50%
Salary increases*	Varies by age
Discount rate	7.40% (Fire, Police) 7.65% (General)
Investment rate of return	7.40% (Fire, Police) 7.65% (General)

\*Not applicable for general employees' plan.

Mortality assumptions rates are as follows:

*Mortality Rate Healthy Active Lives:*

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

*Mortality Rate Healthy Retiree Lives:*

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

*Mortality Rate Beneficiary Lives:*

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

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

*Mortality Rates Disabled Lives:*

80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The previously described mortality rates were mandated by Chapter 2015-157, *Laws of Florida*. This law mandates the use of assumptions used in either of the two 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.

**NOTE 3. NET PENSION LIABILITY OF THE CITY (CONTINUED)**

**Actuarial Assumptions (Continued)**

The most recent actuarial experience study used to review the other significant assumptions was dated July 7, 2020.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

For 2024, the inflation rate assumption was 2.50%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighing the expected future rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024 and 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	
	<b>2024</b>	<b>2023</b>
Domestic equity	8.20%	7.10%
International equity	3.30%	3.10%
Bonds	2.20%	2.00%
Convertibles	6.50%	6.40%
Private real estate	5.50%	6.40%
Infrastructure	6.50%	5.60%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.40% for the Police and Fire segments and 7.65% for General for 2024 and was 7.50% for the Police and Fire segments and 7.65% for General for 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from the City will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 3. NET PENSION LIABILITY OF THE CITY (CONTINUED)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City using the discount rate, as well as what the employer net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

September 30, 2024	City Net Pension Liability		
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Police	\$ 59,004,282	\$ 35,705,978	\$ 16,364,420
Fire	50,939,165	33,333,722	18,369,424
Total	<u>\$ 109,943,447</u>	<u>\$ 69,039,700</u>	<u>\$ 34,733,844</u>

September 30, 2024	City Net Pension Liability (Asset)		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
General	\$ (270,409)	\$ (270,736)	\$ (271,044)

September 30, 2023	City Net Pension Liability (Asset)		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Police	\$ 61,158,403	\$ 39,928,716	\$ 22,383,545
Fire	54,976,397	38,557,087	24,430,110
Total	<u>\$ 116,134,800</u>	<u>\$ 78,485,803</u>	<u>\$ 46,813,655</u>

September 30, 2023	City Net Pension Liability (Asset)		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
General	\$ (217,254)	\$ (217,623)	\$ (217,624)

**NOTE 4. CONTRIBUTIONS**

**Actual Contributions**

The City (employer) contribution for active employees and the state contribution for the years ended September 30, 2024 and 2023 applied towards the actuarially determined contribution totaled \$8,013,103 and \$6,504,522, respectively.

Actual City and state contributions received totaled the following:

	2024	2023
City	\$ 6,039,511	\$ 4,289,665
State	2,601,125	2,255,690
Total contributions from City and state	<u>\$ 8,640,636</u>	<u>\$ 6,545,355</u>

**NOTE 4. CONTRIBUTIONS (CONTINUED)**

**Actual Contributions (Continued)**

In accordance with the Mutual Consent Agreements between the City and Plan Membership, state monies received each year used to offset the City's required contribution amounts are limited to the annual amount of Chapter 185, premium tax revenues up to \$520,734 and the annual amount of Chapter 175 premium tax revenues up to \$825,324.

Deferred City contributions totaled \$527,132 and \$530,457 as of September 30, 2024 and 2023, respectively.

**Actuarially Determined Contributions**

Effective May 30, 2012, the Division of Retirement mandated that local governments confer with the System's actuary to select and maintain a contribution method (percentage of payroll or fixed dollar contribution) that best fits the funding requirements of the System. For the year ended September 30, 2012, the System elected to use the percentage of payroll contribution amount and the fixed dollar contribution beginning with the fiscal year ended September 30, 2013.

The contributions required from the City and the state for the years ended September 30, 2024 and 2023 were originally actuarially determined by the October 1, 2022 and 2023 valuations to be \$8,013,103 and \$6,090,539, respectively.

The required City and state contributions cover the following for the fiscal years ended September 30:

	<u>2024</u>	<u>2023</u>
Normal cost	\$ 3,470,623	\$ 2,977,799
Payment to amortize unfunded actuarial accrued liability from City and state	<u>4,542,480</u>	<u>3,112,740</u>
Total required from City and state	<u>\$ 8,013,103</u>	<u>\$ 6,090,539</u>

**NOTE 5. DEPOSIT AND INVESTMENT RISK DISCLOSURES**

**Cash and Cash Equivalents**

Deposits are carried at cost and are included in cash and cash equivalents in the statement of fiduciary net position. Cash and cash equivalents include demand accounts and short-term investment funds (STIF). Cash and cash equivalents at September 30, consists of the following:

	<u>2024</u>	<u>2023</u>
Invested cash and currency	\$ 75,304	\$ 53,422
Short-term investment	<u>6,777,602</u>	<u>4,005,614</u>
Total	<u>\$ 6,852,906</u>	<u>\$ 4,059,036</u>

**Investment Authorization**

The System's investment policy is determined by the Board of Trustees. The policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status, and benefits, without exceeding a prudent level of risk. The Board determined this policy after evaluating the implications of increased investment return versus increased variability of return for a number of potential investment policies with varying commitments to stocks and bonds. The primary investment objective of the System is the preservation of invested capital. The secondary objective is to achieve moderate long-term real growth of the assets while minimizing the volatility of returns.



**NOTE 5. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)**

**Investment Authorization (Continued)**

The trustees are authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including, but not by way of limitation, bonds, debentures, and other corporate obligations, and stocks, preferred or common, which persons of prudence, discretion and intelligence acquire or retain for their own account. Investment in all equity securities shall be limited to those listed in a major U.S. stock exchange and limited to no more than 75% (at market) of the System’s total asset value with no more than 5% at cost value of an investments manager’s equity portfolio invested in the shares of a single corporate issuer. Investments in stocks of foreign companies shall be limited to 25% (at market) of the investment portfolio.

Convertible securities shall be limited to 25% of the System’s total portfolio. Investment in equity securities whose market capitalization is less than \$3 billion dollars shall be limited to 25% of the total portfolio. Investments in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio.

The fixed income portfolio shall be comprised of securities rated “BBB” or higher by Standard & Poor’s or Baa or higher by Moody’s rating services with no more than 10% at cost of an investment manager’s total fixed income portfolio invested in the securities of any single corporate issuer. However, investments in securities rated below “A” shall be limited to 20% of the total fixed income portfolio.

Investments in Collateralized Mortgage Obligations (CMO) shall not exceed 25% of the fixed income portfolio and real estate shall not exceed 15% of the total portfolio or market, respectively.

The System has contracts with investment counselors who supervise and direct the investment of equity and fixed income securities. In this regard, the System does utilize mutual funds as the investment vehicles for all its fixed income investments. In addition, the System utilizes an investment advisor who monitors the investing activity. The investments owned are held by a custodian in the name of the System.

**Types of Investments**

Florida Statutes and the System’s investment policy authorize the trustees to invest funds in various investments. The current target and actual allocation of these investments at market are as follows:

	2024		2023	
	Target % of portfolio	Actual % of portfolio	Target % of portfolio	Actual % of portfolio
Authorized investments				
Domestic equities	35	35	35	36
Fixed income	25	28	25	21
International equities	15	18	15	19
Real estate	10	7	10	9
Convertible securities	10	7	10	10
Infrastructure	5	4	5	3
Cash equivalents	-	3	-	2

**NOTE 5. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the System diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the System's investments to market interest rate fluctuations are provided by the following tables that show the distribution of the System's investments by maturity at September 30:

<b>2024</b>						
<b>Investment Maturities</b>						
<b>(in years)</b>						
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>	<b>More than 10</b>	
U.S. treasuries	\$ 14,428,597	\$ 764,408	\$ 5,962,682	\$ 4,179,232	\$ 3,522,275	
U.S. agencies	14,553,857	-	738,968	-	13,814,889	
Debt securities	55,975,858	2,326,189	30,124,726	10,751,547	12,773,396	
Bond fund	53,673	-	53,673	-	-	
Total fixed income	<u>\$ 85,011,985</u>	<u>\$ 3,090,597</u>	<u>\$ 36,880,049</u>	<u>\$ 14,930,779</u>	<u>\$ 30,110,560</u>	

  

<b>2023</b>						
<b>Investment Maturities</b>						
<b>(in years)</b>						
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>	<b>More than 10</b>	
U.S. treasuries	\$ 11,233,241	\$ 1,489,885	\$ 3,161,037	\$ 3,445,107	\$ 3,137,212	
U.S. agencies	10,678,555	-	-	-	10,678,555	
Debt securities	43,074,358	1,045,078	27,259,677	8,539,048	6,230,555	
Bond fund	49,841	-	49,841	-	-	
Total fixed income	<u>\$ 65,035,995</u>	<u>\$ 2,534,963</u>	<u>\$ 30,470,555</u>	<u>\$ 11,984,155</u>	<u>\$ 20,046,322</u>	

As of September 30, 2024 and 2023, fixed income convertible securities totaling \$17,194,935 and \$20,457,073 are included in the debt securities maturity disclosure, respectively.

**NOTE 5. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)**

**Credit Risk**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The System's investment policy utilizes portfolio diversification in order to control this risk.

The following table discloses credit ratings by investment type at September 30, 2024 and 2023 as applicable:

	2024		2023	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	\$ 28,982,454	34.1%	\$ 21,911,796	33.7%
Quality rating of credit risk debt securities:				
AAA	3,096,287	3.6%	2,147,286	3.3%
AA+	1,429,980	1.7%	839,247	1.3%
AA	322,946	0.4%	190,514	0.3%
AA-	2,300,334	2.7%	733,799	1.1%
A+	851,890	1.0%	1,056,674	1.6%
A	2,023,358	2.4%	1,241,436	1.9%
A-	5,362,904	6.3%	3,096,222	4.8%
B-	-	0.0%	129,017	0.2%
BB+	-	0.0%	294,624	0.5%
BB-	42,640	0.1%	82,755	0.1%
BBB+	6,645,691	7.8%	3,428,672	5.3%
BBB	5,456,227	6.4%	4,317,909	6.6%
BBB-	1,918,334	2.3%	836,408	1.3%
CCC-	-	0.0%	413,255	0.6%
NR	26,578,940	31.3%	24,316,381	37.4%
Total credit risk debt securities	56,029,531	65.9%	43,124,199	66.3%
Total fixed income securities	\$ 85,011,985	100.0%	\$ 65,035,995	100.0%

\*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

**Concentration of Credit Risk**

The investment policy of the System contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of fiduciary net position at September 30, 2024 and 2023.

**Custodial Credit Risk**

Deposits are exposed to custodial risk if they are uninsured and uncollateralized. Custodial risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System and are held either by the counterparty or the counterparty's trust department or agent but not in the System's name.

## **NOTE 5. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)**

### **Custodial Credit Risk (Continued)**

Consistent with the System's investment policy, substantially all the investments are held by the System's custodial bank and registered in the System's name. All of the System's deposits are insured and/or collateralized by a financial institution separate from the System's depository financial institution.

The System considers only demand deposits as cash. Cash balance at a financial institution as of September 30, 2024 and 2023 was \$45,968 and \$38,431, respectively. The Federal Depository Insurance Corporation (FDIC) covers cash on deposit up to \$250,000. As of September 30, 2024 and 2023, the System has no cash on demand balances exposed to custodial credit risk.

### **Rate of Return**

For the years ended September 30, 2024 and 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 16.76% and 7.90%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### **Investment Valuation**

GASB 72 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the specific characteristics of the investment. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgement used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Investments traded in an active market with available quoted prices for identical assets as of the reporting date.
- Level 2: Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.
- Level 3: Investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

The System has established a framework to consistently measure the fair value of the System's assets and liabilities in accordance with applicable accounting, legal and regulatory guidance. This framework has been provided by establishing valuation policy and procedures that will provide reasonable assurance that assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The System's assessment of the significance of a particular input to the fair value measurement required judgement and considers factors specific to the investment.

**NOTE 5. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)**

**Investment Valuation (Continued)**

The following table summarizes the valuation of the System's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2024:

	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Certificates of deposit	\$ 295,212	\$ -	\$ 295,212	\$ -
Common stocks	59,794,468	59,515,083	279,385	-
Domestic equity funds	16,793,640	16,793,640	-	-
U.S. government securities	28,982,454	3,366,280	25,616,174	-
Corporate bonds	37,202,874	-	36,215,506	987,368
International equity funds	2,800,878	-	2,800,878	-
Real estate funds	15,660,922	-	-	15,660,922
Convertible securities	17,194,935	1,222,830	15,972,105	-
Infrastructure	8,982,805	-	-	8,982,805
Total investments by fair value level	<u>187,708,188</u>	<u>\$ 80,897,833</u>	<u>\$ 81,179,260</u>	<u>\$ 25,631,095</u>
Investments measured at net asset value ("NAV")				
Mutual funds				
International equity	34,181,993			
Bond fund	53,673			
Commingled domestic equity funds	<u>13,120,494</u>			
Total investments measured at NAV	47,356,160			
Total investments measured at fair value	<u>\$ 235,064,348</u>			

**Debt Securities**

Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages, TIPS and foreign debt securities. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

**Equity Securities**

These include domestic and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2024. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

**NOTE 5. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)**

**Alternative Investments**

These investments include real estate equity investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2024. The estimated fair value of these investments may differ from the values that would have been used had a ready market existed.

The System's valuation methods for investments measured at the Net Asset Value (NAV) per share (or its equivalent) as of September 30, 2024 are as follows:

	<b>2024</b>			
	<b>Investments Measured at the NAV</b>			
	<b>Net Asset Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Mutual funds <sup>(1)</sup>	\$ 34,235,666	\$ -	Daily	Same Day
Commingled domestic equity funds <sup>(2)</sup>	13,120,494	-	Monthly	Up to 15 Days
Total investments measured at the NAV	<u>\$ 47,356,160</u>	<u>\$ -</u>		

<sup>(1)</sup> These mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. They are determined to be actively traded. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

<sup>(2)</sup> Commingled domestic equity consist of two commingled investment vehicles investing primarily in publicly traded equity securities. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

The following table summarizes the valuation of the System's investments in accordance with the above-mentioned fair value hierarchy levels as of September 30, 2023:

	<b>Fair Value Measurements Using</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Investments by fair value level				
Common stocks	\$ 56,793,100	\$ 56,508,747	\$ 248,026	\$ 36,327
Domestic equity funds	12,496,047	12,496,047	-	-
U.S. government securities	21,911,796	1,381,854	20,529,942	-
Corporate bonds	21,465,766	-	21,465,766	-
International equity funds	2,417,216	-	2,417,216	-
Real estate funds	19,349,866	-	-	19,349,866
Convertible securities	20,457,073	1,265,697	19,191,376	-
Infrastructure	6,744,426	-	-	6,744,426
Total investments by fair value level	<u>161,635,290</u>	<u>\$ 71,652,345</u>	<u>\$ 63,852,326</u>	<u>\$ 26,130,619</u>
Investments measured at net asset value ("NAV")				
Mutual funds				
Domestic equity	152,790			
International equity	31,411,281			
Bond fund	49,841			
Commingled domestic equity funds	10,408,286			
Total investments measured at NAV	<u>42,022,198</u>			
Total investments measured at fair value	<u>\$ 203,657,488</u>			

**NOTE 5. DEPOSIT AND INVESTMENT RISK DISCLOSURES (CONTINUED)**

**Debt Securities**

Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages, TIPS and foreign debt securities. These securities can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

**Equity Securities**

These include domestic and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at September 30, 2023. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.

**Alternative Investments**

These investments include real estate equity investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through September 30, 2023. The estimated fair value of these investments may differ from the values that would have been used had a ready market existed.

The System's valuation methods for investments measured at the Net Asset Value (NAV) per share (or its equivalent) as of September 30, 2023 are as follows:

	2023			
	Investments Measured at the NAV		Redemption	Redemption
	Net Asset Value	Unfunded Commitments	Frequency	Notice Period
Mutual funds <sup>(1)</sup>	\$ 31,613,912	\$ -	Daily	Same Day
Commingled domestic equity funds <sup>(2)</sup>	10,408,286	-	Monthly	Up to 15 Days
Total investments measured at the NAV	<u>\$ 42,022,198</u>	<u>\$ -</u>		

<sup>(1)</sup> These mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. They are determined to be actively traded. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

<sup>(2)</sup> Commingled domestic equity consist of two commingled investment vehicles investing primarily in publicly traded equity securities. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

## **REQUIRED SUPPLEMENTARY INFORMATION**



City of Palm Bay Police and Firefighters' Retirement System

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (UNAUDITED)**  
**LAST TEN FISCAL YEARS**  
**FISCAL YEARS ENDED SEPTEMBER 30,**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>										
Service cost	\$ 4,592,787	\$ 4,260,955	\$ 3,609,951	\$ 3,533,054	\$ 3,415,646	\$ 3,187,414	\$ 3,154,210	\$ 3,235,849	\$ 3,101,767	\$ 3,023,970
Interest	21,379,950	20,570,413	19,751,318	18,864,283	17,780,690	16,886,883	16,099,835	15,489,976	14,930,382	14,318,148
Change in excess state money	-	-	-	-	-	-	(164,106)	(626,367)	164,106	97,949
Share plan allocation	627,534	454,816	249,643	200,154	187,202	160,785	136,496	194,266	-	-
Changes of benefit terms	2,050,065	-	488,588	756,379	-	(23,176)	-	-	-	-
Differences between expected and actual experience	5,575,030	226,036	947,061	1,200,905	(335,456)	3,155,130	2,512,342	429,640	(971,416)	324,055
Changes of assumptions	3,689,433	-	4,832,718	-	7,790,241	-	-	-	6,171,246	-
Contributions buyback	-	32,978	59,097	59,666	40,406	60,141	17,077	45,396	33,629	5,777
Benefit payments, including refunds or member contributions	(15,389,174)	(14,777,222)	(13,254,722)	(12,401,921)	(12,775,727)	(11,515,478)	(12,033,598)	(10,690,952)	(9,626,677)	(10,566,952)
<b>Net change in total pension liability</b>	<b>22,525,625</b>	<b>10,767,976</b>	<b>16,683,654</b>	<b>12,212,520</b>	<b>16,103,002</b>	<b>11,911,699</b>	<b>9,722,256</b>	<b>8,077,808</b>	<b>13,803,037</b>	<b>7,202,947</b>
<b>Total pension liability, beginning</b>	<b>288,167,616</b>	<b>277,399,640</b>	<b>260,715,986</b>	<b>248,503,466</b>	<b>232,400,464</b>	<b>220,488,765</b>	<b>210,766,509</b>	<b>202,688,701</b>	<b>188,885,664</b>	<b>181,682,717</b>
<b>Total pension liability, ending</b>	<b>310,693,241</b>	<b>288,167,616</b>	<b>277,399,640</b>	<b>260,715,986</b>	<b>248,503,466</b>	<b>232,400,464</b>	<b>220,488,765</b>	<b>210,766,509</b>	<b>202,688,701</b>	<b>188,885,664</b>
<b>Plan fiduciary net position</b>										
Contributions - employer	6,039,511	4,289,665	5,326,712	4,660,443	4,668,806	4,409,697	4,146,994	3,311,013	3,716,857	3,788,313
Contributions - state	2,601,125	2,255,690	1,600,193	1,470,571	1,245,722	1,339,783	1,316,606	1,223,304	1,244,750	1,208,886
Contributions - member (employee)	1,750,342	1,590,107	1,470,956	1,261,479	1,421,278	1,204,768	1,159,348	1,132,916	1,090,434	1,085,844
Contributions - buyback (employee)	-	32,978	59,097	59,666	40,406	60,141	17,077	45,397	33,629	-
Net investment (loss) income	37,675,004	15,070,890	(49,254,229)	43,581,035	23,551,986	8,357,999	16,492,467	19,198,475	14,794,229	(586,238)
Benefit payments, including refunds of contributions	(15,389,174)	(14,777,222)	(13,254,723)	(12,401,915)	(12,775,727)	(11,515,478)	(12,033,598)	(10,690,951)	(9,626,677)	(10,566,953)
Administrative expenses	(651,967)	(653,960)	(522,560)	(541,760)	(530,319)	(547,690)	(556,056)	(553,811)	(508,621)	(464,379)
<b>Net change in plan fiduciary net position</b>	<b>32,024,841</b>	<b>7,808,148</b>	<b>(54,574,554)</b>	<b>38,089,519</b>	<b>17,622,152</b>	<b>3,309,220</b>	<b>10,542,838</b>	<b>13,666,343</b>	<b>10,744,601</b>	<b>(5,534,527)</b>
<b>Plan fiduciary net position, beginning</b>	<b>209,899,436</b>	<b>202,091,288</b>	<b>256,665,842</b>	<b>218,576,323</b>	<b>200,954,171</b>	<b>197,644,951</b>	<b>187,102,113</b>	<b>173,435,770</b>	<b>162,691,169</b>	<b>168,225,696</b>
<b>Plan fiduciary net position, ending</b>	<b>241,924,277</b>	<b>209,899,436</b>	<b>202,091,288</b>	<b>256,665,842</b>	<b>218,576,323</b>	<b>200,954,171</b>	<b>197,644,951</b>	<b>187,102,113</b>	<b>173,435,770</b>	<b>162,691,169</b>
Plus: actuarial adjustments**	-	-	-	-	-	-	-	1,615	(198)	1
Plan fiduciary net position - actuarial	241,924,277	209,899,436	202,091,288	256,665,842	218,576,323	200,954,171	197,644,951	187,103,728	173,435,572	162,691,170
<b>City's net pension liability</b>	<b>\$ 68,768,964</b>	<b>\$ 78,268,180</b>	<b>\$ 75,308,352</b>	<b>\$ 4,050,144</b>	<b>\$ 29,927,143</b>	<b>\$ 31,446,293</b>	<b>\$ 23,662,781</b>	<b>\$ 29,253,129</b>	<b>\$ 26,194,494</b>	<b>\$ 13,358,218</b>
Plan fiduciary net position as a percentage of the total pension liability	77.87%	72.84%	72.85%	98.45%	87.96%	86.47%	89.64%	88.77%	85.57%	86.13%
Covered payroll	\$ 19,908,153	\$ 18,104,903	\$ 16,791,742	\$ 14,386,822	\$ 14,212,807	\$ 13,742,657	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	345.43%	432.30%	448.48%	28.15%	210.56%	N/A	N/A	N/A	N/A	N/A

\*\*Figures include actuarial assumption of future buybacks to be purchased by members.

See accompanying Independent Auditor's Report and notes to the required supplementary information.

## City of Palm Bay Police and Firefighters' Retirement System

### REQUIRED SUPPLEMENTARY INFORMATION

#### SCHEDULE OF THE CITY'S NET PENSION LIABILITY (UNAUDITED)

##### LAST TEN FISCAL YEARS

##### FISCAL YEARS ENDED SEPTEMBER 30,

September 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability	\$ 310,693,241	\$ 288,167,616	\$ 277,399,640	\$ 260,715,986	\$ 248,503,466	\$ 232,400,464	\$ 220,488,765	\$ 210,766,509	\$ 202,688,701	\$ 188,885,664
Plan fiduciary net position - ending	(241,924,277)	(209,899,436)	(202,091,288)	(256,665,842)	(218,576,323)	(200,954,171)	(197,644,951)	(187,102,113)	(173,435,572)	(162,698,820)
Actuarial adjustments**	-	-	-	-	-	-	-	(1,615)	-	(1)
City's net pension liability	<u>\$ 68,768,964</u>	<u>\$ 78,268,180</u>	<u>\$ 75,308,352</u>	<u>\$ 4,050,144</u>	<u>\$ 29,927,143</u>	<u>\$ 31,446,293</u>	<u>\$ 22,843,814</u>	<u>\$ 23,662,781</u>	<u>\$ 29,253,129</u>	<u>\$ 26,186,843</u>
Plan fiduciary net position as a percentage of the total pension liability	77.87%	72.84%	72.85%	98.45%	87.96%	86.47%	89.64%	88.77%	85.57%	86.14%
Covered payroll	\$ 19,908,153	\$ 18,104,903	\$ 16,791,742	\$ 14,386,822	\$ 14,212,807	\$ 13,742,657	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	345.43%	432.30%	448.48%	28.15%	210.56%	228.82%	N/A	N/A	N/A	N/A

\*\*Figures include actuarial assumption of future buybacks to be purchased by members.

See accompanying Independent Auditor's Report and notes to the required supplementary information.

## City of Palm Bay Police and Firefighters' Retirement System

### REQUIRED SUPPLEMENTARY INFORMATION

#### SCHEDULE OF CONTRIBUTIONS BY EMPLOYER (UNAUDITED)

#### LAST TEN FISCAL YEARS

#### FISCAL YEARS ENDED SEPTEMBER 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 8,013,103	\$ 6,090,539	\$ 6,677,263	\$ 5,930,860	\$ 5,902,883	\$ 5,542,433	\$ 5,327,104	\$ 5,048,472	\$ 4,797,501	\$ 4,899,250
Contributions in relation to the actuarially determined contribution <sup>(1)</sup>	<u>8,009,778</u>	<u>6,504,522</u>	<u>6,702,318</u>	<u>5,971,574</u>	<u>5,890,699</u>	<u>5,589,216</u>	<u>5,463,600</u>	<u>5,048,472</u>	<u>4,797,501</u>	<u>4,899,250</u>
Contribution deficiency (excess)	<u>\$ 3,325</u>	<u>\$ (413,983)</u>	<u>\$ (25,055)</u>	<u>\$ (40,714)</u>	<u>\$ 12,184</u>	<u>\$ (46,783)</u>	<u>\$ (136,496)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 19,908,153	\$ 18,104,903	\$ 16,791,742	\$ 14,386,822	\$ 14,212,807	\$ 13,742,657	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	40.23%	35.93%	39.91%	41.51%	41.45%	40.67%	N/A	N/A	N/A	N/A

<sup>(1)</sup> Contributions have been updated to agree to the amounts reported by the actuary for 2019 and subsequent years.

See accompanying Independent Auditor's Report and notes to the required supplementary information.

# City of Palm Bay Police and Firefighters' Retirement System

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)**  
**LAST TEN FISCAL YEARS**  
**FISCAL YEARS ENDED SEPTEMBER 30,**

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<b>Annual money-weighted rate of return, net of investment expense</b>	<b>Police</b>	<b>Fire</b>	<b>General</b>	<b>Total</b>
2024	18.69%	17.43%	26.67%	16.76%
2023	8.02%	7.01%	13.96%	8.20%
2022	-19.98%	-18.62%	-15.61%	-19.10%
2021	20.09%	20.31%	19.52%	20.30%
2020	12.29%	11.37%	11.19%	11.89%
2019	4.47%	4.03%	5.39%	4.25%
2018	9.41%	8.38%	10.06%	9.60%
2017	11.25%	11.25%	11.76%	10.00%
2016	9.81%	8.44%	10.02%	10.00%
2015	-0.47%	-0.34%	1.02%	0.10%

*See accompanying Independent Auditor's Report and notes to the required supplementary information.*

# City of Palm Bay Police and Firefighters' Retirement System

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) LAST TEN FISCAL YEARS

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Method and assumptions used in calculations of the City's actuarially determined contributions. The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the schedule of the City's contributions.

Funding Method:	Prior to 2005: Frozen Entry Age Cost Method. This is the same as the Aggregate Method when the Unfunded Actuarial Liability equals zero.  2005+: Entry Age Normal Cost Method.
Asset Valuation Method:*	The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The Actuarial Value of Assets shall not be more than 120% nor less than 80% of the market value of assets. Details are shown in the Asset Information Section of the report.
Amortization Method:	New UAAL amortization amounts are amortized over 15 years (previously 30 years).
Remaining Amortization Period:	15 years.
Inflation:	2.50% per year.
Salary Increase – Total Payroll:*	See assumption table.
Salary Increase – Individual:*	Varies by age.
Interest Rates:	7.40% per year compounded annually, net of investment related expenses.
Payroll Growth:*	0% for purposes of amortizing the Unfunded Actuarial Accrued Liability. The assumption cannot exceed the ten-year average payroll growth in compliance with Part VII of Chapter 112, Florida Statutes.

\*Not applicable for General Employees' Plan.

See accompanying Independent Auditor's Report.

Service Retirement:	Varies by age and years of service.
Percentage Married at Retirement:	100% of active members are assumed married at retirement.
Spouse Ages:	For active members reaching retirement, wives are assumed to be three years younger than husbands. Where spousal information was included for retirees, that information was used. If the age of the spouse was not provided, we have assumed that all spouses are still alive, and that female spouses are three years younger than their husbands.
Actuarial Value of Assets:	The market value of assets is adjusted to recognize, over a four-year period, investment earnings greater than (or less than) the assumed investment return. The actuarial value of assets shall not be more than 120% nor less than 80% of the market value of assets. Reset to market value for October 1, 2010 report.
Mortality Rates:	<p><i>Mortality Rate Healthy Active Lives:</i>  Female: PubS.H-2010 (Below Median) for Employees, set forward one year.  Male: PubS.H-2010 (Below Median) for Employees, set forward one year.</p> <p><i>Mortality Rate Healthy Retiree Lives:</i>  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.</p> <p><i>Mortality Rate Beneficiary Lives:</i>  Female: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.  Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.</p> <p><i>Mortality Rates Disabled Lives:</i>  80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.</p> <p>All rates are projected generationally with Mortality Improvement Scale MP-2018.</p> <p>The most recent actuarial experience study used to review the other significant assumptions was dated July 7, 2020.</p>

Other Information:

\*Termination and Disability Rate Table:

Police Officer Assumption Tables

% Terminating During the Year

Service	Current Rate
0	20.00%
1-4	10.00%
5-9	7.00%
10-14	5.00%
15+	3.50%

% 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%

Salary Scale

Service	Current Rate
<25	7.00%
25-29	5.50%
30-34	5.25%
35-44	4.50%
45+	4.00%

Other Information  
(Continued):

\*Termination and Disability Rate Table:

Firefighter Assumption Tables

% Terminating During the Year

Service	Current Rate
<5	6.00%
5-9	2.50%
10+	2.00%

% 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%

Salary Scale

Age	Current Rate
<25	7.25%
25-29	6.25%
30-34	5.25%
35-39	4.75%
40-44	4.25%
45+	4.00%

\*Not applicable for General Employees' Plan.

See accompanying Independent Auditor's Report.



## **OTHER SUPPLEMENTARY INFORMATION**

# City of Palm Bay Police and Firefighters' Retirement System

## OTHER SUPPLEMENTARY INFORMATION SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES

For the years ended September 30,	2024	2023
<b>Schedule "1" - Schedule of Investment Expenses</b>		
Financial management and custodial:		
JP Morgan Investment Management, Inc.	\$ 165,213	\$ 205,226
SSI Investment Management, Inc.	96,118	110,584
Polen Capital	87,947	93,534
Allspring Global Investment	40,305	54,590
Advent Capital Management, Inc.	99,230	116,097
Deprince, Race, Zollo	36,606	26,668
Eagle Asset Management, Inc.	8,337	6,985
Salem Trust Company	90,056	83,221
Sterling Capital Management- Equity	134,315	143,972
Sterling Capital Management- Fixed	135,014	102,703
<b>Total financial management and custodial expenses</b>	<u>893,141</u>	<u>943,580</u>
Investment consultant fees:		
Burgess Chambers and Associates, Inc.	92,101	84,898
<b>Total investment expenses</b>	<u>\$ 985,242</u>	<u>\$ 1,028,478</u>
<b>Schedule "2" - Schedule of Administrative Expenses</b>		
Professional services:		
Actuarial	\$ 100,806	\$ 88,513
Accounting	44,160	43,500
Administrator	17,625	70,500
Audit	17,325	16,500
Legal	39,347	38,588
<b>Total professional services</b>	<u>219,263</u>	<u>257,601</u>
Other:		
Pension staff salaries	196,706	172,046
Computer expense	46,071	47,466
Conferences	108,897	82,187
Supplies	18,985	33,696
Insurance	22,783	22,760
Occupancy cost	22,520	22,520
Utility expense	2,052	2,184
Communications	9,013	8,644
Dues and subscriptions	2,467	2,340
Postage	3,210	2,516
<b>Total other</b>	<u>432,704</u>	<u>396,359</u>
<b>Total administrative expenses</b>	<u>\$ 651,967</u>	<u>\$ 653,960</u>

## **OTHER AUDITOR'S REPORT**



# Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Board of Trustees  
City of Palm Bay  
Police and Firefighters' Retirement System  
Palm Bay, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Palm Bay Police and Firefighters' Retirement System (the "System") as of and for the year ended September 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2025.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bradenton, Florida  
February 19, 2025