PENSION PLAN FOR EMPLOYEES OF BROWARD HEALTH

ACTUARIAL FUNDING VALUATION
Plan Year Ending June 30, 2023

Prepared by
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Certification

The results of the actuarial valuation as of July 1, 2022 for the Pension Plan for Employees of Broward Health are set forth in the following report. The actuarial computations presented in this report are for purposes of determining Broward Health's recommended funding amount for the plan year ending June 30, 2023 and meeting the requirements of Part VII, Chapter 112 of the Florida Statutes. No attempt is being made to offer any accounting opinion or advice. The calculations enclosed in this report have been made on a basis consistent with our understanding of plan provisions as well as plan funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security.

In preparing this report, we relied, without audit, on information as of July 1, 2022, furnished by the Broward Health (the Plan Sponsor). This information includes, but is not limited to, statutory provisions, member census data, and financial information. We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

The plan sponsor selected, as prescribed by the Florida Statutes, key assumptions and funding methods (including the mortality assumption and asset valuation method) employed in the development of the contribution amounts. To the extent not prescribed by Part VII, Chapter 112 of the Florida Statutes or selected by the sponsor, the actuarial assumptions and methods employed in the development of the contribution amounts have been selected by Milliman, with the concurrence of the plan sponsor. It is beyond the scope of this actuarial valuation to analyze the reasonableness and appropriateness of prescribed methods and assumptions, or to analyze other options from among the alternatives available for methods and assumptions.

Other than prescribed assumptions, Part VII, Chapter 112 of the Florida Statutes require the use of assumptions each of which is “reasonable (taking into account the experience of the plan and reasonable expectations), and which, in combination, offer the actuary’s best estimate of anticipated experience under the plan.” The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated or selected by Milliman, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable and constiture our best estimate. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

Each of the assumptions used in this valuation with the exception of those set by law were based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the Plan Sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. The valuation results were developed using models intended for valuations that use standard actuarial techniques. Milliman’s investment return model relies on information generated by Milliman’s capital market outlook. These models were developed by experts in their respective fields of knowledge. A description of the underlying actuarial assumptions and methods are included in this report.

Certification

This valuation report is only an estimate of the plan's financial condition as of a single date. It can neither predict the plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, 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. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

Milliman's work is prepared solely for the internal use and benefit of the Broward Health. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree not to use Milliman's work for any purpose other than to benefit the plan; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal, accounting, or investment counsel.

The signing actuaries are independent of the Plan Sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices, and the results comply with the requirements of the Internal Revenue Code and Florida Statutes, as applicable. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

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Principal and Consulting Actuary	Principal and Consulting Actuary

Principal Valuation Results

	July 1, 2021	July 1, 2022
Plan Participants		
Inactive participants in pay status	1,396	1,375
Inactive participants with deferred benefits	1,921	2,068
Total inactive participants	3,317	3,443
Total active participants	6,233	5,762
Total active participant payroll	$383,896,217	$389,610,327
Total plan participants	9,550	9,205
Plan Assets		
Market value of assets	$444,031,692	$394,497,811
Actuarial value of assets	400,333,528	400,318,306
Liabilities		
Present value of accumulated benefits (ASC Topic 960)	$309,263,227	$310,502,431
Present value of future benefits	432,797,118	436,342,575
Entry age accrued liability	341,587,321	344,799,690
Credit Balance	$15,449,942	$10,120,644
Actuarially Determined Contribution		
Actuarially determined contribution*	0	0
Actuarially determined contribution as a % of covered payroll	N/A	N/A

* Net of existing credit balance

Executive Summary

Significant Changes

The enclosed calculations are based on the data, assumptions, methods, and plan provisions summarized in this report. Please also refer to Risk Disclosure section of this report for relevant information on key risk factors associated with measuring pension liabilities and the determination of pension plan contributions.

The assumed cash balance interest crediting rates have been updated to reflect the current interest rate environment. There have been no additional changes to the assumptions or methods since the prior valuation. Please see the Summary of Actuarial Methods and Assumptions section of this report for additional details.

There have been no significant changes to the plan since the prior valuation. Please see the Summary of Principal Plan Provisions section of this report for additional details regarding plan benefits.

Plan Liability and Asset Experience

The Present Value of Future Benefits (PVFB) increased from $432,797,118 as of July 1, 2021 to $436,342,575 as of July 1, 2022. The expected PVFB as of July 1, 2022 based on the PVFB as of July 1, 2021 rolled forward with interest and actual benefit payments is $426,855,031. Thus, there is a total actuarial liability loss of almost $9,500,000 for the period, which is broken down into the following key components:

- Changes in participant demographics resulted in an actuarial loss of approximately $2,400,000, primarily due to the number of new employees in relation to terminations.

- Changes in the interest crediting rates assumption resulted in an actuarial loss of around $7,100,000.

The Market Value of Assets (MVA) changed from $444,031,692 as of July 1, 2021 to $394,497,811 as of July 1, 2022. There were benefit payments of $32,006,851, employer contributions of $2,687,500, and net investment return of ($20,214,530) during the 12-month period. This represents an annual return of (4.71%) compared to the expected return of 6.25%. However, under the Plan's asset smoothing method, investment gains and losses are recognized over a 3-year period. Under this adopted method, the smoothed Actuarial Value of Assets (AVA) changed from $400,333,528 as of July 1, 2021 to $400,318,306 as of July 1, 2022. This produced an annual return of 7.60% compared to the expected return of 6.25%, and created an actuarial asset gain of approximately $5,200,000.

Annual Contribution

The actuarially determined contribution for the plan year ending June 30, 2023 is $9,498,013. The minimum required deposit after application of the existing credit balance is $0. Since the Plan Sponsor is not subject to ERISA funding requirements, this contribution reflects the opinions of the Governmental Accounting Standards Board and generally accepted actuarial principles and practices. The Plan Sponsor's current funding policy, as selected by the plan sponsor, is to contribute an amount at least equal to the minimum required deposit.

Schedule of Employer Contributions

Fiscal Year Ending June 30	Actuarially Determined Contribution*	Actual Employer Contribution	Contribution Deficiency (Excess)	Active Participant Covered Payroll	Contribution as a % of Covered Payroll
2014	$15,688,003	$18,169,267	($2,481,264)	$336,524,374	5.40%
2015	14,957,046	18,125,816	(3,168,770)	351,806,087	5.15%
2016	11,833,762	15,655,782	(3,822,020)	353,295,572	4.43%
2017	11,052,109	17,491,161	(6,439,052)	376,440,867	4.65%
2018	9,027,974	16,010,262	(6,982,288)	375,867,293	4.26%
2019	9,758,218	16,000,000	(6,241,782)	377,071,151	4.24%
2020	4,270,634	16,000,000	(11,729,366)	362,948,412	4.41%
2021	0	10,725,276	(10,725,276)	389,553,543	2.75%
2022	0	2,687,500	(2,687,500)	383,896,217	0.70%
2023	0	0	0	389,610,327	0.00%

*After reflecting existing credit balance

Development of Actuarially Determined Contribution

Credit Balance Reconciliation

A. Accumulated Credit Balance at 7/1/2021	$	15,449,942
B. Charges for 2021/2022		
Normal Cost	$	8,604,231
Interest on Normal Cost		537,764
Total		9,141,995
C. Credits for 2021/2022		
Hospital Contributions	$	2,687,500
Interest on Contrbutions and Credit Balance		1,125,197
Total		3,812,697
D. Accumulated Credit Balance at 7/1/2022	$	10,120,644

Minimum Deposit for 2022/2023

A. Normal Cost (including expenses)	$	8,939,306
B. Credit Balance	$	10,120,644
C. Minimum Deposit (payable 6/30/2023) (A - B) x 1.0625, not less than 0	$	0

Determination of Normal Cost

Annual Normal Cost		July 1, 2022
A. Present value of projected benefits as of 7/1/2022	$	436,342,575
B. Actuarial value of assets, less Credit Balance		390,197,662
C. Present value of future service costs		46,144,913
D. Present value of future salaries*	$	3,371,282,256
E. Covered payroll*		463,142,084
F. Present value of future salaries funding factor (D / E)		7.2792
G. Preliminary Normal Cost (C / F)	$	6,339,324
H. Assumed administrative expenses for the plan year ending June 30, 2023	$	2,680,000
I. Assumed administrative expenses, discounted 1/2 year	$	2,599,982
J. Hospital Normal Cost payable July 1, 2022 (G + I)	$	8,939,306
K. Hospital Normal Cost with interest payable June 30, 2023	$	9,498,013

*Per Florida State Statutes, includes employees not yet eligible to participate in the Plan

Schedule of Plan Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Active Participant Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2018	$349,552,711	$356,248,765	$6,696,054	98.1%	$377,071,151	1.8%
7/1/2019	367,730,614	334,886,542	(32,844,072)	109.8%	362,948,412	N/A
7/1/2020	378,685,301	337,318,167	(41,367,134)	112.3%	389,553,543	N/A
7/1/2021	400,333,528	341,587,321	(58,746,207)	117.2%	383,896,217	N/A
7/1/2022	400,318,306	344,799,690	(55,518,616)	116.1%	389,610,327	N/A

Market Value of Assets

	June 30, 2021	June 30, 2022
Cash and cash equivalents	$6,306,244	$865,425
Receivables and prepaid expenses:		
Receivable contributions	$0	$0
Receivable investment income	767,984	763,478
Receivables from brokers for unsettled trades	0	0
Prepaid expenses	0	0
Total receivables	767,984	763,478
Investments:		
Fixed income	$67,121,420	$108,095,725
Stocks	244,980,948	121,346,592
Short-term investments	0	0
Real estate	51,565,951	56,367,469
Alternative investments	74,043,948	107,967,712
Total investments	437,712,267	393,777,498
Accrued expenses and benefits payable	$754,803	$908,590
Capital assets net of accumulated depreciation	$0	$0
Total assets	$444,031,692	$394,497,811

Statement of Changes in Market Value of Assets

	Plan Year Ending June 30, 2022
Additions	
Member contributions	$0
Employer contributions	2,687,500
Investment income (loss):	
Interest	6,678,868
Dividends	0
Equity fund income, net	0
Net increase in fair value of investments	(24,212,089)
Securities lending income	0
Less investment expenses:	
Direct investment expense	0
Securities lending management fees	0
Securities lending borrower rebates	0
Other income	0
Total additions	($14,845,721)
Deductions	
Service benefits	$32,006,851
Administrative expenses	2,681,309
Total deductions	$34,688,160
Market Value of Assets	
Beginning of year (June 30, 2021)	$444,031,692
Net increase (decrease)	(49,533,881)
End of year (June 30, 2022)	$394,497,811

Development of the Actuarial Value of Assets

Expected Market Value of Assets as of June 30, 2022

Market value of assets as of July 1, 2021	$444,031,692
Interest to end of plan year at an annual rate of 6.25%	27,751,981
Contributions	2,687,500
Interest to end of plan year at an annual rate of 6.25%	159,576
Service benefits and expenses	(34,688,160)
Interest to end of plan year at an annual rate of 6.25%	(1,084,005)
Expected market value of assets as of June 30, 2022	$438,858,584

Asset Gain (Loss)

Actual market value of assets as of June 30, 2022	$394,497,811
Gain (loss) for the plan year ending June 30, 2022	(44,360,773)
Gain (loss) for the plan year ending June 30, 2021	71,260,061

Actuarial Value of Assets as of June 30, 2022

Preliminary actuarial value of assets (i.e., actual market value minus 66 2/3% and 33 1/3% of the gain (loss) for the plan years ending in 2022 and 2021, respectively)	$400,318,306
Final actuarial value of assets (i.e., preliminary value limited to a corridor of 10% of the actual market value)	$400,318,306

Statistics on Plan Participants

	July 1, 2021	July 1, 2022
Plan Participants		
Actives	6,233	5,762
Retired Employees and Beneficiaries	1,396	1,375
Vested Terminations*	1,921	2,068

*The 7/1/2021 vested terminations count includes 1,517 participants with a cash balance account and 404 participants with a pre-cash balance accrued benefit; as of 7/1/2022 the count includes 1,691 particpants with a cash balance account and 377 particpants with a pre-cash balance accrued benefit

	July 1, 2021	July 1, 2022
Averages Relating to Active Participants		
Earnings	$ 63,040	$ 69,423
Age	47.6	48.1
Past Service	11.1	11.4
Averages Relating to Retired Employees and Beneficiaries		
Age	75.9	76.2
Annual Benefit	$ 8,322	$ 8,287
Averages Relating to Vested Terminated Employees		
Age	53.2	52.9
Annual Benefit	$ 3,851	$ 3,798
Cash Balance Account	$ 26,462	$ 25,284

Summary of Active Participants

Number of Participants by Age and Service Groups

	Years of credited service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	*	46	-	-	-	-	-	-	-	-	64
25 to 29	130	269	34	-	-	-	-	-	-	-	433
30 to 34	108	304	149	*	*	-	-	-	-	-	576
35 to 39	69	292	201	86	*	*	-	-	-	-	665
40 to 44	55	216	197	104	74	*	-	-	-	-	662
45 to 49	34	180	148	115	81	57	*	-	*	-	624
50 to 54	38	186	154	143	101	99	32	23	-	-	776
55 to 59	21	132	131	135	134	101	56	60	*	-	786
60 to 64	*	97	109	132	123	104	60	55	41	24	758
65 to 69	*	29	36	51	55	44	29	24	*	24	312
70 & up	*	*	*	*	21	*	*	*	*	*	106
Total	491	1,760	1,177	799	606	436	192	171	79	51	5,762

Average Compensation by Age and Service Groups

	Average Compensation by Age and Service Groups										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	*	50,153	-	-	-	-	-	-	-	-	49,259
25 to 29	50,249	52,307	60,910	-	-	-	-	-	-	-	52,364
30 to 34	52,664	58,362	65,550	*	*	-	-	-	-	-	58,976
35 to 39	64,071	60,871	71,830	64,642	*	*	-	-	-	-	65,233
40 to 44	60,388	75,512	67,370	69,035	70,842	*	-	-	-	-	69,750
45 to 49	65,789	77,077	68,886	64,770	76,803	79,697	*	-	*	-	72,393
50 to 54	84,130	77,139	78,943	71,999	81,235	85,059	80,086	65,844	-	-	78,222
55 to 59	65,069	72,972	64,972	68,536	75,356	71,888	83,839	81,662	*	-	72,400
60 to 64	*	80,515	65,832	76,005	70,209	68,999	79,437	75,580	82,754	73,606	73,092
65 to 69	*	90,248	59,657	75,300	77,970	71,585	83,680	83,609	*	59,144	73,837
70 & up	*	*	*	*	77,405	*	*	*	*	*	89,102
Total	57,752	66,630	69,721	70,212	74,998	74,704	80,690	77,329	77,116	66,716	69,423

* If there are fewer than 20 participants in a cell, the average compensation is not reported.

Distribution of Inactive Participants by Age

Age	Participant with Deferred Annuity Count	Participant with Deferred Annuity Monthly Benefits	Participant with Cash Balance Count	Participant with Cash Balance Cash Balance
<30	-	$ -	18	$ 148,777.63
30-34	-	-	112	1,303,123
35-39	-	-	239	3,822,151
40-44	-	-	245	4,969,835
45-49	2	251	227	5,648,550
50-54	26	4,223	246	6,292,967
55-59	75	20,949	234	7,256,924
60-64	124	46,416	219	8,042,474
65 & Up	150	47,495	151	5,270,088
Total	377	$ 119,335	1,691	$ 42,754,890

Participant in Pay Status

Age	Number of Participants	Monthly Benefits
<55	1	$671
55-59	6	933
60-64	46	14,157
65-69	205	91,382
70-74	389	275,571
75-79	328	270,275
80-84	219	192,405
85-89	115	66,884
90 & Up	66	37,225
Total	1,375	$949,503

Data Reconciliation

The change in participation from July 1, 2021 to July 1, 2022 is shown below.

	Active Employees	Terminated Vested Participants	Retirees	Beneficiaries	Total
Participants as of July 1, 2021	6,233	1,921	1,351	45	9,550
Terminated non-vested	(685)	0	0	0	(685)
Terminated vested	(337)	337	0	0	0
Died without beneficiary	(4)	(13)	(53)	(4)	(74)
Died with beneficiary	(2)	0	(13)	0	(15)
Retired	(18)	(20)	38	0	0
Received lump sum distribution	(247)	(148)	0	0	(395)
Benefit expired	0	0	0	(2)	(2)
New participants or beneficiaries during plan year	786	4	0	13	803
Rehired	36	(14)	0	0	22
Data Corrections	0	1	1	(1)	1
Participants as of July 1, 2022	5,762	2,068	1,324	51	9,205

Actuarial Methods and Assumptions

The following actuarial methods and assumptions are used in the plan's July 1, 2022 funding valuation. Demographic assumptions are based on experience expectations for the plan.

Actuarial Cost Method Aggregate Method

Asset Valuation Method

Smoothing period: 3 years

Corridor: 90% - 110% of Market Value of Assets

Inflation 2.30%, based on Milliman's capital market outlook as of the measurement date.

Salary Increases 4.50%, based on plan sponsor expectations.

Investment Rate of Return The assumed annual investment return of 6.25% was selected by the City based on analysis provided by the plan's investment advisor.

Administrative Expenses Administrative expenses are assumed to equal actual administrative expenses from the previous year, rounded to the nearest $10,000

Retirement Age and Form of Payment

Age	Probability of Retirement
55	10%
56-58	6%
59-60	10%
61	15%
62	25%
63-64	20%
65	40%
66-69	30%
70	100%

100% of cash balance accounts are assumed to be paid as a lump sum; deferred vested participants without a cash balance account are assumed to elect a single lfe annuity,.

Turnover

Table of Select and Ultimate Withdrawal Rates

Age	<2	2 -4	5 - 9	10+
20	0.2519	0.1987	0.2100	0.1225
25	0.3077	0.24	0.1814	0.1225
30	0.2605	0.1901	0.1175	0.0678
35	0.2349	0.1534	0.1001	0.0703
40	0.2227	0.1449	0.0841	0.0581
45	0.2167	0.1326	0.0815	0.0522
50	0.2184	0.1246	0.0745	0.0489
55	0.1893	0.1095	*	*
60	0.1908	0.1098	*	*

Actuarial Methods and Assumptions
(continued)

Mortality Pub-2010 Mortality Table with generational projection using Scale MP-2021

Funding Group All active particpans in the Plan, retired members (including beneficiaries), and teminated vested employees. For Plan liability purposes, employees who have not yet satisfied the age and service participation requirements are included.

Cash Balance Interest Credits

Plan Year Beginning	Interest Rate
July 1, 2022	3.06% [actual]
July 1, 2023	5.91% [actual]
July 1, 2024	5.25%
July 1, 2025	4.50%
July 1, 2026+	4.00%

Changes since prior valuation The cash balance interest creding rate was updated to reflect the most current interest rate environment

Summary of Principal Plan Provisions

This summary of plan provisions is intended only to describe the essential features of the Pension Plan for Employees of Broward Health (the "Plan") for actuarial valuation purposes. All eligibility requirements and benefit amounts should be determined in strict accordance with the plan document itself.

Plan's Fiscal Year: July 1 – June 30

Sponsoring Employer: Broward Health, Northern Trust and AXA Equitable

Plan Effective Date: July 1, 1966; last amended and restated effective July 1, 2017.

Actuarial Equivalence

Equality in value such that the present value of the amount under any form of payment is the same as the value of a participant's account balance at the time of distribution. Actuarially equivalent factors are based on the IRC Section 417(e) mortality table and the annual yield on a 1-year Treasury Bill, both in effect for the month of May that precedes the beginning of the fiscal year in which the distribution occurs.

Plan Participation Eligibility

Each full-time and part-time employee becomes eligible on the first day of the month following the later of the attainment of age 21 or one year of eligibility service.

Compensation

Total base salary received from the employer, including deferred amounts, but excluding overtime pay, bonuses, and any other form of additional compensation.

Accrued Benefit

The actuarially equivalent benefit provided by each participant's cash balance account. Future service credits are accrued at the rate of 5.00% of the participant's compensation. Certain additional credits are provided to vested members under the prior plan. The annual periodic adjustment to the participant's account is based on the yield of the 1-year Treasury Bill for the month of May that precedes each fiscal year, plus 1% (an initial credit of 6.5 % per annum shall apply for the period from January 1, 1997 to June 30, 1997). Minimum annuity based on prior plan accrued benefit as of December 31, 1996. Vested participants that had attained age 45 as of January 1, 1997 are entitled to a minimum annuity based on prior plan accrued benefit with 2% career-average earnings if terminated prior to June 30, 2007.

Death Benefit

The actuarially equivalent benefit provided by a participant's cash balance account at the time of distribution without regard to vesting, payable as a monthly life annuity.

Normal Retirement

Eligibility	First of the month coincident with, or next following, the attainment of age 65.
Benefit	The actuarially equivalent benefit provided by a participant's cash balance account at the time of distribution, payable as a monthly life annuity.

Summary of Principal Plan Provisions

Disability Benefit

The actuarially equivalent benefit provided by a participant's cash balance account at the time of distribution without regard to vesting, payable as a monthly life annuity.

Early Retirement

Eligibility — The first of the month coincident with, or next following, the attainment of age 55 and 5 years of vesting service.

Benefit — The actuarially equivalent benefit provided by a participant's cash balance account at the time of distribution, payable as a monthly life annuity.

Vested Termination Benefit

Eligibility — Termination of employment with at least 5 years of vesting service.

Benefit — The actuarially equivalent benefit provided by a participant's cash balance account at the time of distribution, payable as a monthly life annuity. Participants may also defer receipt until normal retirement and continue accrue interest on their account balance.

Form of Payment

Normal — Actuarially equivalent monthly annuity, payable during the lifetime of the participant, based on the participant's account balance at the time of distribution.

Optional — A lump sum distribution of the participant's account balance at the time of distribution; actuarially equivalent monthly annuities with survivor benefits are also available.

History of Cash Balance Interest Rate Credits

Plan Year Beginning	Interest Rate	Plan Year Beginning	Interest Rate
July 1, 1999	7.85%	July 1, 2012	1.19%
July 1, 2000	7.33%	July 1, 2013	1.12%
July 1, 2001	4.78%	July 1, 2014	1.10%
July 1, 2002	3.35%	July 1, 2015	1.24%
July 1, 2003	2.18%	July 1, 2016	1.59%
July 1, 2004	2.78%	July 1, 2017	2.12%
July 1, 2005	4.33%	July 1, 2018	3.27%
July 1, 2006	6.00%	July 1, 2019	3.34%
July 1, 2007	5.91%	July 1, 2020	1.16%
July 1, 2008	3.05%	July 1, 2021	1.05%
July 1, 2009	1.50%	July 1, 2022	3.06%
July 1, 2010	1.37%	July 1, 2023	5.91%
July 1, 2011	1.19%		

Risk Disclosures

The purpose of this appendix is to identify, assess, and provide illustrations of risks that are significant to the plan, and in some cases, to the plan's participants. Historical data is included.

The results of the actuarial valuation are based on one set of reasonable assumptions. However, it is almost certain that future experience will not exactly match the assumptions. As an example, investments may perform better or worse than assumed in any single year and over any longer time horizon. Therefore, it is important to consider the potential impacts of these differences when making decisions that may affect the future financial health of the plan or its participants.

In addition, as plans mature they accumulate larger pools of assets and liabilities. This increases potential risk to plan funding and the finances of those who are responsible for plan funding. As an example, it is more difficult for a plan sponsor to deal with the effects of a 10% investment loss on a plan with $1 billion in assets and liabilities than if the same plan sponsor is responsible for a plan with $1 million in assets and liabilities. Since pension plans make long-term promises and rely on long-term funding, it is important to consider how mature the plan is today and how mature it may become in the future.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the plan,
- Assess the risks identified as significant to the plan (the assessment does not need to include numerical calculations), and
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

If in the actuary's professional judgment, a more detailed assessment would be significantly beneficial in helping the individuals responsible for the plan understand the risks identified by the actuary, then ASOP 51 states that the actuary should recommend that such an assessment be performed.

This appendix uses the framework of ASOP 51 to communicate important information about significant risks to the plan, the plan's maturity, and relevant historical plan data.

Contribution Risk

- The potential that future contributions deviate from expected future contributions. For example, actual contributions are not made in accordance with the plan's funding policy.
- The Plan Sponsor's current funding policy is to contribute at least the minimum annual required contribution each year.
- If the actuarially determined contributions are deferred to the future, investment income is lost in the intervening period and the plan becomes more expensive.

Demographic Risks

- The potential that mortality or other demographic experience will be different than expected.
- The pension liabilities reported herein have been calculated by assuming that participants will follow patterns of demographic experience (e.g. mortality, withdrawal, disability, retirement, form of payment

election, etc.) as described. If actual demographic experience or future demographic assumptions are different from what is assumed to occur in this valuation, future pension liabilities, funding contributions, and funded status may differ significantly from those presented in this valuation.

- An experience study is recommended every 3-5 years to review key demographic assumptions.

Retirement Risk

- The potential for participants to retire earlier or later than expected.
- This plan pays unlimited lump sum distributions. If participants retire earlier than anticipated by actuarial assumptions, additional funding may be required.
- An experience study is recommended every 3-5 years to review key demographic assumptions.

Maturity Risk

- The potential that total liabilities will become more heavily weighted toward inactive liabilities over time.
- As assets and liabilities continue to grow, the impact of any gains or losses also becomes larger.

Asset / Liability Mismatch Risk

- The potential that changes in asset values are not matched by changes in liabilities.
- Combined consultation with the plan's investment manager (assets) and ourselves (liability) is recommended to assess funding and investment strategies that prevent a mismatch in the duration of assets and liabilities.

Liquidity Risk

- The potential that assets must be liquidated at a loss earlier than planned in order to pay benefits and operating costs.
- For the plan year ending June 30, 2022, benefit payments and expenses exceeded employer contributions. Also, real estate and alternative investments comprised 42% of total assets as of June 30, 2022. The risk of insufficient funds and potential investment loss is heightened given the high concentration of illiquid assets and the significant cash requirements that result from offering unlimited lump sum distributions.
- Combined consultation with the plan's investment manager (assets) and ourselves (liability) is recommended to assess funding and investment strategies that will minimize liquidity risk.

Investment Risk

- The potential that investment returns will be different than expected.
- To the extent that actual investment returns differ from the assumed investment return, the plan's future assets, funding contributions, and funded status may differ significantly from those presented in this valuation.
- The Plan's target allocation represents a balance of risk and return. Investing in lower-returning asset classes should reduce future investment returns and therefore increase future contributions, but the lower risk levels would result in lower year-over-year volatility in employer contributions and might provide more benefit security for plan participants. Conversely, investing in higher-returning asset classes should increase future investment returns and therefore reduce future contributions, but would

also increase the volatility of those contributions and potentially reduce benefit security for plan participants.

- If the Plan were invested 100% in a low-default portfolio (such as the Bond Buyer GO 20-Bond Municipal Index, which is considered a “low-default-risk obligation measure (LDROM)” under the guidance of ASOP 4), this would impact the interest rate assumption and therefore the Plan’s Accrued Liability, Funded Ratio, and ultimately Broward Health’s contribution requirements. The following table illustrates the relative impact on the Plan of making this type of investment change:

	Bond Buyer Index	Plan’s Current Assumption
Interest Rate	3.54%	6.25%
Actuarial Accrued Liability @ 7/1/2022	$410,382,753	$344,799,690
Funded Ratio @ 7/1/2022	97.5%	116.1%

Interest Rate Risk

- The potential that interest rates will be different than expected.
- The pension liabilities reported herein have been calculated by computing the present value of expected future benefit payments using an assumed interest rate. If future interest rates deviate from those used in the valuation, future pension liabilities, funding contributions, and funded status may differ significantly from those presented in this valuation.
- Generally, a higher interest rate results in a lower pension liability. Using the plan’s expected benefit payments as of June 30, 2022, the plan’s modified duration for the 6.25% interest rate assumption of 8.78 may be used to estimate the impact of varying interest rates. For a 1% change in interest rate, the estimated change in pension liability is 8.78%.

Glossary of Funding Valuation Terminology

Actuarial Assumption

Estimates made by the actuary of future events that will determine the cost of a retirement plan. Such assumptions include the future investment return of plan assets, the annual rate of increase in employee earnings, and participant rates of turnover, mortality, disability, and retirement.

Actuarial Cost Method

The guidelines established for the funding of a defined benefit pension plan. There are several actuarial cost methods commonly used to value pension plans. The essential distinguishing characteristics of these methods are the implicit assumptions made as to incidence and funding of plan costs and the treatment of actuarial gains and losses.

Actuarial Gain or Loss

As actual plan experience emerges, the difference between what has occurred and what was expected to occur. Experience that decreases future plan costs, either as a percentage of pay or cost per employee, is considered to an actuarial gain while experience that increases future plan costs is considered to be an actuarial loss. It must be noted that increases in plan costs due to expected employee earnings increases are not considered actuarial losses.

Cash Balance

The cumulative amount of employer contributions in excess of the normal cost plus the amortization payment for each plan year.

Aggregate Cost Method

A method under which the excess of the actuarial present value of projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. That portion of the actuarial present value allocated to a valuation year is called the normal cost. The actuarial accrued liability is equal to the actuarial value of assets.

Appendix - Information for Florida Statutes

Required Actuarial Certification

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

Ben Upchurch, FSA, EA, MAAA

June 28, 2024

23-03820
Enrollment No.

Comparitive Summary of Principal Valuation Results

	June 30, 2021	June 30, 2022
A. Participant Data		
Actives	6,233	5,762
Service Retirees	1,351	1,324
Beneficiaries	45	51
Disability Retirees	0	0
Terminated Vested	1,921	2,068
Total	9,550	9,205
Total Active Participant Payroll	$ 383,896,217	$ 389,610,327
Annual Rate of Payments to:		
Service Retirees	$ 11,321,883	$ 11,014,064
Beneficiaries	296,097	382,542
Disability Retirees	0	0
Terminated Vested - Annuities	1,555,863	1,432,015
Terminated Vested - Cash Balance Accounts	40,142,284	42,754,890
B. Assets		
Market Value (MVA)	$ 444,031,692	$ 394,497,811
Actuarial Value (AVA)	400,333,528	400,318,306
C. Liabilities*		
Present Value of Future Benefits		
Actives		
Retirement Benefits	$ 231,141,165	$ 236,005,718
Disability Benefits	N/A	N/A
Death Benefits	3,236,014	3,239,455
Vested Benefits	47,934,774	48,121,739
Service Retirees	98,699,057	94,086,937
Beneficiaries	2,667,221	3,096,385
Disability Retirees	0	0
Terminated Vested	49,118,887	51,792,341
Total	432,797,118	436,342,575
Present Value of Future Salaries	$ 3,331,900,506	$ 3,371,282,256
Actuarial Accrued Liability	N/A	N/A

*Per Florida State Statutes, all Liability measurements include employees not yet eligible to participate

Comparitive Summary of Principal Valuation Results

	June 30, 2021	June 30, 2022
D. Actuarial Present Value of Accrued Benefits		
Inactives (In-Pay)	$ 101,366,278	$ 97,183,322
Actives and Deferred Vesteds	200,507,219	205,837,597
Total	301,873,497	303,020,919
Non-vested Accrued Benefits	7,389,730	7,481,512
Total Present Value Accrued Benefits (PVAB)	$ 309,263,227	$ 310,502,431
Funded Ratio (MVA / PVAB)	143.6%	127.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	$ -	$ -
Assumption Changes	6,414,138	5,963,741
New Accrued Benefits and Gains/Losses	9,588,391	8,938,418
Benefits Paid	(30,807,788)	(32,006,851)
Interest	18,170,473	18,343,896
Total	3,365,214	1,239,204
E. Pension Cost		
Normal Cost (with interest)	$ 4,615,888	$ 6,735,532
% of Total Annual Payroll	1.21%	1.73%
Administrative Expenses (with interest)	$ 2,164,630	$ 2,762,481
% of Total Annual Payroll	0.56%	0.71%
Payment Required to Amortize	N/A	N/A
Unfunded Actuarial Liability	N/A	N/A
Total Actuarially Determined Contribution	$ 6,780,518	$ 9,498,013
% of Total Annual Payroll	1.77%	2.44%
Minimum Contribution (net of Credit Balance)	0	0
% of Total Annual Payroll	0.00%	0.00%
Expected Plan Sponsor Contributions	$ 2,687,500	$ -
% of Total Annual Payroll	0.70%	0.00%
Expected Member Contributions	N/A	N/A
% of Total Annual Payroll	N/A	N/A

Comparitive Summary of Principal Valuation Results

F. Past Contributions

Plan Year Ending	June 30, 2022
Required Plan Sponsor Contribution	$ 0
Required Member Contribution	0
Actual Contributions Made:	
Plan Sponsor	2,687,500
Members	0

G. Net Actuarial (Gain) / Loss N/A

H. Other Disclosures

Comparison of Actual and Assumed Salary Increases

	Actual	Assumed
Year Ended 6/30/2013	2%	4.5%
Year Ended 6/30/2014	5%	4.5%
Year Ended 6/30/2015	3%	4.5%
Year Ended 6/30/2016	4%	4.5%
Year Ended 6/30/2017	4%	4.5%
Year Ended 6/30/2018	2%	4.5%
Year Ended 6/30/2019	4%	4.5%
Year Ended 6/30/2020	4%	4.5%
Year Ended 6/30/2021	2%	4.5%
Year Ended 6/30/2022	5%	4.5%

Comparison of Investment Return on Market Value and Assumed Return

	Market*	Assumed
Year Ended 6/30/2013	14.6%	8.0%
Year Ended 6/30/2014	19.2%	8.0%
Year Ended 6/30/2015	5.6%	8.0%
Year Ended 6/30/2016	-0.4%	7.5%
Year Ended 6/30/2017	14.0%	7.5%
Year Ended 6/30/2018	11.1%	7.5%
Year Ended 6/30/2019	7.1%	6.3%
Year Ended 6/30/2020	3.2%	6.25%
Year Ended 6/30/2021	25.4%	6.25%
Year Ended 6/30/2022	-4.7%	6.25%

*Calculated using the formula [(2*A)/(A+B-I)] where A is starting asset value, B is the ending asset value, and I is the investment return

Comparitive Summary of Principal Valuation Results

H. Other Disclosures

Comparison of Actual and Expected Retirements

Age at 7/1/2021	Retirement Expectation Percentage	Number of Participants	Expected Retirements	Actual Retirements
55	10%	148	14.8	13
56-58	6%	512	30.7	42
59-60	10%	351	35.1	25
61	15%	195	29.3	15
62	25%	156	39.0	18
63-64	20%	279	55.8	33
Total Early Retirement:		1,641	204.7	146