TOWN OF MEDLEY
DEFINED BENEFIT PLAN

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023

(Revised December 19, 2023)

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING SEPTEMBER 30,
2025

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 19, 2023

Board of Trustees
Town of Medley
General Employees' Pension Board

Re: Town of Medley Defined Benefit Plan

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Medley Defined Benefit Plan. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Chapter 112, Florida Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in the valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by the Town of Medley, financial reports prepared by the custodian bank, and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

In our opinion, the Minimum Required Contribution set forth in this report constitutes a reasonable actuarially determined contribution under Actuarial Standard of Practice No. 4.

The undersigned are familiar with the immediate and long-term aspects of pension valuations, and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Town of Medley, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Defined Benefit Plan. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully submitted,

Foster & Foster, Inc.

By: ______________________________
Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

By: ______________________________
Tyler A. Koftan, EA, MAAA
Enrolled Actuary #23-8685

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Medley Defined Benefit Plan, performed as of October 1, 2023, has been completed and the results are presented in this Report. The contribution amounts set forth herein are applicable to the plan/fiscal year ending September 30, 2025.

The contribution requirements, compared with those set forth in the August 30, 2023 actuarial impact statement, are as follows:

Valuation Date	10/1/2023	10/1/2022	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024	9/30/2023
Minimum Required Contribution	$1,436,038	$1,175,881	$1,144,240

Results shown above as of the October 1, 2022 valuation date are consistent with the August 30, 2023 actuarial impact statement, with projection to 2024 for the September 30, 2024 contribution requirement.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the August 30, 2023 actuarial impact statement. The increase is attributable to net unfavorable experience described below.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 4.79% (Actuarial Asset Basis) which fell short of the 6.50% assumption, inactive mortality experience, unfavorable retirement experience, and an average salary increase of 7.38% which exceeded the 5.95% assumption. These losses were offset in part by a gain associated with favorable turnover experience.

CHANGES SINCE PRIOR VALUATION

Plan Changes

Since the prior valuation, the plan was amended by Ordinance C-468 to provide for the following change:

> Early retirement with no penalty is being offered to any full-time employee with at least 20 Years of Service and who are age 55 or above. The special early retirement benefit is only available for full-time employees who retire within a 90-day window starting October 3, 2023.

The impact of this change is set forth in the August 30, 2023 Actuarial Impact Statement.

Actuarial Assumption/Method Changes

In conjunction with the August 30, 2023 Actuarial Impact Statement, an assumption was established such that any employee eligible for the early retirement incentive described above and who is not already eligible for normal retirement is assumed to retire within the 90-day window.

Additionally, since the prior valuation, the Town adopted the "projection method" in determining their required contributions. Under this methodology, we project the valuation results to the fiscal year beginning on the following October 1.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2023	10/1/2022
A. Participant Data		
Actives	93	97
Service Retirees	47	44
DROP Retirees	3	4
Beneficiaries	4	3
Disability Retirees	2	3
Terminated Vested	16	16
Total	165	167
Projected Annual Payroll	3,500,178	3,084,250
Annual Rate of Payments to:		
Service Retirees	1,438,649	1,296,928
DROP Retirees	143,679	160,988
Beneficiaries	74,671	48,144
Disability Retirees	21,147	22,184
Terminated Vested	144,974	158,143
B. Assets		
Actuarial Value (AVA) [1]	29,170,491	28,132,078
Market Value (MVA) [1]	27,903,011	25,049,930
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	19,668,482	18,043,508
Disability Benefits	1,128,280	1,101,177
Death Benefits	225,091	217,696
Vested Benefits	853,023	855,001
Refund of Contributions	0	0
Service Retirees	15,777,683	14,456,369
DROP Retirees [1]	2,082,422	2,222,581
Beneficiaries	641,214	286,893
Disability Retirees	167,345	190,956
Terminated Vested	1,215,452	1,425,102
Total	41,758,992	38,799,283

C. Liabilities - (Continued)	10/1/2023	10/1/2022
Present Value of Future Salaries	39,381,485	37,501,488
Present Value of Future Member Contributions	0	0
Normal Cost (Retirement)	721,496	608,810
Normal Cost (Disability)	59,722	55,643
Normal Cost (Death)	11,737	11,061
Normal Cost (Vesting)	48,680	46,958
Normal Cost (Refunds)	0	0
Total Normal Cost	841,635	722,472
Present Value of Future Normal Costs	8,480,368	7,821,711
Accrued Liability (Retirement)	12,462,244	11,511,208
Accrued Liability (Disability)	493,330	468,504
Accrued Liability (Death)	103,785	100,186
Accrued Liability (Vesting)	335,149	315,773
Accrued Liability (Refunds)	0	0
Accrued Liability (Inactives) [1]	19,884,116	18,581,901
Total Actuarial Accrued Liability (EAN AL)	33,278,624	30,977,572
Unfunded Actuarial Accrued Liability (UAAL)	4,108,133	2,845,494
Funded Ratio (AVA / EAN AL)	87.7%	90.8%

D. Actuarial Present Value of Accrued Benefits

	10/1/2023	10/1/2022
Vested Accrued Benefits		
Inactives [1]	19,884,116	18,581,901
Actives	9,080,117	8,484,886
Member Contributions	0	0
Total	28,964,233	27,066,787
Non-vested Accrued Benefits	1,072,750	927,797
Total Present Value Accrued Benefits (PVAB)	30,036,983	27,994,584
Funded Ratio (MVA / PVAB)	92.9%	89.5%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	1,726,814	
Benefits Paid	(1,456,720)	
Interest	1,772,305	
Other	0	
Total	2,042,399	

Valuation Date Applicable to Fiscal Year Ending	10/1/2023 9/30/2025	10/1/2022 9/30/2024
E. Pension Cost		
Normal Cost [2]	$923,300	$790,709
Administrative Expenses [2]	52,927	54,203
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 20 years (as of 10/1/2023) [2]	459,811	330,969
Minimum Required Contribution	1,436,038	1,175,881
Expected Member Contributions [2]	0	0
Expected Town Contribution	1,436,038	1,175,881
F. Past Contributions		
Plan Years Ending:	9/30/2023	
Town Requirement	1,144,240	
Actual Contributions Made:		
Town	1,200,000	
G. Net Actuarial (Gain)/Loss	1,496,115	

[1] The asset values and liabilities include accumulated DROP Plan Balances as of 9/30/2023 and 9/30/2022.

[2] Contributions developed as of 10/1/2023 displayed above have been adjusted to account for assumed salary increase and interest components.

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

Year	Projected Unfunded Actuarial Accrued Liability
2023	4,108,133
2024	3,928,776
2025	3,737,761
2030	2,751,254
2034	1,806,058
2039	441,474
2043	0

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

		Actual	Assumed
Year Ended	9/30/2023	7.38%	5.95%
Year Ended	9/30/2022	0.56%	3.50%
Year Ended	9/30/2021	9.02%	3.50%
Year Ended	9/30/2020	11.00%	3.50%
Year Ended	9/30/2019	6.87%	3.50%

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

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2023	12.65%	4.79%	6.50%
Year Ended	9/30/2022	-16.61%	5.54%	6.50%
Year Ended	9/30/2021	21.19%	10.45%	6.50%
Year Ended	9/30/2020	11.44%	7.20%	6.50%
Year Ended	9/30/2019	2.98%	6.39%	6.50%

STATEMENT BY ENROLLED ACTUARY

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

Sara Carlson

Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #23-8546

Please let us know when the report is approved by the Board and unless otherwise directed we will provide a copy of the report to the following office to comply with Chapter 112, Florida Statutes:

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

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

(1)	Unfunded Actuarial Accrued Liability as of October 1, 2022	$2,845,494
(2)	Sponsor Normal Cost developed as of October 1, 2022	722,472
(3)	Expected administrative expenses for the year ended September 30, 2023	49,525
(4)	Expected interest on (1), (2) and (3)	233,527
(5)	Sponsor contributions to the System during the year ended September 30, 2023	1,200,000
(6)	Expected interest on (5)	39,000
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	2,612,018
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	1,496,115
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2023	4,108,133

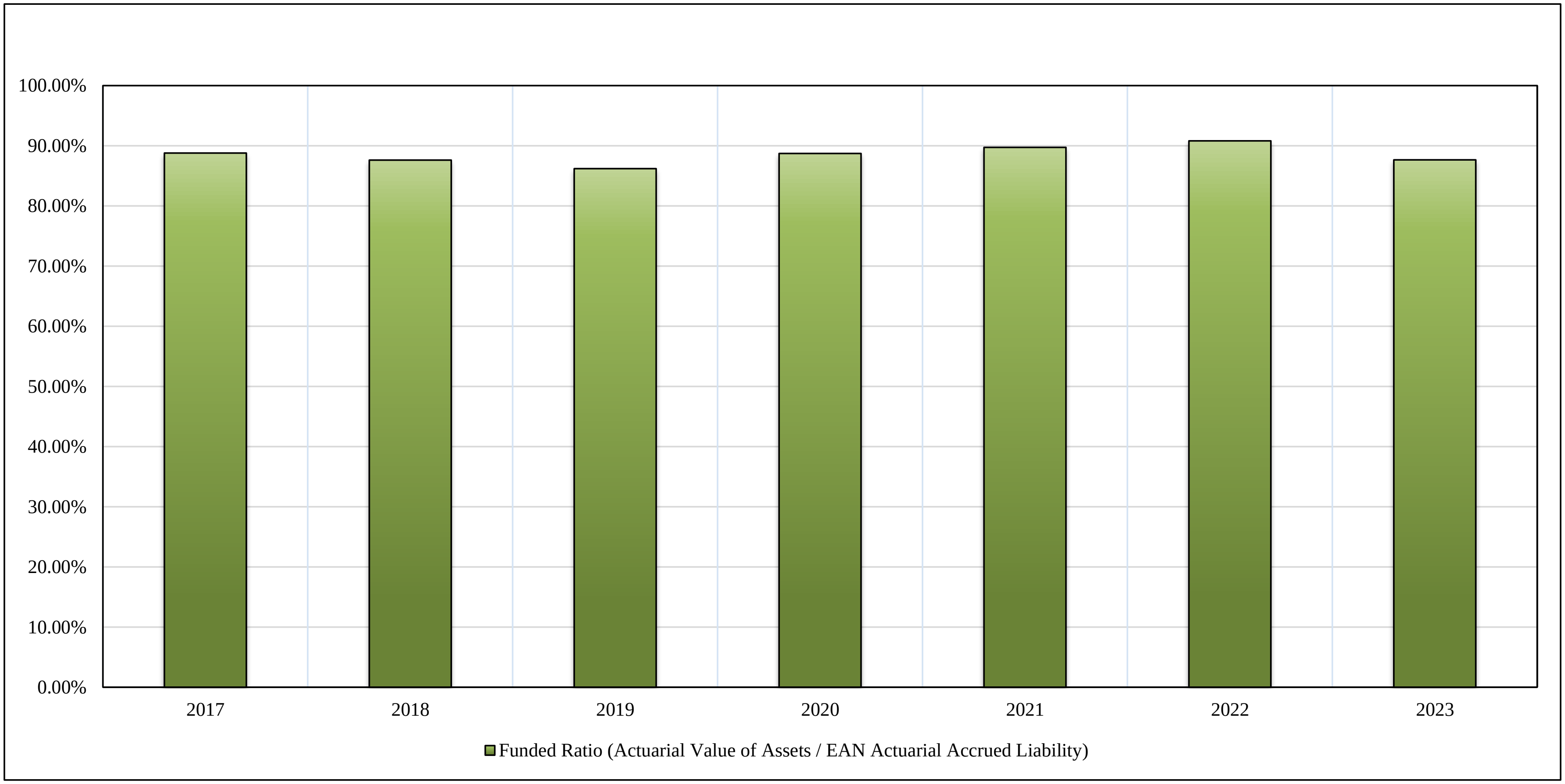
Type of Base	Date Established	Years Remaining	10/1/2023 Amount	Amortization Amount
Initial Base	10/1/2018	15	1,939,943	193,726
Actuarial Loss	10/1/2019	16	256,276	24,636
Benefits Change	10/1/2019	16	342,396	32,914
Actuarial Gain	10/1/2020	17	(163,572)	(15,191)
Assump Change	10/1/2020	17	(26,352)	(2,447)
Benefits Change	10/1/2020	17	99,911	9,279
Actuarial Gain	10/1/2021	18	(214,728)	(19,326)
Early Incentive	10/1/2021	3	4,218	1,495
Resolution C-1968[1]	10/1/2021	18	350,564	31,552
Resolution C-2004	10/1/2021	18	17,228	1,551
Actuarial Loss	10/1/2022	19	107,362	9,391
Assump Change	10/1/2022	19	(277,636)	(24,285)
Benefits Change	10/1/2022	4	176,408	48,351
Actuarial Loss	10/1/2023	20	1,496,115	127,495
			4,108,133	419,141

[1] The impact of the early retirement incentive in Resolution C-1968 was amortized separately over 5 years.

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	$2,845,494
(2)	Expected UAAL as of October 1, 2023	2,612,018
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	477,588
	Salary Increases	106,816
	Active Decrements	96,100
	Inactive Mortality	234,683
	COLA Greater/(Less) Than Expected	38,961
	Beneficiary Benefit Different Than Expected	352,450
	New Entrants	289,238
	Other	(99,721)
	Increase in UAAL due to (Gain)/Loss	1,496,115
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2023	$4,108,133

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

<u>Mortality Rate</u>

Healthy Active Lives:

Female: PubG.H-2010 for Employees.
Male: PubG.H-2010 for Employees, set back one year.

Healthy Retiree Lives:

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

Beneficiary Lives:

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

Disabled Lives:

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

All rates for healthy lives are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

<u>Interest Rate</u>

6.50% per year compounded annually, net of investment related expenses. This is approximately supported by the target asset allocation of the trust and the expected long-term return by asset class.

<u>Salary Increases</u>

See table later in this section. This assumption is based on the May 31, 2022 experience study.

Payroll Growth	0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.
Administrative Expenses	$48,246 annually, based on the average of actual expenses incurred in the prior two fiscal years.
Cost of Living Increases	2.50% per year.
Termination Rates	0% for Elected Officials. See table later in this section for General and Part Time Employees. These rates are based on the May 31, 2022 experience study.
Disability Rates	1987 Commissioner's Group Disability Table, six month elimination period, male and female. See table later in this section.
Retirement Rate	**Any employee eligible for the early retirement incentive during the 90-day window starting October 3, 2023 and who is not already eligible for normal retirement is assumed to retire within the 90-day window.** See below. These rates are based on the May 31, 2022 experience study. *Elected Officials*: 100% at first eligibility for early retirement. *General Employees:* generally, 15% per year. At 30 Years of Service (35 Years of Service if hired on or after January 1, 2022) or age 70 and above, 100%. *Part Time Employees:* 15% at ages 65-69, then 5% at ages 70-74, then 100% at age 75 and above.
Deferred Benefits	For terminated vested participants benefits are assumed to commence at Normal Retirement Date. For beneficiaries receiving pre-retirement death benefits, benefits are assumed to commence on the date the participant would have reached Normal Retirement Date.

<u>Amortization Method</u>	New UAAL amortization bases are amortized over 20 years. Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.
<u>Funding Method</u>	Entry Age Normal Actuarial Cost Method. The following loads are applied for determining the minimum required contribution: Interest - A half year, based on current 6.50% assumption. Salary - A full year, based on current 6.25% assumption.
<u>Actuarial Asset Method</u>	Effective October 1, 2018, all assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
<u>Low-Default-Risk Obligation Measure</u>	Based on the Entry Age Normal Actuarial Cost Method and an interest rate of 4.87% per year compounded annually, net of investment related expenses. This rate is consistent with the Yield to Maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023. All other assumptions for the Low-Default-Risk Obligation Measure are consistent with the assumptions shown in this section unless otherwise noted.

Assumption Tables

General Employees % Terminating During the Year	
Service	Rate
0-4	4.0%
5-9	2.5%
10+	1.0%

Part Time Employees % Terminating During the Year	
Service	Rate
0-4	20.0%
5-9	15.0%
10+	10.0%

% Becoming Disabled During the Year	
Age	Rate
20	0.0000%
25	0.0854%
30	0.0986%
35	0.1242%
40	0.1760%
45	0.2944%
50	0.5396%
55	0.9770%
60	1.4774%
65	1.6710%

Salary Scale	
Service	Rate
0-1	8.00%
2-9	6.50%
10-14	5.50%
15+	4.50%

GLOSSARY

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

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

(a) The normal cost accrual rate equals:

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCUSSION OF RISK

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

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

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

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

Impact of Plan Maturity on Risk

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

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

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 248.9% on October 1, 2017 to 129.2% on October 1, 2023, indicating that the plan has been maturing during the period.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 59.8%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors may result in larger increases in contribution requirements than would be needed for a less mature plan. Please note Chapter 112, Florida Statutes, requires that the plan sponsor contributes the minimum required contribution; thus, there is minimal solvency risk to the plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has decreased from 88.8% on October 1, 2017 to 87.7% on October 1, 2023.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, decreased from 0.7% on October 1, 2017 to -1.1% on October 1, 2023. The current Net Cash Flow Ratio of -1.1% indicates that contributions are not currently covering the plan's benefit payments and administrative expenses.

Low Default-Risk Obligation Measure

ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions, was revised as of December 2021 to include a "low-default-risk obligation measure" (LDROM). This liability measure is consistent with the determination of the actuarial accrued liability shown on page 8 in terms of member data, plan provisions, and assumptions/methods, under the Entry Age Normal Cost Method, except that the interest rate is tied to low-default-risk fixed income securities. The S&P Municipal Bond 20 Year High Grade Rate Index (daily rate closest to, but not later than, the measurement date) was selected to represent a current market rate of low risk but longer-term investments that could be included in a low-risk asset portfolio. The interest rate used in this valuation was 4.87%, resulting in an LDROM of $40,250,410. The LDROM should not be considered the "correct" liability measurement; it simply shows a possible outcome if the Board elected to hold a very low risk asset portfolio. The Board actually invests the pension plan's contributions in a diversified portfolio of stocks and bonds and other investments with the objective of maximizing investment returns at a reasonable level of risk. Consequently, the difference between the plan's Actuarial Accrued Liability disclosed earlier in this section and the LDROM can be thought of as representing the expected taxpayer savings from investing in the plan's diversified portfolio compared to investing only in high quality bonds.

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

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

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	10/1/2023	10/1/2022	10/1/2018	10/1/2017
Support Ratio				
Total Actives	93	97	111	112
Total Inactives [1]	72	70	47	45
Actives / Inactives [1]	129.2%	138.6%	236.2%	248.9%
Asset Volatility Ratio				
Market Value of Assets (MVA)	27,903,011	25,049,930	21,685,310	19,819,278
Total Annual Payroll	4,147,694	3,592,967	3,521,906	3,267,389
MVA / Total Annual Payroll	672.7%	697.2%	615.7%	606.6%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	19,884,116	18,581,901	11,667,404	10,981,711
Total Accrued Liability (EAN)	33,278,624	30,977,572	24,284,174	22,321,389
Inactive AL / Total AL	59.8%	60.0%	48.0%	49.2%
Funded Ratio				
Actuarial Value of Assets (AVA)	29,170,491	28,132,078	21,277,154	19,819,278
Total Accrued Liability (EAN)	33,278,624	30,977,572	24,284,174	22,321,389
AVA / Total Accrued Liability (EAN)	87.7%	90.8%	87.6%	88.8%
Net Cash Flow Ratio				
Net Cash Flow [2]	(302,744)	(250,489)	65,457	135,647
Market Value of Assets (MVA)	27,903,011	25,049,930	21,685,310	19,819,278
Ratio	-1.1%	-1.0%	0.3%	0.7%

[1] Excludes terminated participants awaiting a refund of member contributions.

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

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

ASSETS	MARKET VALUE
Receivables:	
From The Standard	3,045.97
Total Receivable	3,045.97
Investments:	
Mutual Funds:	
Fixed Income	7,696,628.29
Equity	20,245,034.49
Total Investments	27,941,662.78
Total Assets	27,944,708.75
LIABILITIES	
Payables:	
Administrative Expenses	41,697.50
Total Liabilities	41,697.50
NET POSITION RESTRICTED FOR PENSIONS	27,903,011.25

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
Market Value Basis

ADDITIONS		
Contributions:		
Town	1,200,000.00	
Total Contributions		1,200,000.00
Investment Income:		
Net Increase in Fair Value of Investments	3,155,825.60	
Less Investment Expense[1]	0.00	
Net Investment Income		3,155,825.60
Total Additions		4,355,825.60
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	1,456,720.23	
Lump Sum DROP Distributions	0.00	
Total Distributions		1,456,720.23
Administrative Expense		46,024.28
Total Deductions		1,502,744.51
Net Increase in Net Position		2,853,081.09
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		25,049,930.16
End of the Year		27,903,011.25

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

ACTUARIAL ASSET VALUATION
September 30, 2023

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

Gains/Losses Not Yet Recognized

Plan Year		Amounts Not Yet Recognized by Valuation Year				
Ending	Gain/(Loss)	2023	2024	2025	2026	2027
09/30/2019	(757,989)	0	0	0	0	0
09/30/2020	1,139,414	227,882	0	0	0	0
09/30/2021	3,711,236	1,484,495	742,248	0	0	0
09/30/2022	(7,016,323)	(4,209,793)	(2,806,528)	(1,403,263)	0	0
09/30/2023	1,537,420	1,229,936	922,452	614,968	307,484	0
Total		(1,267,480)	(1,141,828)	(788,295)	307,484	0

Development of Investment Gain/Loss

Market Value of Assets, 09/30/2022	25,049,930
Contributions Less Benefit Payments & Admin Expenses	(302,745)
Expected Investment Earnings*	1,618,406
Actual Net Investment Earnings	3,155,826
2023 Actuarial Investment Gain/(Loss)	1,537,420

*Expected Investment Earnings = 0.065 * (25,049,930 - 0.5 * 302,745)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2023	27,903,011
(2) Gains/(Losses) Not Yet Recognized	(1,267,480)
(3) Actuarial Value of Assets, 09/30/2023, (1) - (2)	29,170,491
(4) Limited Actuarial Value of Assets, 09/30/2023	29,170,491
(A) 09/30/2022 Actuarial Assets:	28,132,078
(I) Net Investment Income:	
1. Earnings and Investment Gains	3,155,826
2. Change in Actuarial Value	(1,814,668)
3. Investment Expenses	0
Total	1,341,158
(B) 09/30/2023 Actuarial Assets:	29,170,491
Actuarial Assets Rate of Return = 2I/(A+B-I):	4.79%
Market Value of Assets Rate of Return:	12.65%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(477,588)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2023
Actuarial Asset Basis

REVENUES		
Contributions:		
Town	1,200,000.00	
Total Contributions		1,200,000.00
Earnings from Investments:		
Net Increase in Fair Value of Investments	3,155,825.60	
Change in Actuarial Value	(1,814,668.00)	
Total Earnings and Investment Gains		1,341,157.60
EXPENDITURES		
Distributions to Members:		
Benefit Payments	1,456,720.23	
Lump Sum DROP Distributions	0.00	
Total Distributions		1,456,720.23
Expenses:		
Investment related[1]	0.00	
Administrative	46,024.28	
Total Expenses		46,024.28
Change in Net Assets for the Year		1,038,413.09
Net Assets Beginning of the Year		28,132,078.16
Net Assets End of the Year[2]		29,170,491.25

[1]Investment related expenses include investment advisory, custodial and performance monitoring fees.
[2]Net Assets may be limited for actuarial consideration.

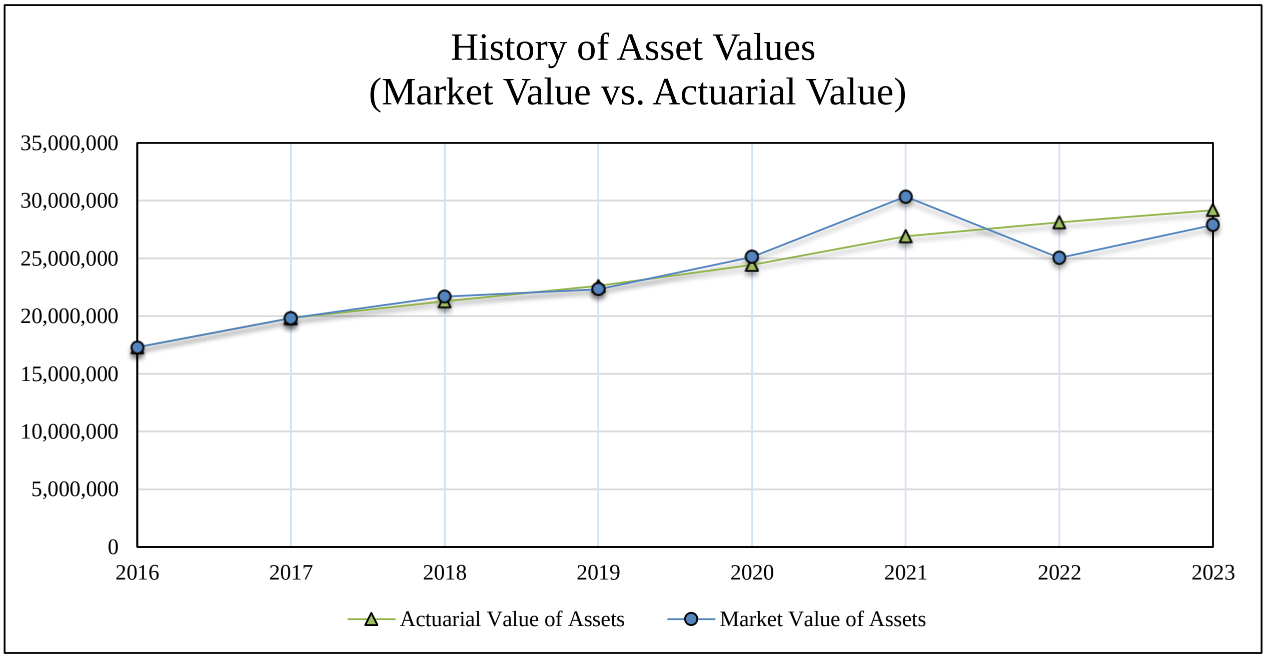
DEFERRED RETIREMENT OPTION PLAN ACTIVITY
October 1, 2022 to September 30, 2023

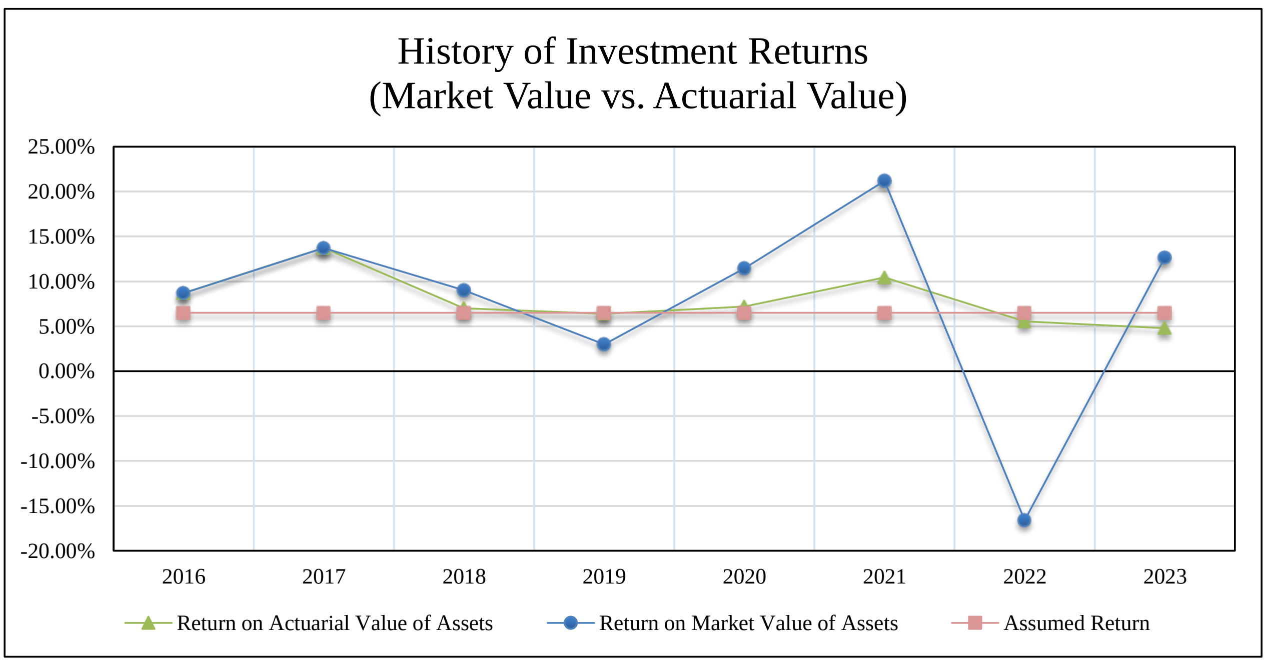
Beginning of the Year Balance	65,848.04
Plus Additions	141,752.57
Investment Return Earned	12,311.66
Less Distributions	0.00
End of the Year Balance	219,912.27

TOWN CONTRIBUTIONS IN EXCESS OF MINIMUM REQUIREMENT
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2023

(1)	Required Town Contributions	$1,144,240.00
(2)	Less 2022 Prepaid Contribution	0.00
(3)	Less Actual Town Contributions	(1,200,000.00)
(4)	Town Contributions in Excess of Minimum Requirement Applied to Reduce Unfunded Actuarial Accrued Liability as of September 30, 2023	($55,760.00)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2023	10/1/2022	10/1/2021	10/1/2020
Actives - Full-Time General Employees and Elected Officials				
Number	66	66	79	78
Average Current Age	49.3	47.2	47.7	47.1
Average Age at Employment	39.2	37.7	38.1	37.9
Average Past Service	10.1	9.5	9.6	9.2
Average Annual Salary	$62,844	$54,439	$58,175	$53,533
Actives - Part-Time Employees				
Number	27	31	33	32
Average Current Age	51.4	49.4	51.2	52.6
Average Age at Employment	38.2	37.7	39.2	40.7
Average Past Service	13.2	11.7	12.0	11.9
Average Annual Salary	N/A	N/A	N/A	N/A
Service Retirees				
Number	47	44	35	33
Average Current Age	75.4	73.2	74.9	73.4
Average Annual Benefit	$30,610	$29,476	$31,180	$31,512
DROP Retirees				
Number	3	4	2	3
Average Current Age	63.5	62.5	66.7	65.7
Average Annual Benefit	$47,893	$40,247	$28,444	$23,420
Beneficiaries				
Number	4	3	3	2
Average Current Age	60.4	57.3	56.3	38.6
Average Annual Benefit	$18,668	$16,048	$15,820	$11,081
Disability Retirees				
Number	2	3	2	2
Average Current Age	56.8	60.6	60.6	59.6
Average Annual Benefit	$10,574	$7,395	$9,579	$9,559
Terminated Vested				
Number	16	16	13	13
Average Current Age	48.3	49.7	48.9	47.9
Average Annual Benefit	$9,061	$9,884	$8,422	$8,422

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19		1	1									2
20 - 24		2	3		1	1						7
25 - 29			1		1	1						3
30 - 34		1				3	3					7
35 - 39					1	1	1	3				6
40 - 44						1	2	1				4
45 - 49		2		1	1	3	1		1			9
50 - 54		1	1	1		7		2			2	14
55 - 59		2	2		1	4	6	3				18
60 - 64	1	2				2	2	1		1	2	11
65+						2	2	1	2	4	1	12
Total	1	11	8	2	5	25	17	11	3	5	5	93

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	97
b. Terminations	
i. Vested (partial or full) with deferred annuity	(1)
ii. Non-Vested	(9)
iii. Part-Time to Non-Participating Full-Time	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	(1)
d. Disabled	0
e. Retired	(2)
f. DROP	0
g. Continuing participants	84
h. New entrants / Rehires	8
i. Data Corrections [1]	1
i. Total active life participants in valuation	93

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

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Total
a. Number prior valuation	44	4	3	3	16	70
Retired	3				(1)	2
DROP						0
Vested (Deferred Annuity)					1	1
Hired/Terminated in Same Year						0
Death, With Survivor			1	(1)		0
Death, No Survivor						0
Disabled						0
Rehires						0
Expired Annuities						0
Data Corrections [1]		(1)				(1)
b. Number current valuation	47	3	4	2	16	72

[1] A member was believed to have entered DROP in the October 1, 2022 actuarial valuation. We became aware that as of October 1, 2023 he is still active and not participating in DROP.

SUMMARY OF CURRENT PLAN
(Through Ordinance C-468)

Eligibility	Eligible Employees enter the plan on October 1st or April 1st next following completion of one Year of Service and attainment of age 21. Age and service requirements are waived for Elected Officials, who enter the Plan at hire.
Compensation	Wages as defined in Code Section 3401(a) and all other payments of compensation by the Employer for a Plan Year for which the Employer is required to furnish the Participant a written statement under Code Sections 6041(d), 6051(a)(3) and 6052. Certain items of compensation are excluded such as overtime, bonuses, amounts attributable to sick pay, and any remuneration that is not a part of the Employee's regular or base salary or wages.
Average Monthly Compensation	Monthly compensation averaged over the 5 Plan Years which produce the highest monthly average within the last 10 completed years of employment.
Period of Service	The aggregate of all periods as an Eligible Employee commencing with the Employee's first day of employment or reemployment and ending on the date the Employee terminates service with the Employer. Fractional periods of a year will be expressed in terms of complete months.
Year of Service	Effective October 1, 2007, a period of 12 consecutive months during which an Employee has at least 1,750 Hours of Service. Prior to October 1, 2007, a Year of Service meant 1,500 Hours of Service during the 12-month consecutive period.
Normal Retirement	
Date	For benefits accrued as an Elected Official, the attainment of age 55 with 8 years as an Elected Official. For General Employees hired before January 1, 2011, the earlier of attainment of age 62 or completion of 30 Years of Service. For General Employees hired on or after January 1, 2011, the earlier of attainment of age 62 or completion of 35 Years of Service.

Part-time employees become eligible for Normal Retirement under age and service conditions shown in a table below. They are not eligible for any other benefits from the plan.

Benefit

For benefits accrued as the Mayor, $5,500 times Periods of Service as the Mayor earned before October 1, 2017, and $8,500 times Periods of Service as the Mayor earned on and after that date.

For benefits accrued as a Councilperson, $2,500 times Periods of Service as a Councilperson earned before October 1, 2017, and $3,800 times Periods of Service as a Councilperson earned on and after October 1, 2017.

For benefits accrued as a General Employee, Average Monthly Compensation times Periods of Service times a benefit rate determined based on Periods of Service and date of hire. Benefit rates shown apply to all Periods of Service and are subject to a maximum benefit percentage of 75% of Average Monthly Compensation. See below.

General Employees Hired Before January 1, 2011

Periods of Service	Benefit Rate
0 to 10	2.00%
10 to 15	2.25%
15+	2.75%

General Employees Hired On or After January 1, 2011

Periods of Service	Benefit Rate
0 to 15	2.00%
15 to 20	2.25%
20+	2.75%

The normal retirement benefit for part-time employees is a monthly flat dollar amount payable upon attainment of age and service conditions as shown below.

Age	Periods of Service	Benefit
65	20	$470
65	25	$490
70	15	$450
70	20	$510
70	25	$530

Form of Benefit	For General Employees and Elected Officials, lifetime benefits with 20 years guaranteed. Options available. For part-time employees, lifetime benefits, ceasing upon death with no options available.

Early Retirement

Date	For General Employees, age 50. For Elected Officials, age 50 with 8 years of Vesting Service. Part-time employees are not eligible.
Benefit	Accrued Benefit on Early Retirement Date, reduced for each year prior to the Normal Retirement Date. The reduction is 6 2/3% for the first 5 years, 3 1/3% for years 6 to 10, and 2.50% for years 11 to 15. For Early Retirement Dates more than 15 years prior to the Normal Retirement Date, the benefit is further actuarially adjusted. There is no reduction for Elected Officials.
Form of Benefit	Same as for Normal Retirement.

Early retirement with no penalty is being offered to any full-time employee with at least 20 Years of Service and who are age 55 or above. The special early retirement benefit will only be available for full-time employees who retire within a 90-day window starting October 3, 2023.

Pre-Retirement Death Benefit

Eligibility	Death in active service while vested. Part-time employees are not eligible.
Benefit	Monthly benefit accrued through date of death, payable for 20 years.

Disability

Eligibility	Totally and Permanently Disabled prior to retirement or separation from service. Part-time employees are not eligible.
Amount	Benefit accrued to date of disability. Vesting Service includes service to date of disability and time while Totally and Permanently Disabled.

Termination of Employment

Vesting Service Requirement	5 years for General Employees. Elected Officials are immediately vested. Part-time employees are vested only upon attainment of Normal Retirement eligibility requirements.
Benefit	Vested accrued benefit.

Cost of Living Adjustment	Automatic COLA adjustment each January 1st according to the change in Consumer Price Index, limited to a maximum of 3%. The COLA adjustment cannot increase benefits beyond 75% of Average Monthly Compensation for General Employees or 100% of Average Monthly Compensation for Elected Officials.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements as a General Employee.
Participation	Not to exceed 36 months.
Rate of Return	Actual net rate of investment return (total return net of investment management fees, brokerage commissions and transaction costs) credited each fiscal quarter.
Form of Distribution	Cash lump sum (options available) at termination of employment.