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August 4, 2026

Ms. Lisa Castronovo
Pension Administrator
City of Delray Beach
80 Depot Ave, Suite 1
Delray Beach, Florida 33444

Re: City of Delray Beach General Employees' Retirement Plan
Actuarial Impact Statement

Dear Lisa:

As requested, we have prepared the enclosed Actuarial Impact Statement showing the impact of the proposed Ordinance which would amend the provisions of the City of Delray Beach General Employees' Retirement Plan (Plan) as summarized below:

> Provide a one-time Cost of Living Adjustment (COLA) of 2.5% effective October 1, 2026 to pensioners of the City of Delray Beach General Employees' Retirement Plan who are in payment status as of October 1, 2025. The COLA does not apply to members who are participating in the DROP.

The Statement must be filed with the Division of Retirement before the final public hearing on the ordinance. Please have a member of the Retirement Committee sign the Statement. Then send the Statement along with a copy of the proposed ordinance to Tallahassee.

Summary of Findings

- The Required City Contribution in the first year increases by approximately $446,000, or 1.36% of covered payroll, if paid on October 1, 2026.

- The increase in the Actuarial Present Value of Projected Benefits expected to be paid to the eligible retirees and beneficiaries is $2,203,817, which represents a measurement of the ultimate cost of the proposed changes assuming all of the actuarial assumptions are met each year. This difference would be funded by additional City contributions over time.

- The funded ratio (actuarial value of assets divided by actuarial accrued liability) as of October 1, 2025 decreases by 1.2%, from 100.5% to 99.3%.

Data, Assumptions, and Methods Used

The data, actuarial assumptions and methods used are the same as those summarized in the October 1, 2025 actuarial valuation dated May 18, 2026, except that a 5-year amortization period was used to amortize the increase in the Unfunded Actuarial Accrued Liability due to the amendment.

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Disclosures and Qualifications

Please refer to the last page of this report for a discussion of risks associated with measuring the accrued liability and actuarially determined contribution.

This report was prepared at the request of the Retirement Committee and is intended for use by the Retirement Committee and those designated or approved by the Retirement Committee. This report may be provided to parties other than the Retirement Committee only in its entirety and only with the permission of the Retirement Committee. GRS is not responsible for unauthorized use of this report.

The purpose of this report is to describe the financial effect of potential changes in plan provisions. This report should not be relied on for any purpose other than the purpose described.

The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2025 Actuarial Valuation and for this Actuarial Impact Statement concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

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

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

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

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The undersigned actuaries are independent of the plan sponsor.

We welcome your questions and comments.

Sincerely yours,
Gabriel, Roeder, Smith & Company

Jeffrey Amrose, EA, MAAA, FCA
Senior Consultant & Actuary

Trisha Amrose, EA, MAAA, FCA
Consultant & Actuary

Enclosures

This communication shall not be construed to provide tax advice, legal advice or investment advice

CITY OF DELRAY BEACH GENERAL EMPLOYEES' RETIREMENT PLAN

Actuarial Impact Statement – August 4, 2026

Description of Amendments

The proposed ordinance would amend the City of Delray Beach General Employees' Retirement Plan as follows:

> Provide a one-time Cost of Living Adjustment (COLA) of 2.5% effective October 1, 2026 to pensioners of the City of Delray Beach General Employees' Retirement Plan who are in payment status as of October 1, 2025. The COLA does not apply to members who are participating in the DROP.

Funding Implications of Amendment

An actuarial cost estimate is attached.

Certification of Administrator

I believe the amendment to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

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For the Retirement Committee
as Plan Administrator

SUPPLEMENTAL ACTUARIAL VALUATION REPORT

Plan

City of Delray Beach General Employees' Retirement Plan

Valuation Date

October 1, 2025

Date of Report

August 4, 2026

Report Requested by

Retirement Committee

Prepared by

Gabriel, Roeder, Smith & Company

Participants Affected

Pensioners of the City of Delray Beach General Employees Retirement Plan who are in payment status as of October 1, 2025.

Plan Changes Being Considered for Change

Provide a one-time Cost of Living Adjustment (COLA) of 2.5% effective October 1, 2026 to pensioners of the City of Delray Beach General Employees Retirement Plan who are in payment status as of October 1, 2025. The COLA does not apply to members who are participating in the DROP.

Actuarial Assumptions and Methods

Same as the October 1, 2025 Actuarial Valuation Report, except that a 5-year amortization period was used to amortize the increase in the Unfunded Actuarial Accrued Liability due to the amendment.

Some of the key assumptions/methods are:

Investment Return	6.75%
Salary increase	3.75% to 6.75% per year depending on service
Cost Method	Individual Entry-Age Actuarial Cost Method
Mortality	Mortality tables from the FRS Actuarial Valuation as of July 1, 2024

Amortization Period for Any Change in Actuarial Accrued Liability

5 years

Summary of Data Used in Report

See attached page; same as the data used for the Actuarial Valuation as of October 1, 2025.

Actuarial Impact of Proposed Changes

See attached page(s).

Special Risks Involved That the Plan Has Not Been Exposed to Previously

Please refer to the last page of this report for a discussion of risks associated with measuring the accrued liability and actuarially determined contribution.

Other Cost Considerations

None.

ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION (ADEC)		
A. Valuation Date	October 1, 2025 *Valuation*	October 1, 2025 *Proposed Ordinance*
B. ADEC to Be Paid During Fiscal Year Ending	9/30/2027	9/30/2027
C. Assumed Date of Employer Contrib.	12/31/2026	12/31/2026
D. Annual Payment to Amortize Unfunded Actuarial Liability	$ 0	$ 417,583
E. Employer Normal Cost	3,026,227	3,026,227
F. ADEC if Paid on the Valuation Date: D+E	3,026,227	3,443,810
G. ADEC if Paid on the First Day of the Next Fiscal Year	3,230,497	3,676,267
H. ADEC if Paid on December 31	3,283,683	3,736,792
I. ADEC as a % of Covered Payroll	9.96 %	11.34 %
J. Assumed Rate of Increase in Covered Payroll to Contribution Year	0.00 %	0.00 %
K. Covered Payroll for Contribution Year	32,955,959	32,955,959
L. ADEC for Contribution Year	3,283,683	3,736,792
M. ADEC as % of Covered Payroll in Contribution Year: L ÷ K	9.96 %	11.34 %
N. Change in ADEC		453,109
O. Change in ADEC as % of Covered Payroll in Contribution Year		1.38 %
P. ADEC if Paid on October 1, 2026	3,230,497	3,676,267
Q. ADEC as % of Covered Payroll if Paid on October 1, 2026	9.80 %	11.16 %
N. Change in ADEC if Paid on October 1, 2026		445,770
O. Change in ADEC as % of Covered Payroll in Contribution Year		1.36 %

ACTUARIAL VALUE OF BENEFITS AND ASSETS		
A. Valuation Date	October 1, 2025 *Valuation*	October 1, 2025 *Proposed Ordinance*
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	$ 94,078,995	$ 94,078,995
b. Vesting Benefits	6,485,873	6,485,873
c. Disability Benefits	1,491,694	1,491,694
d. Preretirement Death Benefits	2,401,756	2,401,756
e. Return of Member Contributions	296,156	296,156
f. Total	104,754,474	104,754,474
2. Inactive Members		
a. Service Retirees & Beneficiaries	101,063,381	103,262,705
b. Disability Retirees	179,704	184,197
c. Terminated Vested Members	12,404,918	12,404,918
d. Total	113,648,003	115,851,820
3. Total for All Members	218,402,477	220,606,294
4. Change in Actuarial Present Value of All Projected Benefits	**N/A**	**2,203,817**
C. Actuarial Accrued (Past Service) Liability per Entry Age Normal	184,123,767	186,327,584
D. Plan Assets		
1. Market Value	211,684,566	211,684,566
2. Actuarial Value	185,110,788	185,110,788
E. Unfunded Actuarial Accrued Liability (C-D2)	(987,021)	1,216,796
F. **Change in Unfunded Actuarial Accrued Liability**	**N/A**	**2,203,817**
G. Actuarial Present Value of Projected Covered Payroll	262,298,674	262,298,674
H. Actuarial Present Value of Projected Member Contributions	13,256,753	13,256,753
I. Funded Ratio (D2 ÷ C)	100.5%	99.3%

CALCULATION OF EMPLOYER NORMAL COST		
A. Valuation Date	October 1, 2025 *Valuation*	October 1, 2025 *Proposed Ordinance*
B. Normal Cost for		
1. Service Retirement Benefits	$ 3,620,529	$ 3,620,529
2. Vesting Benefits	574,943	574,943
3. Disability Benefits	69,496	69,496
4. Preretirement Death Benefits	166,900	166,900
5. Return of Member Contributions	143,007	143,007
6. Total for Future Benefits	4,574,875	4,574,875
7. Assumed Amount for Administrative Expenses	161,034	161,034
8. Total Normal Cost	4,735,909	4,735,909
C. Expected Member Contribution	1,709,682	1,709,682
D. Employer Normal Cost: B8-C	3,026,227	3,026,227
E. Employer Normal Cost as a % of Covered Payroll	9.18%	9.18%

PARTICIPANT DATA		
	October 1, 2025 *Valuation*	October 1, 2025 *Proposed Ordinance*
ACTIVE MEMBERS		
Number	471	471
Covered Annual Payroll	$ 32,955,959	$ 32,955,959
Average Annual Payroll	$ 69,970	$ 69,970
Average Age	48.4	48.4
Average Past Service	8.9	8.9
Average Age at Hire	39.5	39.5
RETIREES, BENEFICIARIES & DROP		
Number	394	394
Annual Benefits	$ 9,562,847	$ 9,775,348
Average Annual Benefit	$ 24,271	$ 24,811
Average Age	70.8	70.8
DISABILITY RETIREES		
Number	1	1
Annual Benefits	$ 22,467	$ 23,029
Average Annual Benefit	$ 22,467	$ 23,029
Average Age	65.7	65.7
TERMINATED VESTED MEMBERS		
Number	96	96
Annual Benefits	$ 1,640,503	$ 1,640,503
Average Annual Benefit	$ 17,089	$ 17,089
Average Age	52.5	52.5

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

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

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

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

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

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

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

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