TOWN OF INDIALANTIC
POLICE OFFICERS' AND FIREFIGHTERS' RETIREMENT SYSTEM

ACTUARIAL VALUATION
AS OF OCTOBER 1, 2023

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

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

January 10, 2024

Board of Trustees
Town of Indialantic
Police Officers' and Firefighters' Pension Board

Re: Town of Indialantic Police Officers' and Firefighters' Retirement System

Dear Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Town of Indialantic Police Officers' and Firefighters' Retirement System. 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 Chapters 112, 175, and 185, 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 Indialantic, 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 Indialantic, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Police Officers' and Firefighters' Retirement System. 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: ______________________________
Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

By: ______________________________
Kevin H. Peng, ASA, EA, MAAA
Enrolled Actuary #23-7783

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Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Town of Indialantic Police Officers' and Firefighters' Retirement System, 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 October 1, 2022 actuarial valuation report, are as follows:

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024
Minimum Required Contribution [1]		
% of Projected Annual Payroll	26.37%	25.24%
Member Contributions (Est.)		
% of Projected Annual Payroll	5.00%	5.00%
Town And State Required Contribution		
% of Projected Annual Payroll	**21.37%**	**20.24%**
State Contribution (Est.) [2]	$107,491	$107,491
% of Projected Annual Payroll (Est.)	9.58%	9.58%
Town Required Contribution (Est.) [3]		
% of Projected Annual Payroll (Est.)	11.79%	10.66%

[1] The Minimum Required Contribution is based on the statutory Normal Cost Minimum plus expected Administrative Expenses for 2024. Please refer to the Funding Method description in the Actuarial Assumptions and Methods section for additional information.

[2] Represents the amount received in fiscal 2023. Per Ordinance 2018-07, the Town may use to $46,369.57 in annual Firefighter Premium Tax Revenue to assist with plan funding. Firefighter monies received in excess of $46,369.57 will be equally shared between the Town and Firefighter Share Plan. Additionally, the Police portion of the state contribution is pursuant to the mutual constent agreement

between the Police Union and the Town, whereby the Town may utilize annual Police Officer Premium Tax Revenue up to $88,282. The Mutual Consent Agreement is silent with respect to Police Officer monies received in excess of $88,282.

[3] The required contribution from the combination of Town and State sources for the year ending September 30, 2025, is 21.37% of the actual payroll realized in that year. As a budgeting tool, the Town may contribute 11.79% of each Member's Salary and then make a one-time adjustment to account for the actual State Monies received. Please note that the Town has access to a prepaid contribution of $350,824.60 that is available to offset a portion of the above stated requirements for the fiscal year ending September 30, 2024.

As you can see, the Minimum Required Contribution shows an increase when compared to the results set forth in the October 1, 2022 actuarial valuation report. The increase is attributable to unfavorable plan experience as described in the next paragraph.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of actuarial loss included an investment return of 2.99% (Actuarial Asset Basis) which fell short of the 6.90% assumption, an average salary increase of 9.07% which exceeded the 4.54% assumption, and inactive mortality experience. There were no significant sources of actuarial gain.

CHANGES SINCE PRIOR VALUATION

Plan Changes

There have been no changes in benefits since the prior valuation.

Actuarial Assumption/Method Changes

There have been no assumption or method changes since the prior valuation.

CONTRIBUTION IMPACT OF ANNUAL CHANGES

(1)	Contribution Determined as of October 1, 2022	12.23%
(2)	Summary of Contribution Impact by component:	
	Change in State Contribution Percentage	-1.57%
	Change in Normal Cost Rate	-0.10%
	Change in Administrative Expense Percentage	-0.04%
	Unfavorable Actuarial Experience	1.27%
	Other	0.00%
	Total Change in Contribution	-0.44%
(3)	Contribution Determined as of October 1, 2023	11.79%

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	10/1/2023	10/1/2022
A. Participant Data		
Actives	16	17
Service Retirees	11	11
DROP Retirees	1	1
Beneficiaries	1	1
Disability Retirees	4	4
Terminated Vested	1	1
Total	34	35
Projected Annual Payroll	1,121,893	1,079,206
Annual Rate of Payments to:		
Service Retirees	399,485	399,485
DROP Retirees	31,352	31,352
Beneficiaries	26,341	26,341
Disability Retirees	117,319	117,319
Terminated Vested	0	0
B. Assets		
Actuarial Value (AVA) [1]	10,559,785	10,509,459
Market Value (MVA) [1]	9,522,903	8,757,883
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	5,143,416	4,681,280
Disability Benefits	168,041	160,949
Death Benefits	28,648	26,172
Vested Benefits	41,853	51,423
Refund of Contributions	15,595	20,016
Service Retirees	4,438,599	4,508,885
DROP Retirees [1]	482,230	452,612
Beneficiaries	304,732	308,797
Disability Retirees	1,274,672	1,320,074
Terminated Vested	314	314
Share Plan Balances [1]	1,949	344
Excess State Monies Reserve	1,311	1,311
Total	11,901,360	11,532,177

C. Liabilities - (Continued)	10/1/2023	10/1/2022
Present Value of Future Salaries	6,126,022	6,642,253
Present Value of Future Member Contributions	306,301	332,113
Normal Cost (Retirement)	204,487	197,970
Normal Cost (Disability)	34,960	31,498
Normal Cost (Death)	1,748	1,586
Normal Cost (Vesting)	2,883	4,311
Normal Cost (Refunds)	2,608	3,057
Total Normal Cost	246,686	238,422
Present Value of Future Normal Costs	1,162,846	1,229,841
Accrued Liability (Retirement)	4,107,233	3,593,077
Accrued Liability (Disability)	79,384	70,517
Accrued Liability (Death)	19,614	16,397
Accrued Liability (Vesting)	24,823	26,320
Accrued Liability (Refunds)	3,653	3,688
Accrued Liability (Inactives) [1]	6,500,547	6,590,682
Share Plan Balances [1]	1,949	344
Excess State Monies Reserve	1,311	1,311
Total Actuarial Accrued Liability (EAN AL)	10,738,514	10,302,336
Unfunded Actuarial Accrued Liability (UAAL)	178,729	(207,123)
Funded Ratio (AVA / EAN AL)	98.3%	102.0%

D. Actuarial Present Value of Accrued Benefits

	10/1/2023	10/1/2022
Vested Accrued Benefits		
Inactives + Share Plan Balances [1]	6,502,496	6,591,026
Actives	2,470,137	2,147,093
Member Contributions	492,150	445,812
Total	9,464,783	9,183,931
Non-vested Accrued Benefits	217,108	170,191
Total Present Value Accrued Benefits (PVAB)	9,681,891	9,354,122
Funded Ratio (MVA / PVAB)	98.4%	93.6%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	0	
Assumption Changes	0	
Plan Experience	255,383	
Benefits Paid	(553,938)	
Interest	626,324	
Other	0	
Total	327,769	

Valuation Date	10/1/2023	10/1/2022
Applicable to Fiscal Year Ending	9/30/2025	9/30/2024
E. Pension Cost		
Normal Cost (with interest)		
% of Projected Annual Payroll [2]	22.75	22.85
Administrative Expenses (with interest)		
% of Projected Annual Payroll [2]	2.35	2.39
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 15 years (as of 10/1/2023, with interest)		
% of Projected Annual Payroll [2]	1.27	(2.34)
Minimum Required Contribution		
% of Projected Annual Payroll [2 3]	26.37	25.24
Expected Member Contributions		
% of Projected Annual Payroll [2]	5.00	5.00
Expected Town and State Contribution		
% of Projected Annual Payroll [2 3]	21.37	20.24

F. Past Contributions

Plan Years Ending:	9/30/2023
Total Required Contribution	309,183
Town and State Requirement	252,054
Actual Contributions Made:	
Members (excluding buyback)	57,129
Town	144,563
State	107,491
Total	309,183

G. Net Actuarial (Gain)/Loss	439,839

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

[2] Contributions developed as of 10/1/2023 are expressed as a percentage of Projected Annual Payroll at 10/1/2023 of $1,121,893.

[3] Reflects normal cost minimum funding requirements of Chapter 112, Florida Statutes for 2024.

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

Year	Projected Unfunded Actuarial Accrued Liability
2023	178,729
2024	176,333
2025	173,772
2028	164,976
2032	150,144
2035	136,111
2038	0

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

		Actual	Assumed
Year Ended	9/30/2023	9.07%	4.54%
Year Ended	9/30/2022	8.30%	4.63%
Year Ended	9/30/2021	5.51%	4.91%
Year Ended	9/30/2020	4.77%	4.45%
Year Ended	9/30/2019	6.37%	7.00%

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

		Market Value	Actuarial Value	Assumed
Year Ended	9/30/2023	11.56%	2.99%	6.90%
Year Ended	9/30/2022	-13.98%	2.73%	6.90%
Year Ended	9/30/2021	21.57%	11.22%	7.10%
Year Ended	9/30/2020	10.84%	8.88%	7.40%
Year Ended	9/30/2019	3.92%	8.73%	7.70%

(iii) Average Annual Payroll Growth

(a) Payroll as of:	10/1/2023	$1,121,893
	10/1/2013	1,113,948
(b) Total Increase		0.71%
(c) Number of Years		10.00
(d) Average Annual Rate		0.07%

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.

Douglas H. Lozen, EA, MAAA
Enrolled Actuary #23-7778

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

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

Mr. Steve Bardin
Municipal Police and Fire
Pension Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

RECONCILIATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

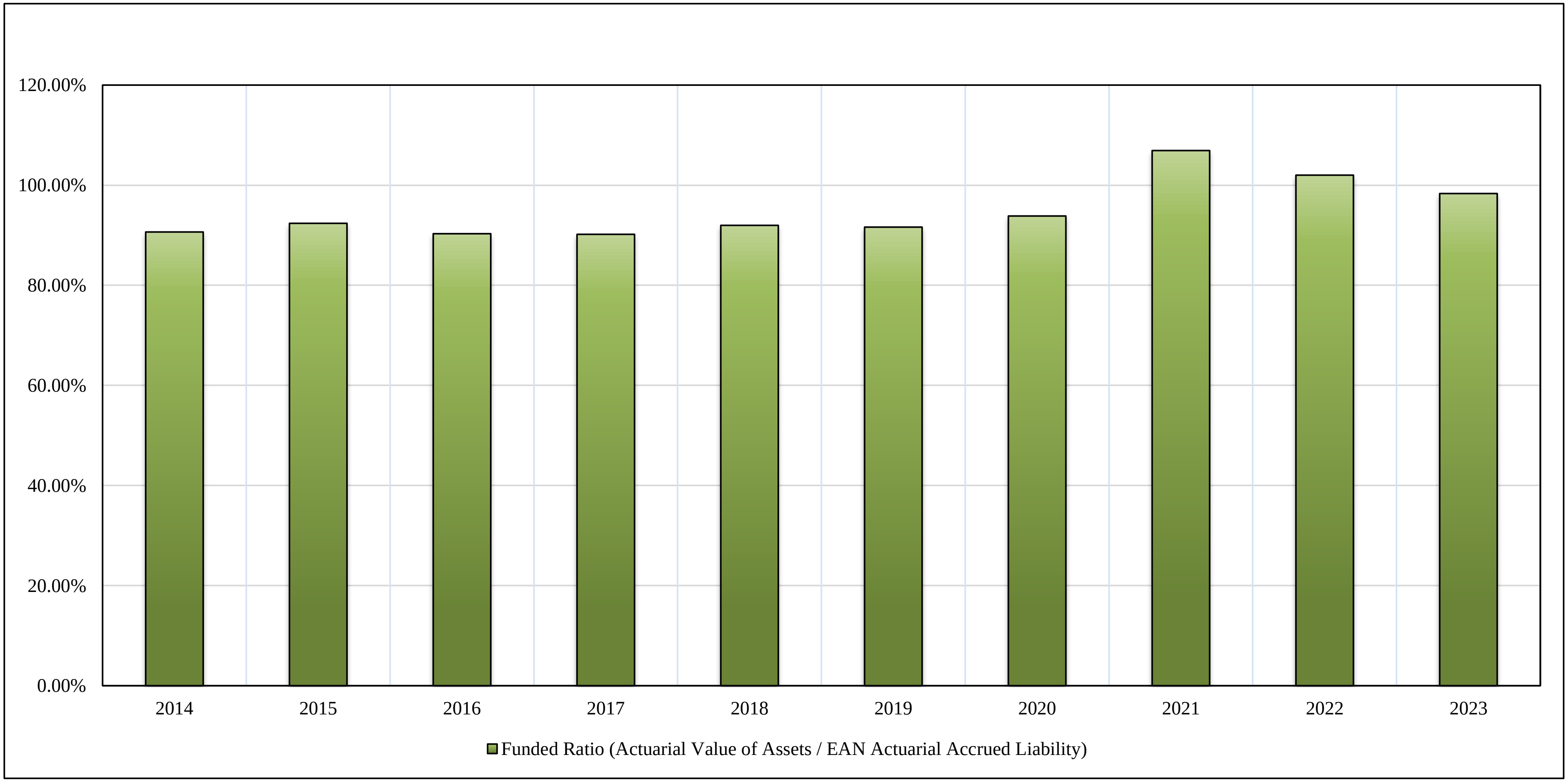
(1)	Unfunded Actuarial Accrued Liability as of October 1, 2022	($207,123)
(2)	Sponsor Normal Cost developed as of October 1, 2022	184,462
(3)	Expected administrative expenses for the year ended September 30, 2023	24,970
(4)	Expected interest on (1), (2) and (3)	(702)
(5)	Sponsor contributions to the System during the year ended September 30, 2023	252,054
(6)	Expected interest on (5)	10,663
(7)	Expected Unfunded Actuarial Accrued Liability as of September 30, 2023 (1)+(2)+(3)+(4)-(5)-(6)	(261,110)
(8)	Change to UAAL due to Assumption Change	0
(9)	Change to UAAL due to Actuarial (Gain)/Loss	439,839
(10)	Unfunded Actuarial Accrued Liability as of October 1, 2023	178,729

Type of Base	Date Established	Years Remaining	10/1/2023 Amount	Amortization Amount
Consolidation Base	10/1/2021	13	(730,505)	(81,301)
Actuarial Loss	10/1/2022	14	535,173	56,902
Reconiliation Base	10/1/2023	15	(65,778)	(6,713)
Actuarial Loss	10/1/2023	15	439,839	44,890
			178,729	13,778

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2022	($207,123)
(2)	Expected UAAL as of October 1, 2023	(261,110)
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	419,433
	Salary Increases	67,959
	Active Decrements	(22,931)
	Inactive Mortality	52,296
	Other	(76,918)
	Increase in UAAL due to (Gain)/Loss	439,839
	Assumption Changes	0
(4)	Actual UAAL as of October 1, 2023	$178,729

HISTORY OF FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rate

Healthy Active Lives:

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

Healthy Retiree Lives:

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

Beneficiary Lives:

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

Disabled Lives:

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

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 special risk employees, with appropriate adjustments made based on plan demographics.

Interest Rate

6.90% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases

Salary Scale	
Service	Rate
0	8.00%
1-4	5.00%
5-14	4.50%
15+	4.00%

The assumed rates were approved in conjunction with an actuarial experience study dated July 2019.

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

$25,531 annually, based on the average of actual expenses incurred in the prior two fiscal years.

Final Year Salary Load

Years until Normal Retirement as of 10/1/2012	Load Assumption
Less than 5 years	15%
At least 5, less than 10 years	10%
10 or more years	5%

No load is assumed for Members hired after October 1, 2007. This assumption is based on data provided by the Town.

Early Retirement

None. This assumption was approved in conjunction with an actuarial experience study dated July 2019.

Normal Retirement

Earlier of: 1) age 55, or 2) age 52 and the completion of 25 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption was approved in conjunction with an actuarial experience study dated July 2019.

Actuarial Asset Method

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.

Amortization Method

New UAAL amortization bases are amortized over 15 years.

The amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4.

Funding Method

Entry Age Normal Actuarial Cost Method. In the event the Minimum Required Contribution is based on the statutory Normal Cost Minimum funding requirement, explicit reimbursement of the plan's Administrative Expense is included in determination of the Minimum Required Contribution.

The following loads are applied for determining the minimum required contribution:

Interest - A half year, based on current 6.90% assumption.

Salary - None.

Termination Rate

See rates in table below. The assumed rates were approved in conjunction with an actuarial experience study dated July 2019.

Disability Rate

See sample rates below. The rates were approved in conjunction with an actuarial experience study dated July 2019. Also, it is assumed that 90% of disablements for Firefighters and 75% of disablements for Police Officers are line-of-duty related.

Assumption Tables

% Terminating During the Year	
Service	Rate
0	17.00%
1-2	10.00%
3-14	5.00%
15+	0.00%

% Becoming Disabled During the Year	
Age	Rate
25	0.09%
30	0.12%
35	0.15%
40	0.21%
45	0.30%
50	0.54%
55	1.08%
60	2.70%
65	6.66%

Low-Default-Risk Obligation Measure

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.

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 128.6% on October 1, 2013 to 94.1% 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 60.5%. 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 increased from 84.1% on October 1, 2013 to 98.3% 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 1.5% on October 1, 2013 to -2.8% on October 1, 2023. The current Net Cash Flow Ratio of -2.8% 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 11 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 $13,437,757. 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	10/1/2013
Support Ratio				
Total Actives	16	17	15	18
Total Inactives [1]	17	17	17	14
Actives / Inactives [1]	94.1%	100.0%	88.2%	128.6%
Asset Volatility Ratio				
Market Value of Assets (MVA)	9,522,903	8,757,883	8,487,768	6,006,569
Total Annual Payroll	1,121,893	1,079,206	900,427	1,113,948
MVA / Total Annual Payroll	848.8%	811.5%	942.6%	539.2%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	6,500,547	6,590,682	5,561,955	2,772,033
Total Accrued Liability (EAN)	10,738,514	10,302,336	8,898,238	6,790,314
Inactive AL / Total AL	60.5%	64.0%	62.5%	40.8%
Funded Ratio				
Actuarial Value of Assets (AVA)	10,559,785	10,509,459	8,184,152	5,708,334
Total Accrued Liability (EAN)	10,738,514	10,302,336	8,898,238	6,790,314
AVA / Total Accrued Liability (EAN)	98.3%	102.0%	92.0%	84.1%
Net Cash Flow Ratio				
Net Cash Flow [2]	(269,528)	(696,643)	(134,089)	89,745
Market Value of Assets (MVA)	9,522,903	8,757,883	8,487,768	6,006,569
Ratio	-2.8%	-8.0%	-1.6%	1.5%

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

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

PARTIAL HISTORY OF PREMIUM TAX REFUNDS

Received During Fiscal Year	Amount	Increase from Previous Year
1998	67,623.07	_____%
1999	77,467.35	14.6%
2000	82,308.22	6.2%
2001	83,786.21	1.8%
2002	90,790.24	8.4%
2003	102,009.09	12.4%
2004	108,045.41	5.9%
2005	111,980.85	3.6%
2006	123,751.96	10.5%
2007	115,979.23	-6.3%
2008	125,048.44	7.8%
2009	97,735.02	-21.8%
2010	78,203.81	-20.0%
2011	76,771.80	-1.8%
2012	82,034.74	6.9%
2013	81,555.36	-0.6%
2014	80,230.90	-1.6%
2015	83,535.47	4.1%
2016	84,296.36	0.9%
2017	80,980.48	-3.9%
2018	77,421.93	-4.4%
2019	78,578.29	1.5%
2020	79,531.21	1.2%
2021	79,584.63	0.1%
2022	86,456.35	8.6%
2023	109,055.64	26.1%

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

ASSETS	COST VALUE	MARKET VALUE
Cash and Cash Equivalents:		
SBA Trust Fund LGIP	18,588.34	18,588.34
Short Term Investments	207,144.67	207,144.67
Transfer in Transit	6,327.00	6,327.00
Cash	4,528.31	4,528.31
Total Cash and Equivalents	236,588.32	236,588.32
Receivables:		
Member Contributions in Transit	437.00	437.00
State Contributions	464.33	464.33
Investment Income	11,785.03	11,785.03
Total Receivable	12,686.36	12,686.36
Investments:		
U. S. Bonds and Bills	558,558.26	522,788.85
Federal Agency Guaranteed Securities	677,796.75	610,124.69
Corporate Bonds	443,377.42	400,393.95
Municipal Obligations	70,377.90	63,773.10
Mutual Funds:		
Fixed Income	686,878.43	608,748.19
Equity	2,911,925.79	6,241,048.50
Pooled/Common/Commingled Funds:		
Real Estate	1,120,005.79	1,182,726.85
Total Investments	6,468,920.34	9,629,604.13
Total Assets	6,718,195.02	9,878,878.81
LIABILITIES		
Payables:		
Custodial Correction	1,358.04	1,358.04
To Broker for Investments Purchased	3,793.00	3,793.00
Prepaid Town Contribution	350,824.60	350,824.60
Total Liabilities	355,975.64	355,975.64
NET POSITION RESTRICTED FOR PENSIONS	6,362,219.38	9,522,903.17

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

ADDITIONS			
Contributions:			
Member		57,129.22	
Town		144,563.02	
State		109,055.64	
Total Contributions			310,747.88
Investment Income:			
Net Realized Gain (Loss)	290,293.60		
Unrealized Gain (Loss)	517,685.11		
Net Increase in Fair Value of Investments		807,978.71	
Interest & Dividends		257,374.16	
Less Investment Expense[1]		(30,804.24)	
Net Investment Income			1,034,548.63
Total Additions			1,345,296.51
DEDUCTIONS			
Distributions to Members:			
Benefit Payments		543,146.28	
Lump Sum DROP Distributions		0.00	
Lump Sum Share Distributions		0.00	
Refunds of Member Contributions		10,791.41	
Total Distributions			553,937.69
Administrative Expense			26,338.46
Total Deductions			580,276.15
Net Increase in Net Position			765,020.36
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of the Year			8,757,882.81
End of the Year			9,522,903.17

[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 Ending	Gain/(Loss)	Amounts Not Yet Recognized by Valuation Year 2023	2024	2025	2026	2027
09/30/2022	(2,282,965)	(1,369,779)	(913,186)	(456,593)	0	0
09/30/2023	416,121	332,897	249,673	166,449	83,225	0
Total		(1,036,882)	(663,513)	(290,144)	83,225	0

Development of Investment Gain/Loss

Market Value of Assets, including Prepaid Contributions, 09/30/2022	9,086,270
Contributions Less Benefit Payments & Admin Expenses	(247,091)
Expected Investment Earnings*	618,428
Actual Net Investment Earnings	1,034,549
2023 Actuarial Investment Gain/(Loss)	416,121

*Expected Investment Earnings = 0.069 * (9,086,270 - 0.5 * 247,091)

Development of Actuarial Value of Assets

(1) Market Value of Assets, 09/30/2023	9,522,903
(2) Gains/(Losses) Not Yet Recognized	(1,036,882)
(3) Actuarial Value of Assets, 09/30/2023, (1) - (2)	10,559,785
(4) Limited Actuarial Value of Assets, 09/30/2023	10,559,785
(A) 09/30/2022 Actuarial Assets, including Prepaid Contributions:	10,837,847
(I) Net Investment Income:	
1. Interest and Dividends	257,374
2. Realized Gain (Loss)	290,294
3. Unrealized Gain (Loss)	517,685
4. Change in Actuarial Value	(714,695)
5. Investment Expenses	(30,804)
Total	319,854
(B) 09/30/2023 Actuarial Assets, including Prepaid Contributions:	10,910,610
Actuarial Assets Rate of Return = 2I/(A+B-I):	2.99%
Market Value of Assets Rate of Return:	11.56%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(419,433)

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

REVENUES

Contributions:		
Member	57,129.22	
Town	144,563.02	
State	109,055.64	
Total Contributions		310,747.88
Earnings from Investments:		
Interest & Dividends	257,374.16	
Net Realized Gain (Loss)	290,293.60	
Unrealized Gain (Loss)	517,685.11	
Change in Actuarial Value	(714,694.56)	
Total Earnings and Investment Gains		350,658.31

EXPENDITURES

Distributions to Members:		
Benefit Payments	543,146.28	
Lump Sum DROP Distributions	0.00	
Lump Sum Share Distributions	0.00	
Refunds of Member Contributions	10,791.41	
Total Distributions		553,937.69
Expenses:		
Investment related[1]	30,804.24	
Administrative	26,338.46	
Total Expenses		57,142.70
Change in Net Assets for the Year		50,325.80
Net Assets Beginning of the Year		10,509,459.37
Net Assets End of the Year[2]		10,559,785.17

[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	113,366.18
Plus Additions	31,351.68
Investment Return Earned	3,899.19
Less Distributions	0.00
End of the Year Balance	148,617.05

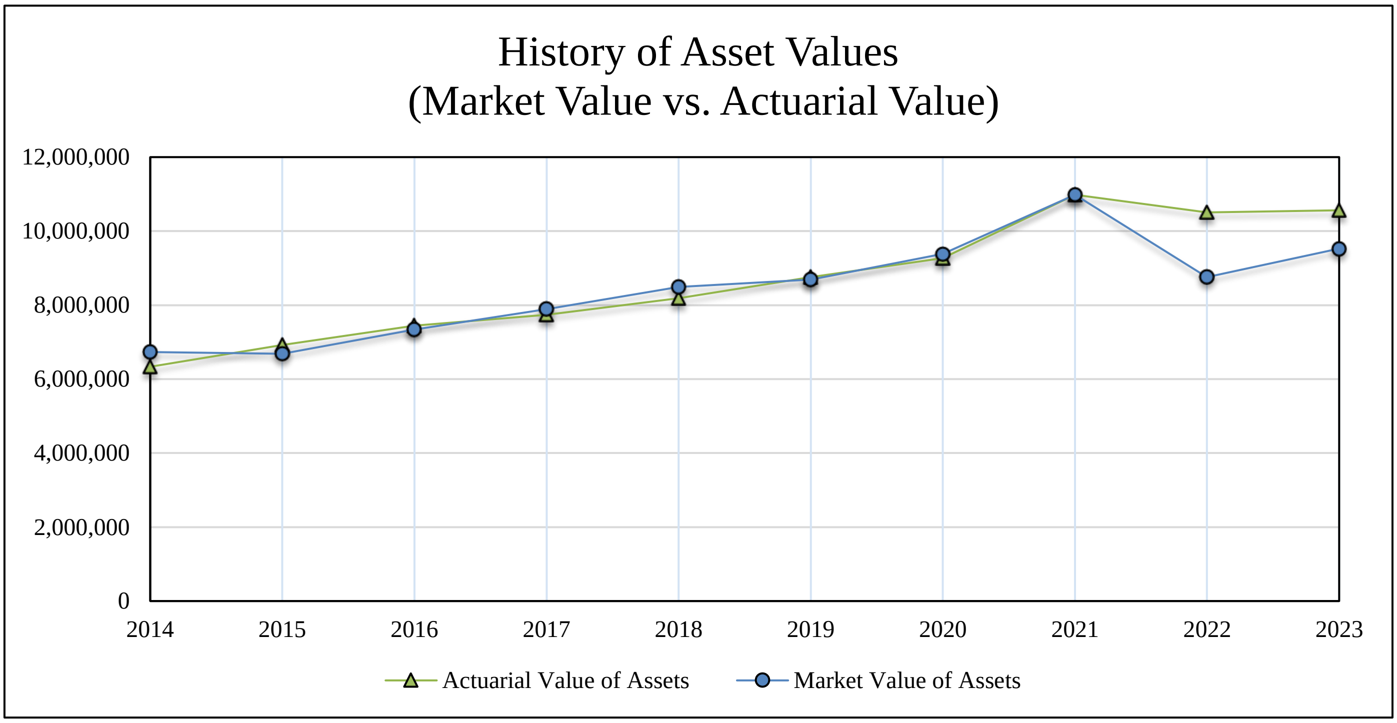
SUPPLEMENTAL CHAPTER 175/185 SHARE PLAN ACTIVITY
October 1, 2022 through September 30, 2023

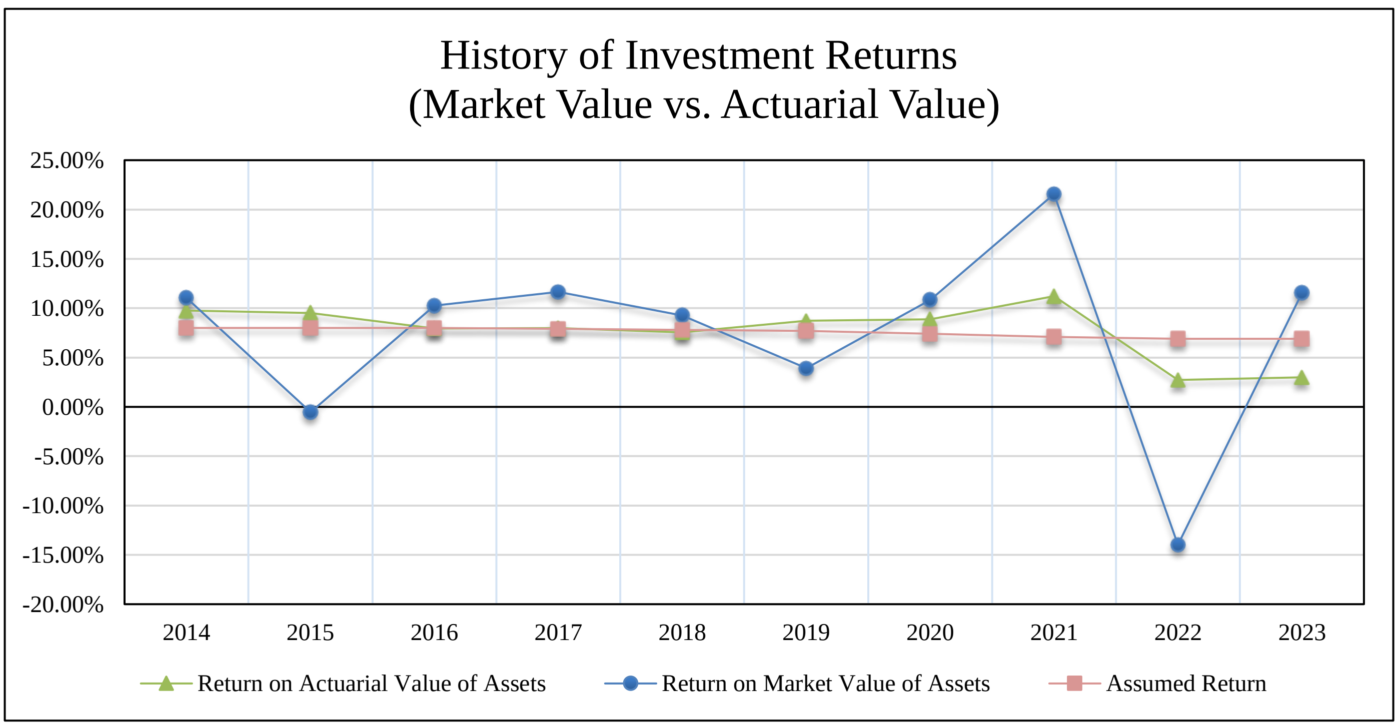
9/30/2022 Balance	344.28
Prior Year Adjustment	0.05
Plus Additions	1,564.54
Investment Return Earned (Est.)	40.00
Administrative Fees (Est.)	0.00
Less Distributions	0.00
9/30/2023 Balance (Est.)	1,948.87

RECONCILIATION OF TOWN SHORTFALL/(PREPAID) CONTRIBUTION
FOR THE FISCAL YEAR ENDED (FYE) SEPTEMBER 30, 2023

(1)	Total Required Contribution Rate	27.06%
(2)	Pensionable Payroll Derived from Member Contributions	$1,142,584.40
(3)	Total Required Contribution (1) x (2)	309,183.34
(4)	Less Actual Member Contributions	(57,129.22)
(5)	Less Allowable State Contribution	(107,491.10)
(6)	Equals Required Town Contribution for Fiscal 2023	144,563.02
(7)	Less 2022 Prepaid Contribution	(328,387.62)
(8)	Less Actual Town Contributions	(167,000.00)
(9)	Equals Town's Shortfall/(Prepaid) Contribution as of September 30, 2023	($350,824.60)

HISTORY OF ASSET VALUES AND INVESTMENT RETURNS





STATISTICAL DATA

	10/1/2023	10/1/2022	10/1/2021	10/1/2020
Actives				
Number	16	17	17	16
Average Current Age	47.5	43.9	44.7	42.6
Average Age at Employment	36.1	33.9	35.4	33.7
Average Past Service	11.4	10.0	9.3	8.9
Average Annual Salary	$70,118	$63,483	$59,712	$57,251
Service Retirees				
Number	11	11	10	9
Average Current Age	69.4	68.4	67.9	67.9
Average Annual Benefit	$36,317	$36,317	$33,501	$30,987
DROP Retirees				
Number	1	1	2	3
Average Current Age	62.3	61.3	61.4	59.7
Average Annual Benefit	$31,352	$31,352	$47,916	$50,651
Beneficiaries				
Number	1	1	1	1
Average Current Age	62.7	61.7	60.7	59.7
Average Annual Benefit	$26,341	$26,341	$26,341	$26,341
Disability Retirees				
Number	4	4	4	4
Average Current Age	64.0	63.0	62.0	61.0
Average Annual Benefit	$29,330	$29,330	$29,330	$29,330
Terminated Vested				
Number	1	1	1	1
Average Current Age [1]	N/A	N/A	N/A	N/A
Average Annual Benefit [1]	N/A	N/A	N/A	N/A

[1] The Average Current Age and Average Annual Benefit exclude participants awaiting a refund of contributions.

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												0
20 - 24												0
25 - 29												0
30 - 34						2						2
35 - 39							1	2				3
40 - 44		1							1			2
45 - 49	1			1								2
50 - 54								1		1		2
55 - 59								1	1			2
60 - 64			1	1								2
65+							1					1
Total	1	1	1	2	0	2	2	4	2	1	0	16

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 10/1/2022	17
b. Terminations	
i. Vested (partial or full) with deferred annuity	0
ii. Vested in refund of member contributions only	0
iii. Refund of member contributions or full lump sum distribution	(2)
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	0
e. Retired	0
f. DROP	0
g. Continuing participants	15
h. New entrants / Rehires	1
i. Total active life participants in valuation	16

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

	Service Retirees, Vested Receiving Benefits	DROP Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested (Deferred Annuity)	Vested (Due Refund)	Total
a. Number prior valuation	11	1	1	4	0	1	18
Retired	0	0	0	0	0	0	0
DROP	0	0	0	0	0	0	0
Vested (Deferred Annuity)	0	0	0	0	0	0	0
Vested (Due Refund)	0	0	0	0	0	0	0
Hired/Terminated in Same Year	0	0	0	0	0	0	0
Death, With Survivor	0	0	0	0	0	0	0
Death, No Survivor	0	0	0	0	0	0	0
Disabled	0	0	0	0	0	0	0
Refund of Contributions	0	0	0	0	0	0	0
Rehires	0	0	0	0	0	0	0
Expired Annuities	0	0	0	0	0	0	0
Data Corrections	0	0	0	0	0	0	0
b. Number current valuation	11	1	1	4	0	1	18

SUMMARY OF CURRENT PLAN
(Through Ordinance NO. 2020-13)

Effective Date	September 16, 1975
Amended	October 7, 2020
Eligibility	Regular full-time sworn Police Officers and certified Firefighters excluding civilian Members of each department.
Credited Service	Total continuous service with the Town as a Police Officer or Firefighter.
Earnings	Total salary earned as full-time Police Officer or Firefighter. Effective July 1, 2011 for Firefighters, and January 18, 2012 for Police Officers, annual overtime shall not exceed 300 hours. Additionally, payment for unused vacation time shall not be considered pensionable for hours accrued after these respective dates.
Average Monthly Earnings	Average Earnings for the 5 best years of the last 10.
Member Contributions	5% of Earnings.
Town Contributions	The amount necessary, over and above premium tax refund and Member Contributions, to meet Normal (current year's) Cost and fund Unfunded Accrued (Past Service) Liability over 30 years.
Normal Retirement	
Eligibility	Earlier of: 1) Age 55, or 2) Age 52 and 25 years of Credited Service.
Benefit	3% of Average Monthly Earnings for each year of Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (Options available).

Early Retirement

Eligibility	Age 50 and 10 years of Credited Service.
Benefit Amount	Accrued benefit, reduced 3% for each year that Early Retirement precedes Normal Retirement.

Disability

Service Incurred

Eligibility	Permanent; unable to perform his regular duties.
Benefit	42% of Average Monthly Earnings or accrued benefit, whichever is greater.

Non-Service Incurred

Eligibility	10 years of Credited Service or more; Permanent; unable to perform regular duties.
Benefit	25% of Average Monthly Earnings or accrued benefit, whichever is greater.
Limitation on Benefits	In the event that the disability benefit plus Workers Compensation and earned Income exceeds 100% of Average Monthly Earnings in effect on the date of disability, the disability benefit for the following year is reduced by the excess.

Pre-Retirement Death

Non-vested	Refund of Member Contributions without interest.
Vested	Actuarial Equivalent to Member’s Accrued Benefit.

Vesting (Termination)

Less than 10 years	Refund of Member Contributions without interest.
10 years or more	Accrued benefit payable at age 50 or later, on a partial actuarially reduced basis if to commence prior to age 55 (benefit is also payable to beneficiary of deceased vested Member) or Refund of Member Contribution without interest.

Deferred Retirement Option Plan

Eligibility	Same as requirements for Normal Retirement.
Participation	Not to exceed 60 months (or attainment of 39 years of service, if earlier).
Rate of Return	Actuarial Asset rate of return applied each September 30.
Distribution	Lump sum at termination of employment.

Share Plan

Initial Crediting	For the Firefighters, 50% of the Firefighters' portion of the Excess State Monies Reserve in place as of June 5, 2016. No initial crediting applies for the Police portion.
Annual Crediting	50% of annual Firefighter State Monies received by the Town in excess of $46,369.57 shall be allocated equally to eligible participants. The Town may use up to $88,282 in annual Police State Monies to reduce its funding obligation. The Town and Police Membership will negotiate the details of applicable Share Plan allocations in the event that annual Police State Monies exceeds $88,282.
Investment earnings	Eligible Share Accounts shall be credited or debited annually, based on the Plan's net-of-fees investment performance for the immediately preceding Plan Year.
Expenses	Allocated annually in proportion to individual Share Account Balances as a percentage of total plan assets.
Vesting	100% upon completion of ten years of Credited Service, unless eligible for payment of benefits upon termination of employment.

Board of Trustees	a. Two legal residents appointed by the Town Council,
	b. One Police Officer and one Firefighter elected by the Members of their respective departments, and
	c. Fifth Member elected by other 4 and appointed by the Town Council.